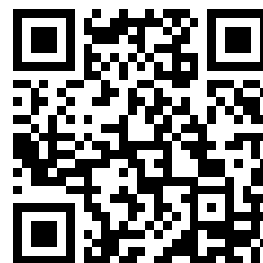

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ELSEWHERE in this issue will be found a brief account of the later phases of the monarchical movement in China. The stage was evidently set for the coronation of Yuan, about the time of the Chinese New Year, the preliminaries having been duly disposed of by December 12. On the 13th all the native papers in Peking came out printed in red ink to celebrate the re-establishment of the Empire, and the five-colored Republican flag, shortly to be remodeled, was displayed from nearly every house. An official emissary was sent to give formal notification of the change to the various Legations, but also to make it plain that in her intercourse with foreign nations, China remained a Republic. For over a month, the situation was substantially unchanged, except that in Yunnan, and more vaguely elsewhere in the South, there were intimations of popular outbreaks of anti-monarchical protest. On January 22, the news was received here that the rebels in the province of Yunnan had defeated a body of government troops and were moving Northward. It was said that the engagement between the Yunnan revolutionists and the government forces took place at Suifu, in Szechuen, the rebels having crossed the Northern border of Yunnan, and being met only with the opposition of small garrisons. On the same day, came the announcement from Peking that the formal establishment of monarchy had been indefinitely postponed, and the day after brought the information that Baron Ishii, Minister of Foreign Affairs for Japan, had told the House of Peers that China had formally announced the postponement of the establishment of a monarchy on account of the conditions existing throughout the country.

IN Tokyo the view seems to be entertained that this decision signifies an ascendancy of Japanese influence in China. The probability is that the Peking government found reason to take the warning of the Allied Powers to heart, and decided to go slowly in making a change so momentous as that which had been hastily decided upon. It was remarked by the *Peking Gazette* as early as the first week in November that responsible monarchists had up to that time considered the elevation of the President to the status of an Emperor as a matter of purely internal concern, and that they had been acting on the assumption that if foreign interests in China were not endangered by the result of the change, no Power in treaty relation with China could justly and legally interfere with the exercise by the Chinese people of what is a fundamental right of sovereignty. But a more serious study of the issue, as it was changed by the joint remonstrance of the Four Powers, had begun to influence the Government to a view of the situation which might render it possible for the advice of the Powers to be heeded without derogation

to the national dignity of the country. According to the *Gazette*, it was even then being realized that while the summary ejection of the Republican Idea out of Imperial Asia might be, in peace time, entirely a domestic proceeding on the part of anti-democratic Chinese, such an action in the midst of a world war entitled the Powers that guaranteed the independence and integrity of China to exercise their right of counsel. Hence, the advice of the *Gazette* was this very significant one: "Let the execution of the sentence be stayed: let there be respite and a postponement of the day when we are to go back to the ancient ways. If the Government be wise and will only think Imperially of this country and realize that the Ruler is not, as in the Asiatic way, the Head but only and in truth the Servant of the People, perhaps the real people of this land may be saved the ultimate doom that lies in the dangerous impatience of war-worried nations who stand between us and a Power that is on the spring to seize the marvelous chance which the great secular upheaval in Europe has brought about in Far Asia."

IF a dispatch received by the Manchester *Guardian* on January 26 is to be believed, Japan has not abandoned the idea of using her opportunity to squeeze new demands out of China. The dispatch states that the Japanese Government has presented to the Chinese Minister at Tokyo for transmission to his Government a note renewing the seven demands which were included under Group V. in the Japanese programme of last Spring, but subsequently dropped. The *Guardian* expresses the hope that the news may be "authoritatively contradicted," since the demands when previously presented endangered China's independence and tended to place her under the tutelage of Japan. In the original form the seven articles of Group V. were as follows: The Chinese Government shall employ influential Japanese as advisers; Japanese hospitals, churches and schools in the interior of China shall be granted the right of owning land; the police departments of important places in China shall be jointly administered by Japanese and Chinese; China shall purchase from Japan a fixed amount of munitions of war, or there shall be established in China a Sino-Japanese jointly-worked arsenal; Japan shall receive the grant of the right to construct three railroad lines joining Wuchang with interior markets; any foreign capital which China may need for the development of the Province of Fukien shall first be asked for from Japan; China shall give Japanese subjects the right of missionary propaganda in China. These were later modified so as to provide merely that the Chinese Government "will in case of necessity" employ Japanese advisers; that Japanese subjects who desire to lease or purchase land for schools or hospitals in the interior may have the permission; that the Chinese Government "will some day in the future" send military officers to Japan to make arrangements for the purchase of arms for the establishment of an arsenal; that the grant desired for a railway concession will be subject to objection on the part of any other Power, and that the question of freedom for preaching by

Japanese ministers will be left over future discussion, the objectionable proposal for joint administration of the police being withdrawn. In the later version it will be perceived that the demands hardly bear out the statement that they are destructive of China's independence and self-respect.

As stated in last month's issue, official denial has been made of the authenticity of an article purporting to be a statement of the personal views of Yuan Shih-kai which was published in the *Independent* and reproduced in the *JOURNAL* of December. There comes from the Chinese Minister at Washington an official communication requesting us to state on the authority of President Yuan Shih-kai that no such interview was ever given; that no such person as von Ressingler (the putative author of the interview) is known in Peking; that no questions were submitted on behalf of the *Independent*; that no such persons as Hon. Li Chi-tung and Lieut. Col. Semplee (said to be personal Secretaries) are known in Peking; that the whole article is a malevolent fabrication. Further the article is said to have been copyrighted by William F. Mannix, the unscrupulous adventurer who fabricated the fictitious memoirs of Li Hung-chang, published by Constable & Co. in 1913, and who is stated by the American authorities in Peking to have undergone imprisonment for fraud in Honolulu. The Far Eastern Bureau adds that it is well to give this refutation all possible publicity, because the same mythical von Ressingler has been active in the columns of other reputable newspapers and periodicals "interviewing" important personages in a similarly spurious manner to that detailed in the cablegram to the Chinese Minister.

IN the paper read by the Hon. Joseph E. Davies, Chairman of the Federal Trade Commission, before the National Foreign Trade Council at New Orleans there occurs the following passage: "Much of the Oriental business of Germany is alleged to have been acquired through so-called 'rings,' which include representatives of every kind of industry whose goods or services might be required. The markets are scientifically studied and assiduously cultivated. In one of these rings forty-eight different manufacturers participated. Its organization with the local bank and home bank connections is complete. It has within its organization facilities for selling to a Chinaman a 5-cent file, or for planning financing, and completing the industrial development of an entire province, opening harbors, building railways and telegraph lines, sinking mines, erecting factories, installing light and power plants, and even to clothing the people and marketing their products." This is one of the manifestations of commercial activity in the Orient which Mr. Davies thinks indicate the kind and character of the competition that the American manufacturer must be prepared to meet in the foreign trade of the future. In his judgment, ante-bellum conditions will be emphasized and activities will be intensified, after the war, by the spur of economic necessity which will be felt by at least some if not all of the industrial nations of Europe.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the ten months, ending Oct. 31, 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
October.....	1,866,093	110,507	4,130,181	280,692	9	38
Total.....	38,323,378	\$2,670,356	81,280,027	\$5,936,890	51,270	\$208,770
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
October.....	2,408,026	155,457	3,741,675	210,376	386	1,736
Total.....	19,921,539	\$1,310,315	79,973,419	\$4,728,198	3,338	\$19,187

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
October.....	7,297	1,290	2,169,434	108,472	59,653	244,467
Total.....	241,395	\$38,391	16,662,321	\$1,074,725	651,007	\$2,563,751
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
October.....	35,963	5,387	800,000	63,234	58,801	250,332
Total.....	298,024	\$50,510	14,056,956	\$702,256	277,367	\$1,452,952

DEPARTMENT OF COMMERCE,

Bureau of Foreign and Domestic Commerce.

WASHINGTON, D. C., January 15, 1916.

Imports of Tea and Silk into the United States for the ten months, ending October 31, 1913, 1914 and 1915.

Imported from	1913.		TEA.		1914.		1915.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	10,581,539	3,124,722	11,724,246	3,213,018	11,220,878	2,859,920		
Canada	2,464,209	721,212	2,776,194	757,310	2,639,071	792,085		
China.....	14,819,562	2,006,385	16,761,069	2,318,935	17,638,792	2,577,492		
East Indies.....	7,606,649	1,275,413	9,526,866	1,621,132	12,588,593	2,475,514		
Japan.....	36,061,319	6,286,718	39,617,917	7,019,390	45,600,696	8,219,589		
Other countries	810,829	158,200	1,082,497	217,784	752,719	165,125		
Total.....	72,344,107	13,572,650	81,488,789	15,147,569	90,440,749	17,030,325		

RAW, IN SKINS REELED FROM THE COCOON OR RERELED		SILK.					
Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	
France.....	70,535	180,965	64,527	243,003	51,032	146,820	
Italy.....	2,119,013	8,203,195	1,681,105	7,479,581	2,647,612	9,708,956	
China.....	4,744,329	11,570,824	3,829,701	10,507,653	5,550,849	11,344,495	
Japan.....	15,167,386	48,949,090	16,010,275	59,197,919	15,729,452	47,860,538	
Other countries	239,400	859,541	193,326	764,744	46,646	178,293	
Waste.....lbs.,free..	5,091,119	2,328,969	4,234,379	2,354,655	4,699,032	2,377,772	
Total unmanufactured	27,431,782	72,092,584	26,013,313	80,548,760	28,724,623	71,698,320	

CLOSING STAGES OF THE MONARCHICAL MOVEMENT

From The North China Daily News.

MEETING OF ELECTORS IN PEKING.

Peking, Dec. 10.

The electors whose vote in connection with the change in the form of government has been cast in the capital assembled at the old House of Representatives today and unanimously decided in favor of a monarchy in the presence of crowded galleries.

A striking feature of the proceedings was the appearance of the Manchu Prince Pu Lun on the rostrum, proposing in a speech which evoked much applause that Yuan Shih-kai be Emperor. His proposal was unanimously carried amid applause. Before rising the gathering prepared a petition to the Council of State, asking that its decision be acted upon.

The house was decorated for the occasion and illuminated arches spanned the gateway and roadway leading to the building. The city had been mantled in snow all day, which is regarded as a happy omen by the Chinese.

YUAN TO BE EMPEROR.

Peking, Dec. 11.

The State Council this morning prepared and submitted a memorial to the President, urging the inauguration of a constitutional monarchy with Yuan Shih-kai as Emperor.

The President refused to accept the memorial and returned it to the Council, which will hold a further meeting today, when probably a second memorial will be sent to the President.

Peking, Dec. 12.

A second meeting of the Council of State held yesterday afternoon considered the President's refusal to be Emperor and decided to forward a second memorial.

It is reported that the President's opposition to the first memorial has been overcome and that he has agreed to bow to the will of the people, though he has emphasized that no change is possible at the present time, that much preparatory work has to be done and that it is therefore necessary for all Ministers to occupy themselves with a view to averting difficulties.

Telegrams have been sent to all the provincial Governors to notify the people that the President has accepted the popular will, to urge them to continue their business and to refrain from giving ear to bad characters whose only desire is to threaten the national independence.

The President issued a mandate yesterday evening dealing with the first memorial from the Lifayuan, in which he points out that it is impossible for him to break the oath which he took at the time of the inauguration of the Republic and thus discard the principles of morality and sincerity. On their second visit the memorialists argued that the whole nation had been keenly alive during the past three years to the necessity of a constitutional monarchy, and, as he was the only person with the capacity to take the throne at the present time, he would be sacrificing the country if he refused.

The newspapers today are printed in red ink in celebra-

tion of the final decision. The populace of Peking expresses great relief at the removal of uncertainty and expects that the whole country will now settle down to business, though it is admitted that anarchists are likely to attempt to create disturbances. The Government, however, is confident of being able to deal immediately with any effort to cause trouble.

THE MANDATE.

The mandate referred to above is to the following effect:

"I have received a dispatch from the Lifayuan, inclosing documents nominating me to the throne. I find that, as stipulated in the Provisional Constitution, the sovereignty of the Republic is vested in the whole body of its citizens, and that since it has been decided by the representatives of the citizens to adopt the form of a constitutional monarchy, I, the President, can have no ground to discuss the subject. But with regard to my nomination, I am overcome with mortification and surprise. Heaven first created the people and then chose a monarch for them. Heaven's will is unalterable, always favoring one who has rendered conspicuous service and who is endowed with exemplary virtues. Only such a person can fill this exalted position; while with regard to myself, I have been a politician for well-nigh thirty years, during which period changes and turmoils have repeatedly occurred, and no special achievement could be credited to me. Since the creation of the Republic four years have passed away, a period noted by the magnitude of difficulties and disturbances, and the number of my faults and blunders. I have not been successful in establishing an ideal government.

"At the time when I lived in retirement on the bank of the Yuen River I had no worldly ambition. I was compelled to emerge from my retirement by the desire of the nation at a time of turmoil, being determined to sacrifice myself for the salvation of the country. During the winter of 1911 I filled a high position in the Government without either benefiting the policy of the country or relieving the distress of the people. It is always with a feeling of intense shame and remorse that I think of my late monarch. How can I feel at ease if I occupy the exalted post so suddenly? On grounds of principle and morality I cannot help feeling ashamed.

"To attain a peaceful state in ruling a nation it is first essential to keep faith. At the inauguration of the Republic, I, the President, made an oath at the Tsanyiuan (Parliament) that I would do my utmost to develop republicanism. Should I now become Emperor I would be guilty of disregarding my oath. On the ground of truthfulness and righteousness, therefore, I cannot even excuse myself.

"Then, when I formally assumed the Presidential office, I again declared that my earnest and only desire was to save the country and the people without calculating upon any success or failure, and being indifferent to hardship or comfort, criticism or eulogy. Since it is my avowed object to save my country and people at all costs, I shall proceed to attain the goal by sacrificing everything else if necessary. But, being aware of my own deficiency and

considering that the step would involve a sweeping disregard of principle and morality and of truthfulness and righteousness, which are great things that cannot be ignored, I hope the representatives of the citizens who really love me will not force me to act a difficult part, and I hope they will, at their great meeting, reconsider this matter carefully and conscientiously and nominate another man in my stead for the consolidation of the nation, whilst I, the President, will continue to carry out my various duties in order to preserve the present condition of the whole country under the title and authority I now hold, during this period of their deliberation."

PRESIDENT'S ACCEPTANCE OF THE NATION'S WILL.

Peking, Dec. 13.

High officials assembled at the Palace today to congratulate Yuan Shih-kai on being chosen Emperor. Later the President called the heads of departments together and in a strong, impassioned speech emphasized that the change of government was not being made for pleasure but to enable reforms to be carried out which would justify the recent action of the people and place the nation upon the plane it should occupy in the world.

He ordered all officials to apply themselves to preparations for a forward, progressive policy, and intimated that China was practically having her last chance to do for herself what others would force her to do if her own people failed.

The city is beflagged today and hopes are high that a new era has been inaugurated.

Today's official gazette contains the second petition of the Council of State and also the mandate in which Yuan Shih-kai accepts the wishes of the people. In the petition, which eulogized the great work by Yuan Shih-kai for China during the last twenty years, the petitioners pointed out that his inauguration oath was not being broken by his acceptance of the throne, for the oath was based on the position of the Chief Executive, that position was based on the form of the State, which in turn was based on the wish of the people. If the wish of the people were for a Republic, then the oath would be valid, but, as the wish of the people is for a constitutional monarchy, the oath would be invalidated only if Yuan refused to accept the throne and thereby plunged the country into an abyss.

The petitioners urge him to issue a decree immediately, to ascend the throne and to satisfy the longings of the people.

"UNABLE TO ESCAPE THE POSITION."

Peking, Dec. 13.

President Yuan Shih-kai, having consented to become Emperor, has ordered that the formal declaration to the Empire be delayed till all necessary preparations have been duly and carefully made. A mandate, after quoting the memorial of the Lifayuan, says: "The task imposed on me by millions of people is one of extraordinary magnitude. It is, therefore, impossible for one without virtue like myself to shoulder the burdens of State involved in enhancing the welfare of the people, strengthening the standing of the country, reforming the administration and the advancement of civilization.

"My former declaration was, therefore, the expression of a sincere heart and not a mere expression of modesty. My fears were such that I could not utter the words that I expressed. The people, however, have viewed with increasing impatience that declaration, and their expectation of me is now more pressing than ever; thus I find myself unable to offer further argument, just as I am unable to escape the position.

"Laying a great foundation is, however, a thing of paramount importance and must not be done in a hurry. Therefore, I order the different Ministries and Bureaus to take concerted action in making the necessary preparations in affairs in which they are concerned, reporting the same when completed for promulgation."

President Yuan Shih-kai concludes by urging citizens to go on peacefully with their daily vocations, while all officials should be faithful to their posts and maintain to the best of their ability peace and order in their localities, so that the ambition of a great President to work for the welfare of the people may be realized.

FIRST DAYS OF THE MONARCHY.

Peking, Dec. 14.

Peking is perfectly calm. Apart from the fact that the Chinese newspapers are printed in red and the display of the Republican flag by almost every house, there is nothing to indicate that there has been a vital change in the affairs of the country. There has been no sign of public joy or opposition.

In addition to the Ministers of State, President Yuan Shih-kai yesterday received in audience the high military officers and enjoined them to do their duty, to preserve order and to defend their country against alien aggressors in case of necessity.

It is worthy of note that the ceremony of kowtowing was not performed at the audiences. All the Chinese papers today refer to Yuan Shih-kai as Emperor.

Chinese reports state that a number of important members of the Chinputang, including Liang Chi-chao, Tung Hua-lung and Wang Chia-hsiang, have left for unknown destinations on the pretext of recuperating their health. The remaining members of the Chinputang held a meeting, at which it was decided to support the Monarchy under Yuan Shih-kai, the party henceforth devoting itself to the establishment of a constitutional government.

A COLD RECEPTION IN CANTON.

Canton, Dec. 15.

The citizens disregarded the Government order issued on the 13th to display flags and lighted lanterns in celebration of the acceptance of the throne by H. E. Yuan Shih-kai. Only the Government buildings and police stations displayed flags and illuminations.

IMPORTANT ASSURANCES BY JAPAN.

Peking, Dec. 16.

When the Foreign Ministers yesterday announced their policy of watchful waiting with regard to the monarchical movement, the Chinese Minister for Foreign Affairs, Lu Cheng-hsiang, reiterated his previous statement that the Government was confident of being able to meet all developments.

He then took occasion to remark that all the nations represented had placed on record their intention of maintaining the sovereignty and independence of China. The Japanese Minister promptly gave assurances that his Government did not intend to infringe China's sovereignty or independence. The other Ministers followed suit. China thus virtually secured a reaffirmation of past undertakings on this important question.

YUAN'S CORONATION POSTPONED.

Peking, Jan. 21.

The coronation of Yuan Shih-kai as Emperor of China has been postponed indefinitely. The reason given officially is the uprising in Southern China.

The Foreign Office notified the various legations today that the Chinese Government had decided that the enthronement would take place early in February, but that Yuan Shih-kai had issued an order cancelling the arrangements, in view of the disturbances in Yunnan Province. No intimation was given when the enthronement will take place.

Government officials estimate that not more than six months will be required to quiet the disturbances in the South.

Tokio, Jan. 22.

Baron Kikujiro Ishii, Minister of Foreign Affairs, today told the House of Peers that China had informed Japan that it had postponed establishing a monarchy on account of the conditions throughout the country. The postponement is interpreted here as signifying an ascendancy of Japanese influence in China.

It is understood that Yuan Shih-kai has been sounding Japan in an effort to obtain recognition of the monarchy. The declination of Japan to receive the Chinese special mission headed by Chow Tzu Chi, Minister of Agriculture and Commerce, and reports that Japan is preparing another representation in behalf of the postponement of the Monarchy on account of the revolution, it is believed, has induced Yuan Shih-kai to yield to the advice of the powers.

It was announced recently in Peking that the Chinese Minister of Agriculture and Commerce would leave for Tokio on Jan. 15 to confer the highest Chinese order upon the Emperor of Japan. The Chinese Foreign Minister said at the time that the mission had no connection with the recognition by Japan of a change in the form of government.

THE AMERICAN CHAMBER OF COMMERCE OF CHINA

Officers elected, Shanghai, August 18, 1915: President, J. H. McMichael; Vice-President, J. W. Gallagher; Secretary, P. L. Bryant. Committee: Mr. Larz Andersen, Mustard and Company; Mr. C. H. Blake, Standard Oil Company of New York; Mr. J. Harold Dollar, Robert Dollar Company; Mr. F. A. Fairchild, China and Japan Trading Co.; Mr. J. W. Gallagher, United States Steel Products Company; Mr. J. N. Jameson, Wisner and Company; Mr. J. H. McMichael, Frazar and Company; Mr. N. T. Saunders, Geo. H. Macy and Company, Mr. J. B. Southmayd, Singer Sew-

ing Machine Company; Mr. P. F. Wisner, P. F. Wisner and Company.

CONSTITUTION AND RULES

ARTICLE I.

Officers and Their Election.

The Officers of the Chamber shall be a President and Vice-President and a Secretary, all of whom shall be chosen by ballot at the first regular meeting in each month.

A majority of the votes cast at each election shall be necessary in each instance to elect. The officers elected shall continue in office one year, or until their successors shall have become duly qualified to office.

Should any person so elected decline to serve or resign his office, or his office become vacant by his death, the vacancy shall be filled by an election at the next regular meeting of the Chamber, held after such declination or resignation shall have been reported to the Chamber.

No person shall hold the office of President or Vice-President for more than two succeeding yearly terms, unless he shall be re-elected by a vote of three-fourths of the ballots cast at the election; and the same vote shall be necessary for each succeeding re-election of same person to same office.

ARTICLE II.

Meetings.

The regular meetings of the Chamber for the transaction of business shall be held on the first Thursday in each month (the summer vacation only excepted). When the first Thursday in any month shall fall on a legal holiday, the regular monthly meeting shall be held on the Thursday following, unless otherwise ordered by a vote of the Chamber. Special meetings may be held at such other places, and at such other times as the President, or in his absence, the Vice-President, in their order, may designate, upon the written requisition of five members; provided that one to five days notice of the time, place and object of the meeting shall have been given to each member by the Secretary; and also provided, that no other business except that designated in such call and notice shall be acted upon.

ARTICLE III.

Members and Their Election.

Membership in this chamber shall be restricted to American merchants, firms and individuals or other American citizens interested in American trade or commerce or in pursuits directly connected therewith.

All nominations for membership of the Chamber must be made in writing together with a statement of the occupation and qualification of the candidate, and be addressed to the Secretary for consideration. If the Committee approve the nomination, the candidate shall be then balloted for; and if five or more negative ballots appear he cannot be admitted a member, nor be again proposed until after the expiration of a year from the time of such rejection.

The Chamber may expel any member for dishonorable conduct or dealings, but only after a hearing of such member at a regular meeting, and by a two-thirds vote of the members present. Provided, that the Executive Committee shall recommend such expulsion, and that due notice be given by the Secretary of the Chamber, both to the accused member and to the Chamber at large, of the day when such hearing may be had; and also provided, that if the accused member do not appear for such hearing, in person or by proxy, the vote may be taken on his expulsion as though he had appeared.

ARTICLE IV.

Honorary Members.

Honorary Members may be elected at any meeting of the Chamber, whether regular or special, on the nomination of the Executive Committee, and without ballot, unless called for. They shall be entitled to all the privileges of regular members, except the right of vote. They shall be exempt from payment of any fees whatever. The Secretary shall furnish each honorary member, thus elected, with a letter of membership, duly signed and authenticated.

ARTICLE V.

Fees.

Each merchant, firm or corporation elected to the Chamber shall pay an admission fee of fifty dollars, all others

ten dollars in addition to the annual dues of fifty dollars for merchants, firms or corporations and ten dollars for others.

The Executive Committee may, in its discretion, for reasons satisfactory to itself, remit the annual fees of any member; and it may accept the resignation of any member, only if the annual fees of such member, to the date of such resignation, shall have been paid or remitted.

If the fees of any member remain unpaid for a term of two years, the name of such defaulting member may be reported to the Chamber, and thereafter, unless otherwise ordered by the Chamber, be stricken from the rolls.

ARTICLE VI.

Duties of Officers.

Of the President.—The President shall exercise a general supervision of the affairs and interests of the Chamber. He shall preside at all meetings of the Chamber, regular and special. All motions of business and adjournment shall be addressed to him. He shall appoint all Special Committees, except where the Chamber shall otherwise order. He shall sign all official documents of the Chamber. He shall countersign the annual accounts of the Secretary, when duly audited. He shall call special meetings of the Chamber, on the written requisition of not less than five members, stating the object thereof, and shall designate the time and place at which such special meeting may be held, and direct the due notification thereof.

Of the Vice-President.—The Vice-President shall, in the absence of the President, have the same power and authority as the President, when personally present.

Of the Secretary.—The Secretary shall have the charge of all moneys collected or received for the use of the Chamber. He shall disburse the same, when not otherwise provided for by these by-laws, only upon the written warrants of the Executive Committee. He shall keep books of account of all receipts and disbursements, and the vouchers therefore in the usual form, and shall produce a copy of the same, fairly stated, for the inspection of the members, at each annual meeting. Such a copy of accounts shall be duly audited by auditors appointed for the purpose by the Chamber, and be signed by them and countersigned by the Chairman, on or before the Tuesday next preceding the annual meeting. The Secretary shall deliver over to his successor the cash remaining in his hands, as also any certificates of stock or other securities, the property of this Chamber, together with the books of account, chest and key, and may require a receipt therefore. In the absence of the Secretary elect, the same shall be delivered to the President.

The Secretary shall be the custodian of the property of the Chamber, and shall have care of the rooms, and of all documents and correspondence belonging to the Chamber. He shall look to the insurance of such property against fire. He shall attend all meetings, and keep a fair and correct register of all proceedings, rules and regulations of the Chamber, which shall be regularly entered in the book of minutes, in accordance with legal requirement and custom. He shall also attend upon and keep minutes of the proceedings, and shall act as the secretary of the Special Committees. He shall, under the direction of the President, conduct the correspondence of the Chamber. He shall duly notify members of their election, sign all documents jointly with the President. He shall give due notice of all meetings, both regular and special. It shall be his duty, whenever the President or the Vice-President shall not appear at any meeting regularly called, after reasonable delay, to call for the election of a temporary presiding officer.

He shall see to the collection of all dues from members, and shall render all required assistance in the clerical part of his duties. He shall prepare the Annual Report of the

Chamber, under the general guidance of the Executive Committee.

In the absence of the Secretary, the Chairman shall appoint one of the members to take his place for the time being.

ARTICLE VII.

Duties of the Committees.

Their duty shall be to examine into and make report upon such subjects as may be referred to them by the Chamber, and/or members, or they may originate and report to the Chamber such views as they may deem proper for its consideration.

They shall, respectively, keep regular minutes of their meetings and proceedings, in which the Secretary shall give them all required assistance, and they shall make an annual written report to the Chamber at its regular annual meeting.

ARTICLE VIII.

Rules of Order.

At all regular meetings of the Chamber (except the annual meeting, for which a special order shall be prepared each year by the Executive Committee) the regular order of business shall be:

1. Reading of the minutes.
2. Report of the Executive Committee on new members.
3. Reports of Committees in their order on the call of the Chair.
4. Unfinished business.
5. New business.

Members having any motion or remarks to make shall address the Chair. All resolutions or propositions, of whatever nature, must be reduced to writing before they can be entertained. The time to be taken by any member in debate may be limited by the presiding officer at the request of the Chamber. Each member shall be entitled to the floor, without interruption, for such time as may be allowed to him. Where reports of Committees are submitted to debate, the Chairman of the Committee introducing such report may open and close the debate.

At special meetings called to hear and consider reports of the Committees ordered by the Chamber, no new propositions or resolutions in the nature of substitutes (except the report of the minority of the Committee, if any) shall be introduced or debated until after final action shall have been taken upon the report of such Committee: when, if it be rejected, such new propositions or resolutions may be entertained, but no business other than that named in the requisition and call for the special meeting shall be entertained, even though unanimous consent be had.

Members having appeared in the Chamber shall not withdraw previous to adjournment, except by permission from the Chair.

Whenever any resolution shall be proposed in the Chamber which calls for the immediate expression of its opinion or action touching any public matter, and if the same be objected to by any member present, it shall be the duty of the Chair to state the objection, and to call upon those who sustain the same to rise, and if one-fourth of the members present rise in support of such objection, then such resolution shall be referred to a Standing or Special Committee, who shall report thereon at the next meeting of the Chamber: and upon the presentation of such report, the same, and the original resolution, and the subject referred to, may then be acted upon without further right of such objection.

ARTICLE IX.

Quorum and Adjournment.

Ten members of the Chamber shall be necessary to form a quorum for the transaction of business. In case a

quorum shall not be present at the time fixed for any regular meeting of the Chamber, the President, or in his absence, the Vice-President present, may adjourn the meeting to such other day in the same month as he may judge proper; but in case there be no quorum present at the time fixed for any special meeting, the meeting shall be declared adjourned.

ARTICLE X.

All proposed amendments to the By-Laws shall be submitted in writing, at a regular meeting of the Chamber, but no such amendments shall be voted upon before the next regular meeting.

RULES.

1. That the Chamber be styled the American Chamber of Commerce of China.

2. That the object of the Chamber shall be to watch over and protect the general interests of American Commerce, to collect information on all matters of interest to the American mercantile community, and to use every means within its power for the removal of evils, the redress of grievances, and the promotion of the common good; to communicate with authorities and others thereupon; to receive references, and to arbitrate between disputants—the decisions in such references to be recorded for future guidance.

3. That all American mercantile firms and American persons engaged or interested in the American commerce or shipping of China shall be eligible for admission as members, in the manner hereinbefore described.

4. That the annual subscription be subject to alteration in amount by a majority of votes of members at any Annual General Meeting.

5. That voting by proxy at General Meeting, or by members whose subscriptions are in arrear, be not allowed, and that not more than one vote shall be allowed a firm, merchant or corporation and if a vote is cast on behalf of any corporation, firm or merchant, no member who may be employed or associated in the business of the said corporation, firm or merchant shall also vote as an individual on the same question.

6. That in the absence from the part of all the representatives of a firm or corporation their authorized American representative shall be entitled to a vote.

7. That any member may be expelled from the Chamber on the proposition of the Committee, communicated to all the members, and considered at a General Meeting, provided that not fewer than two-thirds of those present vote for the expulsion.

8. That any number of members, not less than ten, shall be held to constitute a General Meeting and/or a Special General Meeting called in conformity with the rules of the Chamber.

9. That the business and funds of the Chamber be managed by a Committee to be elected at the Annual General Meeting of members. That the Committee shall consist of not less than eight and not more than twelve members. In the absence of the President and Vice-President the Committee shall elect a temporary Chairman from the Committee. Five members of Committee to form a quorum, and the Chairman shall have no vote except in case of a tie. Should the members in General Meeting fail to elect a new Committee, the retiring Committee will remain in office.

10. That the Committee shall meet on such day of every month as it may fix to be most convenient for the transaction of business, or at other times when summoned by the President or Vice-President, and the minutes of the preceding meeting shall be open to the inspection of members.

11. That in case of a vacancy in the Committee, it shall be filled up *pro tempore* by the Committee; and that

they have the power to appoint a Sub-Committee from their own number for any purpose whatever, and to elect other members of the Chamber to serve with them on these Sub-Committees.

12. That a paid Secretary be elected by the Committee, when found necessary, such election to be subject to confirmation at the next ensuing General Meeting.

13. That the Annual General Meeting of the Chamber be held in the month of March each year, or as soon after as may be convenient, and that Special General Meetings shall be called by the President, or in his absence by the Vice-President, on the requisition of any five members of the Chamber, to be held within ten days subsequent to the receipt of such requisition.

14. That the Committee be empowered to frame By-laws, which shall at once come into force, but must be presented for confirmation at the next ensuing General Meeting of the Chamber; and being then confirmed shall be equally binding with these rules upon all members.

15. That a yearly report of the proceedings be prepared, and after being approved at a General Meeting,

printed, and circulated to members, to be published at the discretion of the Committee.

16. That all disbursements shall be made on orders signed by the President and Secretary, and all accounts submitted to the members at the Annual General Meeting, duly audited by a member of the Chamber.

17. That the above Rules be added to or altered only by a majority of the members of the Chamber present at a General Meeting, ten days' notice having been given of such proposed addition or alteration.

18. That the Chamber will undertake the arbitration of any dispute in commercial matters that may be submitted to them should both parties to the dispute sign the special form provided by the Chamber, agreeing to abide by the decision of the two members of the Chamber, who shall be appointed Arbitrators in the case. In the event of the two Arbitrators failing to agree in the decision of the case, they to choose a third party as referee. The fees should be in accordance with a scale which the Committee shall from time to time fix.

19. That the foregoing Rules be printed, and a copy forwarded to each member on admission.

FAR EASTERN AMERICAN BAR ASSOCIATION

The second annual meeting of the Far Eastern American Bar Association was held in the session hall of the United States Court for China, on Monday, December 6, 1915, pursuant to the call of the President, who occupied the chair. Upon a call of the roll more than a quorum were found to be present.

The President, Judge C. S. Lobingier, read his annual report as follows:—One year ago our Association was organized by a group of American lawyers mostly residing in Shanghai. Since then we have succeeded in enrolling every American lawyer in China and Japan and a number of those practising in the Philippines. We hope to continue this good work until all American lawyers in any of the Far Eastern countries have been brought within the ranks of the Association, made amenable to its rules and given the benefit of the *esprit de corps* which such membership creates. For it is in the Far East where so many lawyers are isolated, that, even more than in the homeland, such an organization is most needed.

Our Association has held eight meetings during the year. At one of these, held at the Shanghai Club on January 8, 1915, and which took the form of a banquet, we had as our guests the members of the British Bench and Bar and the occasion will be one long remembered for its good fellowship. At another meeting on January 22 the Association entertained David Reed, Esq., of the Pittsburgh Bar, prominent in recent litigation affecting the United States Steel Corporation and on March 19, C. D. Severance, Esq., of the Minneapolis Bar, who was, if anything, more active in the same *cause celebre*. This entertainment of visiting lawyers ought to be one of our important activities, for it is chiefly in this way that our members may keep in living contact with their professional brethren of the homeland.

Several excellent papers have been read before the Association during the year, including one by Mr. T. R. Jernican on "The Mixed Court of Shanghai;" another by Mr. C. M. Bishop, then American Vice Consul General on "The

Chinese Judicial System, Old and New;" and a third by Mr. C. W. Rankin on "Legal Education in China." It is hoped to make this feature of the Association's work permanent and increasingly practical. I have the promise of several new papers on important themes and I wish here to give warning that specific performance of all such promises will be rigorously exacted and other promises expected.

Our Constitution (Art. II, sec. 3) provides that "Honorary membership may be conferred upon judges or lawyers distinguished for learning or achievement, regardless of residence or nationality." Acting under this clause on May 28 the Association elected as honorary members the former judges of the United States Court for China—L. R. Wilfley and Rufus H. Thayer—and Chief Justice Arellano, of the Philippine Supreme Court. Each of these gentlemen was thereupon notified of his election and I have a communication from Judge L. R. Wilfley in which he says: "I have just received your letter telling me I have been elected an honorary member of the Far Eastern Bar Association and hasten, through you to thank the Association for this honour. I have great interest in the work the Bench and Bar of Shanghai and the Far East are doing, and shall continue to watch developments in that part of the world closely."

On March 20 last I wrote to George Whitelock, Esq., Secretary of the American Bar Association, expressing our desire to affiliate therewith. Up to that time it had never recognized local associations except such as had been organized in territory under the sovereignty of the United States. But in reply Mr. Whitelock said: "President Meldrim, to whom I submitted your letter, has written me that he does not think a rule of strict construction should apply and he advises that delegates be sent from the Far Eastern Association." And he added: "We shall be glad to have the designation of your delegates as soon as you may be able to transmit the information."

Under date of May 3, I received from W. Thomas Kemp, Esq., Assistant Secretary, a formal communication quoting Article IV of the National Association's Constitution, relating to delegates, and adding: "In accordance therewith we respectfully invite your Association to send three delegates to our next meeting, to be held on August 17-18-19, 1915, at Salt Lake City, Utah." Exercising this authority this Association was good enough to ask me to attend as a delegate and to name two others. In pursuance of this request I designated Paul S. Reinsch, Esq., American Minister to China, and Arthur C. Taylor, of Chefoo, both of whom are members of this Association and were then about to visit America; but unfortunately neither was able to arrange his itinerary so as to attend the Salt Lake meeting. I was privileged, however, to be present throughout, arriving at Salt Lake City early on the morning of August 16 and remaining until after the close of the convention. As the latter did not open until August 17 I was enabled to devote the first day to the sessions of the Commissioners on Uniform Laws—an auxiliary body which has done much to prepare the way for a codification of American law, having framed statutes on Negotiable Instruments, Warehouse Receipts and Bills of Lading which have been adopted in nearly every American state and territory and being engaged now in preparing legislation of even farther reaching importance.

On the evening of August 16 I was invited to appear before the Executive Committee of the National Association, as your representative, to explain the legal situation in the Far East. President Meldrim was in the chair, and his attitude as well as that of his fellow members of the Committee was one of extreme courtesy and friendliness. They were all interested in the character and jurisdiction of our Court, the qualifications for membership of its Bar, and the general needs and desires of the legal profession in this part of the world. The upshot of the discussion was that President Meldrim proposed, and the other members of the Executive Committee approved, an amendment to Article XI of the Constitution of the American Bar Association, making it read as follows: "The word 'state,' whenever used in this Constitution, shall be deemed to be equivalent to state, territory, the District of Columbia and the *insular and other possessions of the United States, and places over which the United States exercises extra-territorial jurisdiction.*" (The italicized words are new). The amendment was, on the following day, ratified by the Association in general session and later, on the same day, at a meeting of the Executive Committee. "On motion of Mr. Niblack, duly seconded, it was unanimously resolved that the members of the American Bar Association, resident in the Philippine Islands and those resident in China (being within the extra territorial jurisdiction of the United States Court for China) be entitled to elect a Local Council, including Vice-President, and to be accredited to the Philippines and China."

By these changes, you will note that not only is our Association affiliated with, and represented in, the national body—an organization with over 10,000 members—but that we of the Far East are placed on the footing of an American state and are given a complete organization.

I should not neglect to mention that ex-Chief Justice Simeon E. Baldwin, of Connecticut, in his annual address as Director of the Comparative Law Bureau, made our Association the subject of extended comment, epitomizing its constitution and commending its aims. I may add that a similar display of interest was manifest among the delegates generally and that the reception accorded your representative was most cordial.

The action of the Association in changing its Constitution for our benefit was as unexpected as it was gratifying and I trust that our members will not be slow in showing their appreciation of so valuable a concession. One way of doing this is for all those who are eligible to apply for membership in the national Association. For you will, of course, understand that the affiliation of our organization with the national one does not *ipso facto* make us members of the latter. The qualifications for such membership are stated as follows in the Constitution of the National Association (Art. II). "Any person shall be eligible to membership in this Association who shall be, and shall, for five years next preceding, have been a member in good standing of the Bar of any state."

In addition, the candidate must be recommended by the Local Council. The Secretary has supplied me with blanks for such application and approval and I hope that these may be signed by every one of our members who is eligible to the National Association. The dues are only \$6 per annum and the reports and other literature issued by the Association are worth far more—not to mention the many other advantages of such membership.

Gentlemen, I feel that a good start has been made but that much remains to be done before our Association can realize all the possibilities that lie before it. Not only may it do much to raise the standards and ideals of our profession throughout the Far East but it ought to provide a means for informing our professional brethren and our authorities of the homeland where Far Eastern conditions are too often grossly misunderstood. May we be ready for such opportunities whenever they arise.

The Report of the Secretary-Treasurer was then read and placed on the file.

The officers for the ensuing year were thereupon elected as follows: President, Judge Charles S. Lobinger; First Vice-President, Mr. Arthur Bassett; Second Vice-President, Mr. Edgar P. Allen, Tientsin.

Mr. E. B. Rose gave notice of a proposed amendment to sec. 1 of Art. III of the Constitution so that the same should read as follows:

Section 1. *Enumeration.*—"The officers of this Association shall be a President, three Vice-Presidents (one for Shanghai, one for the outports and one for the Philippines) and a Secretary. There shall also be a standing Executive Committee and special committee including one for adjustment of differences, if any, between members, shall be appointed when necessary. Delegates, not exceeding three, to the American Bar Association shall be designated each year by the President."

The proposal was seconded and, under the rules, was laid over until the next meeting.

FOR AN EAST AND WEST CONFERENCE

BY GEORGE MALCOLM STRATTON.

Professor of Psychology in the University of California.

Conference and joint action should become with us, in this time of the world's disorder, almost a fixed idea. Upon all prudent occasions that look beyond our border such a procedure by our Government should alone be counted fitting. For we know that had this method been accepted by Germany when England proposed it, the world disaster might have been averted.

The nation's mind has long been schooled for conference and joint action with the powers of the Western Hemisphere, and this preparation will be furthered by the President's recent message. But in developing such a policy in the Americas, it would be unfortunate if we were to neglect the Orient. All that speaks for the one speaks also for the other. For our relations with the East are in many ways more living than with the countries south of us, and call for greater delicacy of touch. While we are not sorely troubled, in our strength, with our relations to the Latin-American countries, we are conscious that we have not well in hand our relations with Japan.

And we are inclined to throw the responsibility for the future almost wholly on that transpacific power. Our people often speak with concern, as though in Japan lay some real menace to us. But with imagination we may know that we have given Japan ten occasions for anxiety where she has given us one. In domain Japan has never moved a step toward us, but has held herself strictly to the Asiatic world. Yet for many decades we have advanced steadily toward her. The expansion that sometimes has alarmed our American neighbors might well alarm her. By 1846 we had obtained full possession, on the Pacific Coast, of what is now Oregon and Washington. Two years later we acquired the whole coast of California. In 1867 we added from Japan's great neighbor, Russia, the immense territory of Alaska, bringing us, by a single stride, within a stone's throw of the North Asiatic coast. In the last two decades of the century we made a great southern and western advance into the mid-Pacific, planting our feet on the Samoan and Hawaiian Islands. And almost at once came our stride over to Guam and the Philippines—to a territory two-thirds the size of the entire Japanese group, and almost at their door. In all this we surely have given Japan ground for anxiety. Picture the movement reversed; picture our alarm if Japan within the memory of men now living had made while we stood still a like advance toward us. If we had watched her coming with arms outstretched to north and south, until finally she acquired at our very gates a princely archipelago, could any power within us have quieted our warlike rage? Yet in our thoughtlessness we have shown almost no appreciation of the self-control with which that proud and sensitive nation has observed us.

And still more admirable becomes her self-control when, to all this disturbing territorial advance, we have, through

the state of California, added a grave offense. We may freely grant, even as Japan herself has been willing to concede, that the rate and quality of her immigration to us should be controlled. Yet only in the last resort, and after our national Government had proved incapable of dealing with this delicate situation, should California have run counter to the Federal Administration's desire. And this unfortunate position we may some day see and remedy. For as the nation had the courage to repeal an act regarding the Panama Canal that was of doubtful honesty, so the State of California, becoming more considerate of international comity, should repeal its act that gives such persistent offense across the sea. Our relation to the Orient is vital to the entire nation, and should be dealt with solely by the nation. The forbearance, the absence of a threatening attitude in Japan herself, should make easier this repeal.

Now, if it makes for comity to confer with the countries of America, might it not be wise to inaugurate a similar conference of the chief nations that border on the Pacific? The great water brings all their Governments face to face, and, making indifference impossible, invites to hostility or good will. Foolish indeed shall we be if we leave to mere chance the choice between these attitudes. Orient and Occident should meet in frequent council—a council without formal power or decision, but free to discuss matters that concern Japan, China, Australia, Chile, Mexico, Canada, and ourselves, and all the great and lesser States that lie between. To take counsel with one another at recurring times would give a sense of solidarity, would make less difficult any work for the common good. Whether one or another topic should be discussed would often be of less moment than the mere fact that the nations were ready to confer. But we can readily see that much might be said upon trade routes and banking and labor and immigration and the large and petty obstacles to intercourse, as well as upon things that rise above trade and into regions of science—upon interchange and co-operation in the study of ocean and land and forests and animals and the native races of men. And when the time shall come to fulfill our promise respecting the Philippines, what would be more appropriate than that the status of these islands should be discussed beforehand with those countries that would be most deeply affected by the precise form of our decision?

Against such a policy of conference and co-operation, even when carried beyond the seas, one cannot well turn the great warning of the Farewell Address. A spirit of conference, the acceptance of common responsibilities, is cementing rather than entangling. It has its risks, we must admit; but it removes more than it creates. Washington would have us decrease the risk of war. But the

risk of war to-day is not increased by recognizing that there exists a community of nations, but by denying it.

There is no certain peace for us until our surroundings become a place of law and order, and our surroundings to-day are almost the entire world. We cannot of ourselves usher in a lasting peace, but we can help or hinder its advent, according to our loyal faith in the value of respectful intercourse and consultation with other powers. If our people are accustomed and disciplined to this idea they will exercise right pressure upon policy. At each critical moment of the future they will expect and support the right procedure, knowing which of several courses will give greater promise of leading us toward a well-ordered world. In educating us, therefore, to prefer united action to solitary action, to prefer conference to self-confident and solitary judgment, we shall take the crude and native love of power and refine it, giving our people an ambition which the world will not feel compelled to curb and punish, but will welcome as something that assists them in all their tasks.—*New York Times*.

New York, Jan. 5, 1916.

To the Editor of *The New York Times*:

Nothing gives more encouragement to one who has at heart the cementing of a closer bond between the East and the West, especially between America and Japan, than to see the expression of such views as those of Professor George Malcolm Stratton which you printed in *The Times* of yesterday. The professor of psychology in the University of California draws from the terrible conflict raging in Europe a valuable lesson of "conference and joint action" to rule among nations, "for we know that had this method been accepted by Germany when England proposed it the world disaster might have been averted." Tons of literature have been issued by each of the belligerent Governments to convince the neutral world of what it considers the causes of the war, invariably laying the blame on its foe. But would not an impartial history rather pronounce that the main root of evil lay in the criminal lack of effort on the part of the warring nations to arrive at mutual understanding in times of peace? Wise statesmanship and sane opinion of America are thus slowly but surely crystallizing in the belief that an enduring peace between nations can only be secured by correct understanding of one another. It becomes, therefore, a matter of supreme importance for them to open up an avenue of gaining the viewpoint of one another. The idea of establishing such a channel of communication between nations—a conference, council, congress, or whatever name may apply to it—seems to be already in the air. It has been broached by not a few far-seeing Americans.

The suggestion of Professor Stratton that "Orient and Occident should meet in frequent council" was voiced just a month ago by Mr. Oswald G. Villard of *The Evening Post*, when he suggested at a dinner given in this city in honor of Baron Shibusawa that the money appropriated for two battleships a year, \$30,000,000, be spent by this Government in an effort to bring about peaceable settlement of international problems, with the immediate end in view of organizing a Pan-Pacific congress to meet on

some island in the ocean between Japan and the United States for the discussion of questions affecting the East and the West." (*Times*, Dec. 4, 1915.) Mr. Villard's remark, unfortunately, took on the appearance of the advocacy of a pacifist, so that it naturally raised a discordant chorus. But the value of the suggestion made by Mr. Villard and Professor Stratton to hold a conference among the chief nations bordering on the Pacific should not be underestimated.

The idea strikes us at first as Utopian. Is it not, however, worth an effort of constructive statesmen to put it into effect? That there are many difficulties in the way of realizing it should be taken for granted. And great results cannot, of course, be expected from the start. Your Pan-American Congress, already held so many times, is a good example. "Whether one or another topic should be discussed," Professor Stratton well observes, "would often be of less moment than the mere fact that the nations were ready to confer." The greatest benefit that would accrue from such a conference lies, to my mind, in the fact that the nations participating in it have come to the consciousness of making a united effort to know, to educate one another; of undertaking this campaign of education on a national scale instead of confiding it to individual, solitary action.

So far as the relations between America and Japan are concerned, there are no problems confronting them, I confidently believe, that cannot be solved most satisfactorily, if they only gather their heads and come to know each other fully and completely. If this is accomplished even to a certain extent, there is not the least doubt in my mind that such a question as the California-Japanese question would immediately solve itself. The present deadlock is owing chiefly to the incapacity or unwillingness on the part of both parties to appreciate and understand fully one another's standpoint. In saying this I am not alluding to the Washington and Tokio Governments, but to the peoples of both countries. At the present day no constitutional government will initiate a move until it feels some assurance of the people's backing; this is especially the case in the democracy of America.

Other questions affecting the interests of Americans which, they imagine, are menaced by Japan, as, for instance, that she harbors a sinister design on the Philippines, are mostly founded on pure suspicion which is begotten of ignorance. Viscount Chinda, the Japanese Ambassador at Washington, well says: "How little is known here in America of Japan! If America had half as much knowledge of Japan as Japan has of America I am sure there would be an entirely different attitude. It is because of lack of information that yellow stories are circulated in this country, and it is these that are also responsible for an anti-Japanese sentiment in certain sections of this country." (*Times*, Dec. 3, 1915.) We Japanese are taught, from common school to university, about the history, institutions, and people of the United States. On the contrary, how many Americans out of ninety millions can claim to have a fair knowledge of the history, institutions and people of Japan? Moreover, Occidentals have till lately entertained an absurd notion that the East is eter-

nally incomprehensible, and, consequently, thought it a foolish task to try to comprehend it. But the idea conveyed in Kipling's much-quoted verse that

East is East, and West is West;

And never the twain shall meet

is already exploded. Rather his neglected verse,

But there is neither East nor West,

Border, nor Breed, nor Birth,

When two strong men stand face to face

Though they come from the ends of the earth expresses truth. Let, then, such strong men from the East and from the West meet often face to face. If the lesson derived from the European catastrophe is sound, namely, that the best preventive of international complication, possibly of disaster, is mutual understanding between nations, then the "East and West Conference" is certainly worth a trial. It would prove of an inestimable value even though it acted only as an impetus to promoting the knowledge and understanding of one another among the nations that border on the Pacific. T. IYENAGA.

To the Editor of The New York Times:

In connection with the opportune discussion in *The Times* with respect to an "East and West Council," and especially with reference to the suggestion reported by Dr. Iyenaga to have been made Dec. 3, 1915, by Mr. Oswald G. Villard for a "Pan-Pacific Congress to meet on some island in the ocean between Japan and the United States for the discussion of questions affecting the East and the West," I respectfully beg to be allowed to submit the following:

During 1914 the Asiatic Institute communicated with more than 100 men and women eminent in the countries bordering the Pacific Ocean requesting an expression of view on the advisability and prospects of holding a congress of the Pacific to consider mutual interests, especially with reference to preventing in the Pacific area, if possible, evils such as have accompanied the progress of civilization in the Atlantic area.

The majority indorsed the proposal, at the same time pointing out certain obstacles that lay in the path of the undertaking which would operate against the realization of the results aimed at. The main obstacle was considered to be the world war in which the great powers of the Pacific area, who naturally would be a part of such a congress, were engaged.

As to the place of meeting for the proposed congress, opinions differed. The Pacific Coast of the United States was the region most favored, but other places were recommended, including the west coast of Mexico, Japan, the Philippines, and Hawaii. Dr. Charles W. Eliot's letter was representative of the good judgment of our correspondents. He said: "The plan of assembling a congress representing the principal countries about the Pacific Ocean, for the consideration of matters of mutual interest, seems to me a wise one. Honolulu would seem to me a good place at which to hold it. The early Summer of 1916 strikes me as a good time for the congress; because the results of the European war on international relations and on trade between the Occident and the Orient will by that time have become manifest."

In view of the world war it was decided to hold a preliminary conference to discuss the proposed congress and the affairs of the Pacific before inviting foreign delegates, and the first Pacific Conference was organized and met in two principal sessions at San Francisco, July 19, 1915. Dr. Eliot's letters, with others, were read at the conference and, together with the proceedings, were published in the press throughout the United States, Canada, and other countries of the Pacific. The Secretary's address, and a report of the conference and its aims for a congress of the Pacific, were sent by the Consul General for Japan as a special report to the Government at Tokio. At the closing session the following resolution framed by Dr. Gulick of Doshisha University, Japan, was adopted:

Resolved, That this conference herewith indorses the general principle in the proposal to hold a congress of the Pacific nations and urges the Asiatic Institute to take such steps as may be necessary for holding such a congress.

In view of the success and good augury of the first Pacific Conference at San Francisco, and in accordance with this resolution, the Asiatic Institute is organizing a second Pacific Conference to carry the plan further. The co-operation in every way of all interested persons is solicited.

FREDERICK McCORMICK,

New York, Jan. 8, 1916.

Secretary Asiatic Institute.

THE RAILWAY IN CHINESE DEVELOPMENT

Railways and banks are the twin handmaids of Commerce: railroads bring business to the market, and banks provide the financial machinery to handle it. Of the two the railroad is more important than the bank. Without the latter, it is possible for business to go on, even if limpingly, but without railways and with the consequent lack of accessibility to market, business dies still-born. A country's business grows in proportion to the development of its railroad mileage. Without railways it took hundreds of years to develop Europe's wealth; with the introduction of railways soon after its birth as a nation the United States developed great wealth with astonishing rapidity—and the colossal individual fortunes realized were the wonder of the world.

The unsealing of China, that is its opening up by railways, will revolutionize the commerce of the world. If China possessed railroad mileage in proportion to its land area, and on the same scale as in the United States, it would own 325,000 miles of railroad. If, however, its mileage was pro-rated according to its population, on the same basis as in the United States, then it would have over one million miles of railroad. In round numbers, the United States has to-day a quarter of a million miles of railroad—while China has 6,000 miles and should have a million. It seems a far cry from 6,000 to a million, but the latter will come in time, and, in the process of coming, it seems to me, wealth will be made which will make American affluence look like poverty, so ripe is the opportunity.

If China's population consisted of untrained, half-savage peoples any great railroad extension would have to be post-

poned until the people were educated up to a certain degree of productiveness or efficiency—a matter of generations. In such circumstances, any attempt to forecast the rate at which Chinese railroad development would proceed, or its effect when developed, would be futile in the extreme. Such, however, is very far indeed from being the case in China. Its people—even in the remotest provinces—are trained and capable workers—skilled handicraftsmen and agriculturists with the inherited lore of three thousand years of civilization, and the skill in handloom, in metals and agriculture handed down in an unbroken line through a hundred generations—more, indeed, for we know that in the time of Confucius, 25 centuries ago, China was a highly civilized country, and there has been no break in her civilization.

It is not, perhaps, too far-fetched a parallel to compare China's opportunities with a hypothetical home condition. Suppose, therefore, our North and South Atlantic States had always been cut off from our North Central and South Central and Western states by insurmountable barriers; and suppose that they were for the first time opened up to interstate and international commerce, would it not be reasonable to prophesy a vast traffic for the new railroads from the commerce springing full fledged from such a connection? That would not be linking up civilization with savagery, but with equal civilization. So will it be with China, and even more so. China's figures are indeed too large for our comprehension. For instance! Conjointly with other countries, United States capital is interested in the Hankow-Szechuen Railway. The building of that railway has been stopped for lack of capital due to the European war. When that railroad enters the vast plains of Szechuen it will tap a population of 78 millions

of frugal, skilful, industrial, law-abiding people—a number exceeding our entire population at the beginning of this century, and greater to-day than the entire population of any other country in the world, excepting India, Russia and the United States—the population of one single Chinese province.

The natives of what may be termed China's hinterland work for a mere fraction of our wages. They have been trained through long generations, to live simply and almost entirely from the products of the soil, raised at their doors, by a process of intensive agriculture such as neither Europe nor America has ever seen. These people are inured to lives of toil. Adding to these conditions the high quality of their skill, it is not far-fetched to say that the wise introduction of such a potentiality into the channels of modern commerce, and the coupling it up to modern conditions will work a revolution in which a huge international commerce may be built up—for China copies our wares because she likes them and will one day be a purchaser of colossal dimensions.

The question to-day is—are we going to take a commanding share in this the greatest business opportunity the world has ever seen—bar none, or shall we leave it to be explained to an indignant posterity how it was that our eyes were so holden that we failed to see it when it was presented to us?

American wealth has grown more rapidly than Europe's because her opportunity came concurrently with the introduction of railways. China's wealth will be greater than either because it has been dammed up so long; and when the sluice-gates are opened with every modern appliance to aid, it will be irresistible.

J. SELWIN TART.

OUR CHINA TRADE—HAVE WE LOST IT?

BY HOWARD AYRES, NEW YORK.

The statement has recently been made that 75 per cent of the cotton goods commission houses of New York believe that the trade with China in cotton cloth made in the United States is irretrievably lost. It may be interesting to consider briefly the situation that has inspired that belief, and how far the feeling of hopelessness is justified. To do so it will be necessary to review the period during which the China business grew into importance and declined, and to weigh the causes and effects.

There is an interesting statistical history of the China trade in our cotton cloth, which may be presented without formidable array of figures, and interpreted in the light of political and economic events in that market of fascinating enigmas.

Beginning many years ago with occasional shipments by sailing vessels, in the days when the romance of Far Eastern trading hung over all transactions, when the voyage was one of mystery and daring, and the fortunate arrival

of a cargo to a market bare of stocks made profits that would be considered fabulous today, shipments of cloth under brands still popular when any demand exists, it was not until about 1870 that it attracted attention by growth in volume and steadiness. What it has been is well shown by the record in periods of five years, as follows:

	Total Packages.	Average per Year.
1875-1879.....	209,680	41,936
1880-1884.....	289,775	57,955
1885-1889.....	493,176	98,635
1890-1894.....	529,507	105,901
1895-1899.....	1,078,146	215,629
1900-1904.....	1,188,626	237,725
1905-1909.....	1,357,070	271,414
1910-1914.....	544,312	108,862

These figures are expressed in packages because there is no certain way of tracing from shipments the relative quantities of sheetings, drills, jeans and flannels, and be-

cause values have been fluctuating too widely during this period to make a safe basis of comparison, and the trade records are used for this purpose in preference to the Government reports of clearance.

INTERRUPTED WAR GROWTH.

Like all averages, the figures given above are misleading in showing a steady and uninterrupted growth until 1910. The China trade has not been so happy. It has passed through convulsions unparalleled elsewhere. A fairer statement for the years most significant is this:

	Total Packages.	Average per Year.
1893-1895.....	250,007	83,335
1896-1899.....	995,423	248,856
1900.....		143,770
1901-1904.....	1,244,856	311,214
1905.....		692,868
1907-1908.....	147,579	73,789
1909.....		204,458

setting forth the vicissitudes of the trade and affording a basis for explanation of causes.

DECLINE DURING BOXER TROUBLES.

The influence of the war between China and Japan, 1904-1905, and the disturbances coincident, is shown in the decline in shipments 1893-1895. In the years 1896-1899 began to be felt the impulse of a larger trade, only to be overwhelmed by the Boxer outbreak of 1900. Like many of the cataclysms of the China trade, that violent disturbance came without effective warning, the premonitory symptoms being of an unbelievable sort. The shipments of 143,770 packages during 1900 were made during the first six months, as those of 1901 were after that year was well along and a resumption of commercial operations was possible. It must be remembered that for a market so distant as that of China, and particularly for one willing to take cloth under certain proprietary brands only, purchase must generally be made long in advance of time of shipment, and without knowledge of what may happen before the goods are delivered at destination, and shipments may continue after an event that for a nearer and more flexible market would prevent all movement of goods. So also shipments reappear slowly after the incentive to renewed trading is felt. But there must be some period set for the record.

MOST FAVORABLE PERIOD.

The years 1901-1904 mark the time when the China market for American cotton cloth was at its best, when shipments and consumption were in volume that has come to be considered normal, when the average was fairly steady at 300,000 packages per annum, and measured the capacity of the trade until new and better conditions should prevail. Unfortunately, subsequent conditions have not been better and that period is still the golden age. There had been a quick recovery from the depression of the Boxer outbreak, the lessons of that anti-foreign frenzy and its penalties were salutary, the country was prosperous, the native credit banks were courageous, the dealers in ample resources, and the ultimate consumer with his purchasing power still unimpaired. So well fortified was the market and substantial the well-being of the country

that a decline in silver bullion in 1901-1902 to the lowest value ever touched, 21 11/16 pence sterling per ounce, was absorbed without more than temporary hesitation.

The year 1905 was highly abnormal in showing the largest purchases and shipments ever made for the China market. During previous years the native merchants had made large profits, the course of the war in progress between Russia and Japan had encouraged them to expect the recovery and expansion of trade with disputed territory, and the war demand for some of their stocks at outports led them into a very debauch of buying. So large were their operations that it took all of 1906, although very early in that year the reaction had come to complete shipment. One unfortunate feature of that movement is that the China trade has always been measured by what was then bought, and anything less than that huge volume is considered disappointing.

The overstocking of the China market with American cotton cloth by the shipments of 1905-1906 was not worked off until well along in 1908, when a more cheerful attitude of Chinese merchants led to purchases resulting in the much larger and more encouraging shipments of 1909. In 1910 the China ports speculated in rubber plantation stocks, foreigners and natives together, and in the collapse Shanghai alone is said to have lost \$50,000,000 in cash taken out of trade and from the country.

RETARDING INFLUENCES.

In 1911 there was the revolution and the establishment of the Republic, in 1913 the abortive rebellion, in 1914 the effect of the European war, particularly severe commercially in all outlying countries, and in the year 1915 not only the continued burden of the great war but the depressing influence of the aggressive Japanese attitude toward China, and the change back to a monarchical form of government. To a people peculiarly sensitive to political alarms, out of the sorry experience of centuries among those who have anything to lose, whose only desire is to be let alone, because they know themselves helpless in any event, such a succession of shocks is enough to disorganize any trade.

But meanwhile, and more potent than any influence within the political field, was that process set up by China itself within its anomalous financial system, not immediately recognized in commercial circles, which has been the chief influence in the loss of our trade, and caused a depression from which there has not as yet been recovery.

UNSTABLE CURRENCY CONDITIONS.

In China there is no currency properly so-called, the medium of exchange being silver bullion. For the purchases of the people, the mass of population, transactions necessarily small where a workman earns the equivalent of ten cents gold a day, out of which he must feed, clothe and shelter his family, copper coins, called "cash," have been in use for many generations. Incidentally, of recent years, and in centers of trade, there have appeared, besides the Mexican and other similar "dollars," local currencies of small silver and issues of unsecured paper money without central authority or provision of redemp-

tion, and having no fixed value even in the places of origin. Moreover, there is no common standard of fineness for silver bullion. Each province, and sometimes each of several parts of a single province, has a standard of its own, and the resulting intricacy of exchange values in settlement of the transactions of internal commerce is beyond the capacity of any but a Chinese exchange dealer. The silver coins have been debased and counterfeited and the paper money discredited. Far worse than all this, the copper "cash" of the people has been reduced to the basis of token currency by the issue of a flood of new coins, put out ostensibly to supply a need for more copper money. These were turned out in vast quantities, from many provincial mints, so far in excess of any possible capacity of the country to absorb them quickly that they have fallen to a fraction of their face value, ten cash, and have carried the old coins with them, so that the latter have never had their former buying power by half. This process, begun in 1905, was not for some years effective, but from 1910 onward has been a potent factor in the course of the trade in cotton goods. Coming upon lower silver, the effect has been disastrous. Years ago, when silver was worth twice its present value, it was generally considered that taels 3.00 per piece of 40 yards for the leading 2.85 yards sheeting was the limit of consumptive demand. On today's first cost here, assuming a normal freight rate, not now obtainable, the silver cost at Shanghai of such a piece of goods would be taels 5.00. But that is only part way. At the earlier price there had been no debasement of the copper cash with which the individual Chinaman buys five yards for a suit of clothes. Now he finds that it takes twice as many cash as it did then, and he gets no more of them for his labor. He has no silver, and there is no escape for him from the double burden. He must have clothes to wear, so he buys the cheapest cloth he can get, though he would much prefer to buy under the brands he and his father, and very likely his grandfather, had learned insured to him durable goods. This condition of affairs is understood by the enlightened men now in control of the Government in China, and some measures, all that is within their power, have been taken to correct it. The task is beyond the present economic strength of China, and probably must be taken up from the outside in a friendly spirit. It is believed that this was in prospect just before the present great war, but had to be abandoned. Nothing will help China so much as the establishment of a modern system of currency of uniform values throughout the country, not difficult in proportion to the magnitude of the interests to be benefited, not only of China but of all trading and neighboring countries. It would be an investment sure to pay large returns were it possible for enterprise to take that direction.

SUBSTITUTES FOR AMERICAN GOODS.

What the Chinese dealers and consumers have been taking in substitution for the American cloth formerly imported is in part recorded in current statistics, frequently set out in rebuke to our manufacturers by those who do not understand. The most recent and exact statement of the largest source of such supply is the report of export of cotton goods from Japan for the nine months ending September 30, 1915. There was sent out from that country in that period "cotton tissues" to the amount of gold \$13,264,688 (at 50 cents for a yen), of which \$10,624,530 went to China, excluding Hongkong, and including Japanese territory in China. Specific items of this export are:

	Yards.
Grey sheetings and shirtings.....	94,703,854
White sheetings and shirtings.....	4,300,543
Drills and jeans.....	73,415,988
Cotton flannels	10,079,215
Imitation nankeens	61,390,180

most of which probably went to the North of China. The sheetings and drills are the equivalent of 240,666 bales of American goods, and the flannels to 16,832 cases. These Japanese cloths sell at about 25 per cent less than those they have supplanted. How they are made and what determines their cost is described in the report upon "Cotton Goods in Japan," made by W. A. Graham Clark, issued by the Department of Commerce in 1914, Special Agent's Series No. 30, the best report ever made upon the cotton industry of Japan. That the conditions which have helped the competition of Japan for the cotton goods trade of China and made it formidable remove the reproach from our own manufacturers, if any is laid upon them, is apparent from statements by Mr. Heintzelman, Consul General of the United States at Mukden, Manchuria, in the October, 1915, number of the *Far Eastern Review*, saying: "With little or no competition the Japanese are unloading in Manchuria the products of their home labor, and favored by Government subsidies, special railway rates, preferential customs treatment, and exemption from internal taxation. In addition to these special privileges and aids to trade the Japanese are penetrating all parts of the country, locating in places not open to international residence and trade." These statements of United States Government officers summarized are that Japanese cloth sent into China is made of inferior cotton, Indian and Chinese, weighted to about 30 per cent, manufactured and marketed under artificial conditions which eliminate much of the cost that goods of other foreign origin have to meet.

OTHER COMPETITION.

Another source, small as yet but of growing importance, is in the mills of China itself. The peculiar advantage enjoyed by these establishments, besides location within the source of supplies for manufacturing, and at the door of the consuming market, is in getting their raw material and labor on a silver basis.

USE OF HAND LOOM.

The hand loom, always producing much of the cloth used by the Chinese people, has had in this time of hardship a new value. The little the working man can spare for clothes from the small sum he receives in depreciated money will buy some foreign yarn for warp, and with hand spun yarn for filling his wife and children can weave a cloth that serves to cover the family. This process will probably continue until the lot of the people improves.

Other sources of supply need not be considered here; Great Britain, whose competition on coarse yarn heavy weights disappeared before American cloth many years ago, Italy, which never gained a foothold in the China market, and Austria, whence cloth came occasionally in what appeared to be a sort of "dumping" operation.

HOW TO REGAIN TRADE.

The pressing question is how to save what is left of the demand for American cloth and perhaps get back the trade that has been taken away. That the consumption of foreign-made cloth has not ceased is shown by the Japanese exports to China noted above. How much of it remains for American cloth is expressed better by deliveries

of the latter to the natives than by shipments from here. Of recent years there have been:

Packages.

1909.....	196,182
1910.....	144,049
1911.....	120,777
1912.....	117,252
1913.....	111,621
1914.....	73,105
1915.....	56,420

Going back of 1914-1915, when conditions in China have been severe upon trade, and allowing for the political disturbances that have been almost constant since early 1911, it is fair to assume that a present market could be depended upon for perhaps 100,000 packages a year, a volume of business well worth doing. The trade factors to be considered and dealt with in the effort to hold and increase it are the cost of our goods to the Chinese, the method of conducting the business, the buying power of the people of China, the Japanese competition, and the political prospect. A chapter could be written about each, and it is difficult to be brief and yet clear. These factors are of relative importance according to the point of view, but may be taken in this order for the present purpose.

MEETING COMPETITION.

It is true of any market that there is a limit beyond which advancing price will restrict consumption and stimulate substitution. It is elastic, to be sure, in China as elsewhere, but operates more quickly where buying power is low. If first costs here are high, the task in China is going to be harder. There are those among the advisers to business men who call upon our manufacturers to sell to foreign markets irrespective of cost, but that is a course of unreason, discussion of which is futile. Perhaps it may be necessary for our manufacturers to adjust their processes and costs to the present ability of the Chinese buyers, and produce goods that can be marketed to compete in quality and price with those which have within recent years displaced the American cloth. Moreover, it may be that it is possible now to compete successfully for the large trade in China for fine yarn grey and bleached cloth, as has been intelligently suggested by one experienced observer, a field into which the mills of Japan have not been able to enter successfully. It seems worth trying out.

METHODS OF DISTRIBUTION.

On the method of conducting the trade in American cotton cloth with China much criticism has been expended, some finding in it the chief cause of the present smaller volume. It is urged that the practice of two great distributors of American products, hardly mercantile in their operation, so far as cost and returns are concerned, should be followed, and the Japanese imitated in their barter, giving of credit and penetration beyond treaty limits. There is possible now, in the less commanding position of the Shanghai merchants, what could not have been undertaken a few years ago, when the Piece Goods Guild at that port was powerful and prevented any trespass by foreign traders upon their markets in the whole North of China. It is quite likely that an adjustment to this new condition will be made. But it must be realized that expansion by numerous distributing stations will add greatly to the cost of doing the business. As it has been conducted, probably no distribution in the cotton goods trade at home or abroad has been so cheaply made as to consumers in China. To establish outlying branches, equip them with capable staff and provide foreign supervision, as will be necessary, will be a large and expensive undertaking. Men who can be depended upon and are willing to make the sacrifice of living in small and remote places are

not easily found, and will not go for as small pay or profits as will the Japanese. Where competition is to be set up against an inferior article, which is being marketed on a basis of artificial cheapness, expense cannot be added offhand to the better and therefore higher cost product. Doubtless the process of adjustment will be gradual, with a near approach by establishment of branches and depots in the larger cities, which could be made self-sustaining.

On the course of silver as affecting the financial status of the Chinese people, no one can have an opinion worth expressing. There is no present prospect of establishment of a fiscal system in China that will embody an adequate and stable currency. The revenues of the Government were becoming more dependable, the confidence of the people in the central authority increasing, and a beginning may be possible on their own initiative. The crops for several years have been abundant, without flood and famine or other catastrophe, and have this year at least sold for good prices. These are the bases of prosperity in the land. If only the people could look to the future without misgiving there could be found encouragement to expect better commercial conditions.

JAPAN'S FUTURE COMPETITION.

As to Japan, it is only reasonable to suppose that the competition for the China trade will be pressed to the limit of capacity of production. Not counting the hand looms, from which is said to come the imitation nankeens, the present equipment is about 30,000 power looms, run night and day, some of the product for the home trade under a heavy protective tariff. The competition is artificial, but that is Japan's affair. What is being done is a hazardous experiment in economics. It cannot be possible to subsidize every industry and enterprise indefinitely, for the cost of it must come from taxation upon those without power of resistance, to which there is a limit.

Into the political field who can throw his vision? China has been called the land of the unexpected, and the events of recent years fix the title. It cannot be predicted, as the stage is now set, that the approaching years will bring the peace and quiet so greatly needed for the growth of the nation toward modern progress. What may come of recent developments it is too soon to discern. The President, now the monarch-elect, is a very great man, and it may well be that he knows that by his new power and the prestige of a personal ruler among a people to whom the scheme of a republic gave not even the shadow of an idea within their comprehension, he will secure a constitutional government more quickly and surely than could have been obtained by the rather vague republican establishment by which he has undoubtedly been impeded. It is greatly to be wished that China could be left to work out her political future, with such light from the development and growth of other countries as she chooses to be guided by. For China the danger is still from without rather than from within her borders.

NEED FOR PATIENCE.

The purpose of these remarks is to show that the decline of the export of American cotton cloth to China is not the result of a lack of interest on the part of manufacturers or merchants, nor from any other one cause; that the situation is complicated, some of its factors to be met with patience and perseverance, at least one of them contravening the laws of economics; that there is still a sufficient volume of the trade left to be worth doing. There is no panacea for the condition of affairs which some find so hopeless. It requires work and endurance, such as were given in building up the trade over the forty years noted above, and such methods as will commend themselves to the men who will have to do the business. The advisers must not be impatient if all their suggestions are not adopted instantly, perhaps not all of them at any time.—*Textile World Journal*.

ACTION AND REACTION IN THE FAR EAST

From The Fortnightly Review.

In spite of Armageddon—or, perhaps, because of it—attention is being drawn, in an unusual degree, to the march of events in the Far East. Even a world in arms cannot watch unmoved the development of a situation so pregnant with possibilities as that arising from the juxtaposition of vast, decrepit China and the progressive Island Power, Japan. No longer can it be said that the interests of the West have no concern with those of the East: interdependence prevails—and, prevailing, calls for recognition—even between the hemispheres. Moreover, with the world-conflict in full swing, the position of Japan becomes a little curious. In theory, she is at war with Germany and with Austria—one of the Allies, committed to a deadly struggle with the Central Empires. Nevertheless, while thus “in” the war, she remains, to all intents and purposes, out of it—at once an Ally and a spectator. How long, men are wondering, will this anomalous situation last?

Broadly speaking, the East, in the matter of politics, is what the West has made of it. From time immemorial, the Oriental was content merely to exist. Self-absorbed and self-satisfied, with eyes fixed on the sacred and immutable Past, he took thought neither for the morrow nor of his neighbors. But now, even for him, the age of seclusion is no more. Half a century of intercourse with the West—of experience of its methods, its hustle, and its greed—has thoroughly unsettled, and is fast transforming, “the changeless East.” One European nation after another—and, sometimes, all in concert—have played upon it as upon a highly sensitive instrument. Its attitude, actions and policies to-day are the response.

Who will say that the ways of the West with the East have been above reproach? No velvet glove has cloaked the iron hand so much in evidence. China's first experience of Occidental methods came with the Opium Wars. A more unfortunate introduction could not have been conceived; but it was merely the harbinger of other like encounters. Japan's turn came a decade later, in the visit of the first American mission. Friendly though Perry's errand purported to be, the officials of the Baku-fu were under no delusions as to what lay behind it. At the other end of the country the feudal lords of Choshu and Satsuma received instruction at the cannon's mouth. There was an “affair,” and a sequel. An Englishman, disdaining to make way for a Daimyo's train of two-sworded warriors, was cut down in his pride. For this the Satsuma capital suffered bombardment; and a few months later the Japanese Dardanelles, at Shimonoseki, were forced by a combined European fleet. Profoundly moved at the condition which rendered them possible lay uppermost. Shamed into unity, yet with admirable resolution, the Japanese bade “farewell, a long farewell” to all their weakness, and broke forever with their past. It was the most remarkable rebirth in history.

Such was the Island Empire's initiation into the comity of the nations. The consequences were momentous. The system of divided authority associated with the Tokugawa *régime* vanished like a vision of the night, and a central government for the whole country was set up under its Imperial head. Ironclads, Elswick-built, replaced the Shogun's wooden warships; the administration of the provinces was reorganized on Western lines; and the retainers of the *samurai* became the nucleus of a standing army predestined to fame. Nor was it long before these new instruments of the national will found employment. As the historian of the future will note with interest, they were first turned against the neighboring Power, with whom the Korean question constituted a perennial cause of quarrel. The sinking of the *Kowshing*, with its living freight of Chinese soldiers bound for the Hermit Kingdom, struck a strange note in the international relationships of the East. Under German guidance we have, in these latter days, gone a long way beyond the torpedoing of a mere transport; but, at the time, the incident came with something of a shock to public opinion in the West. Moreover, the skill and expedition with which the Celestial strongholds were reduced amazed the militarists of Europe. The pupil's progress had become so rapid as to be embarrassing. Such, at least, was the view taken by three of the European Powers. Germany, France and Russia “advised” the Islanders to retire from the Liaotung Peninsula, theirs by right of arms. Japan had no recourse but to bow before the brutal lesson. It was the apotheosis of *force majeure*.

Between the Chinese and the Japanese attitudes towards the doctrine of force there exists a fundamental difference which, in considering the relations between the two Eastern Powers and the effect of Occidental policies upon them, cannot be too closely borne in mind. The Chinese despise force; they look upon its manifestations with indifference, if not with derision. By the Japanese, on the other hand, force is extolled. Exercised at their expense, it rouses them to resentment and revenge. Chinese, thronging the path of a treaty-port foreigner, might be thrust aside with blows and curses—and often are—without any disturbance of their equanimity. No such affront could be offered with impunity to a Japanese. So, too, the foreign householder, while not hesitating to visit with physical chastisement the delinquencies of his Chinese servants, will respect the person of the Japanese house-boy. The distinction, permeating the two nations, may be said to govern their whole outlook on life and their attitude towards the outside world. Its roots, of course, lie in the distant past. The Japanese social code draws not its inspiration from the dispassionate teachings of Confucius or of Buddha. Rather has it derived, from its feudal environment, a strong militant bias. In other Eastern lands war and violence were left to the nation's “submerged tenth.” In Japan sterner conditions of life have made of the *heimin*, or plebs, a martial race,

and of the *samurai* a warrior by whom *harakiri* was preferable to insult unavenged.

Thus we may understand how, on the one hand, in spite of rebuffs innumerable, China still is China; and how, on the other, Japan, burning with resentment, set herself, first, to render impossible any repetition of the Shimonoseki affair; and then, to wipe out the mingled injury and insult extended to her by the Three-Power intervention in Liaotung. Russia's occupation of the filched fortress merely filled the cup. The rise of Japan to the status of a great Power dates not from 1905, when she emerged successful from her war with Russia, but from 1895, when she began to prepare for it. Port Arthur was the spur that impelled the Japanese nation to the unprecedented efforts for which such a contest called. To plant the Rising Sun upon the battlements of the lost fortress in the least possible time became a point of honor with every son of Nippon. Facing risks enormous, the Japanese on that one issue staked their all.

At this most critical hour in the history of the East, the logic of events brought England and Japan together. It was a combination of Powers that sought to bar Japan from development in China, to crush her, and seize the Celestial prize. Only by a combination could a design so vast be checked. Events moved rapidly. Russia advanced on Pechili from the north—a movement of ominous import for the safety of Peking. In Shantung a Boxer mob, provoked by the aggression of the “foreign devils,” slaughtered two members of a Lutheran mission. Germany seized the opportunity to establish herself athwart the southern approaches to Peking. Our subsequent leasing of the intermediate position of Wei-hai-wei, in so far as it foreshadowed opposition to Russo-German designs, produced a certain moral effect. But it did more. It brought us for the first time into touch with the Japanese, who were in occupation of the harbor as a pledge against payment of the Chinese indemnity. In the participation of Japan in the expeditionary force despatched for the relief of the Legations at Peking, we had further opportunities of observing the prowess and civilization of our future allies. This march of the international forces, with an Oriental contingent in the van, and its brief but unreal suggestion of harmony, made a curious interlude between the crisis of 1898 and that which was to come.

Had we been in a position to make of Wei-hai-wei a first-class fortress and base upon it a powerful battle-fleet, the Japanese alliance might never have matured. But a strong incentive came into play from our own quarter of the world. With the Kaiser's Far Eastern adventure German naval policy entered upon a new and ominous phase. Wilhelm II.'s weakness for posing has led him to aspire—in Syria, in Morocco, in Baghdad—to the style of an Oriental potentate; but his most cherished effort was in far Cathay. Hence, no doubt, his peculiar predilection for the Kiaochau “lease”—destined to be the capital of a Teutonic Empire in the East. As in the German Ocean, however, so in the Orient, England was felt to be the obstacle. From this period, therefore, dates that naval rivalry which became “the German menace”—ushered in, after the

Kaiserian manner, with talk of tridents and, in more practical vein, with the creation of the “High Seas Fleet.” These sinister developments of German navalism forced on us a change of policy. Concentration became the naval watchword. Our distant squadrons were reduced, or recalled to home waters. Up to 1900 the China Squadron had been, after the Home and Mediterranean Fleets, the most powerful of our oversea establishments. It was now possible, while affording Japan protection from the Russo-German threat, to leave the safeguarding of our Far Eastern interests, in large measure, to our new Ally. In this clear community of interests the new agreement took firm root.

The history of the East can show no more significant fact than the bond between England and Japan. Prior to its conclusion, Occidental policy towards the East tended only to estrangement, exploitation, conquest. Germany's aim, in particular—as proclaimed by the War Lord in the notorious Kiel speech—was to set up a bogey called the Yellow Peril and make a virtue of destroying it. Because the Japanese would not lend themselves readily to disposal across the European counter, they were assailed, by the self-appointed champion of Christendom, with specially odious abuse; and the Western world was urged to combine against the Yellow Race as the enemies of civilization. To all this clap-trap and conspiracy the Anglo-Japanese Treaty was the best possible reply. It made an end of the policy of East *versus* West. Extending to the one the right hand of fellowship, it spread division in the other. England it relieved by resolving a problem for which, at one time, there seemed no issue but war. Japan it saved from a grave peril; China from dismemberment; the East from slavery; and the West—from itself.

Insured by British friendship from a concerted attack, the Japanese made ready for the clash which the forward policy of Russia—German-inspired—had rendered inevitable. If England, out of regard for her own safety, could not permit a German occupation of the Low Countries, no more could Japan, for the same reason, permit Korea to pass into potentially unfriendly hands. The “peaceful penetration” of the Hermit Kingdom was already well afoot when the Japanese, with a courage it is impossible not to admire, appealed to the arbitrament of war. It was the old story of Western aggression, with a new sequel. The East, at last, was in a position to defend itself. The appreciation with which, from that day to this, the Japanese have viewed the alliance is due not only to its generous recognition of their new status—so effective as a reply to the contempt which had hitherto been the portion of the Oriental—but also to the fact that England by it “kept the ring” and insured for the young Power a fair fight. That was all Japan asked for at this dark hour of her fate. As the issue proved, it was all she needed.

In the sequel of the great campaign, conducted with characteristic energy and skill, Japan's main object was attained. She secured a free hand in Korea—a hold which enabled her, in 1908, to declare a protectorate and, in 1910, to pass to annexation; she found herself, for the second time, in possession of Liaotung; and she obtained “a spe-

cial position" in South Manchuria. Moreover, the southern half of Saghalien—which island had been made over to Russia in 1875 in exchange for the Kurile chain—was ceded to her. But the absence of an indemnity from the terms of peace was to the Japanese people, if not to their Government, a bitter disappointment. For them, already over-taxed, it meant a grievous burden, looming through many years. A series of disturbances in the large centers gave expression to the popular feeling. As the waiving of the Japanese claim to an indemnity was generally attributed to the influence of President Roosevelt, in his capacity as mediator, Japanese troops were called out for the protection of American residents in Tokyo and the several treaty-ports. However, the wave of anti-foreign feeling subsided almost as quickly as it had arisen. Americans, *quâ* Americans, still retain the distinction of being the most popular of foreign residents in Japan.

If the successful man pays for his success in the enemies he makes, how much more does the successful nation! With Japan's earliest progress in her new way of life appeared the bilious critic, the unsuccessful competitor, the general wisher-of-ill. It is worthy of note that the growth of anti-Japanese sentiment in the Far East—from its insignificant and comparatively contemptible beginnings to its present formidable dimensions—dates from Japan's first strivings after complete legislative independence. Extra-territorial jurisdiction prevails in various parts of the East. A foreign settlement in enjoyment of this system is to all intents and purposes an independent State—an *imperium in imperio*. The mere existence of such a settlement imputes legal and social incompetence, and is a continual derogation of national pride. So any self-respecting nation would regard it; and that is the view the Japanese took. When, therefore, by their humane and successful conduct of the war with China—twenty years after their adoption of Western ways—they had proved their title as a civilized State, they opened negotiations with the several Powers for the abolition of the consular courts, legislative autonomy, and other privileges conferred by the old treaties. Violent opposition was offered to these proposals—not, indeed, by the Governments concerned, but by the foreigners of various nationalities resident in Japan. That people in possession of certain advantages should be unwilling to forego them was no matter for surprise. What was surprising was the rancor, the malice, and the prejudice with which the anti-abolition campaign was pressed. All of a sudden the Japanese (of whom the world in general was beginning to think well) were held up to mankind—through the medium of the local foreign Press—as a dishonest, barbarous and immoral race, wholly unfit to undertake the administration of a few scattered communities comprising, in the aggregate, some five thousand white folk! Needless to say, justice and common-sense prevailed. Extra-territoriality disappeared. As for the foreign settlements, they remained, except in name, very much as they were, but pronouncedly—and, it would seem, irretrievably—anti-Japanese.

Why was the rise of Japan as a Great Power not welcomed in the Far East? Mainly, it must be admitted, because her political expansion was attended by commercial

development. Trade followed the flag—the Tokyo Government saw to that. Industrial expansion of every kind was absolutely essential for the Island Empire—both because of the financial liabilities the Russian war had left in its train, and because of those heavy outlays on armaments which are the appurtenances of greatness in the modern world. In a land where commerce had always been a thing despised, private enterprise was quite unequal to the task of developing the newly-won territories. Colonization schemes on a grand scale were therefore undertaken by the Japanese authorities in Korea, Formosa and South Manchuria, with a view to reaping the financial harvest with the least possible delay. Naturally, these State-aided projects were not approved by the foreign merchant accustomed to "free trade" and the "open door." In the former treaty-ports, too, the European trader began to feel the pinch of competition. A Japanese clerk in an import house will live, and support a family, on 30 *yen*, or £3, a month. The foreign clerk, brought out from home on a three years' engagement, will want 300 *yen*. In such and other like ways, the Japanese merchant secured an advantage over his foreign *confrère* to which the latter could make no reply in kind. He could, however, give the dog a bad name, preparatory to hanging him. So in the hospitable columns of the foreign Press suggestions began to appear that Japanese methods of business would not bear examination, and that the nation, as a whole, was commercially untrustworthy. When the country was first opened to foreign trade it was certainly true that the lower orders flocked to the treaty-ports "to get rich quick," while the better classes held aloof. At that time there might have been some foundation for the charge; but the Japanese merchant of to-day, principles apart, is as well aware of the necessity for a clean business record as any of his foreign competitors. And, as fairness will concede, he has secured it.

A third factor in the production of anti-Japanese sentiment remains to be considered. It finds expression in the frame of mind of the man who, drawing from a country his livelihood, treats the inhabitants of that country as of a lower order of civilization, with whom it were an indignity—if not contamination—to mix. It is what our French neighbors were wont to call *la morgue anglaise*, carried to extremes. Such is the general attitude of the foreign communities in the Far East towards the people amongst whom they live and move and have their being. Of social intercourse between the two races there is none. Mixed marriages are taboo. In some cases, indeed, the "old timers" who first arrived in the country took unto themselves a wife from among the daughters of the people. For this offence against the canons of race-prejudice the children of such unions are paying, in social ostracism, to-day. A similar condition of things prevails in the open ports of China; but, unlike the Japanese, the Chinese have not yet learned to resent an attitude which carries with it the imputation of inferiority. They are, however, learning; and its continual display goes far towards the creation of ill-will in the East.

Anti-Japanese sentiment confined to the country was one

thing. Anti-Japanese sentiment propagated by means of the Press in China, on the Pacific slope and the world over, is another. Nowhere is officialdom so exclusive, so uncommunicative to the unsympathetic ear, as in Japan. There the foreign Press correspondent, in nine cases out of ten, has no option but to reflect the attitude of his *milieu*; and his *milieu* is the anti-Japanese foreign community. Here doubtless may be found the explanation of most of the alarming tales of Japanese "designs" which disgrace the pages of otherwise reputable organs of opinion in this country and in the Pacific area generally. Still unknown to fame, no doubt, is the ingenious journalist who got the good folk "down under" to believe that every Japanese school-room is adorned with two things: a portrait of the Emperor and a large-scale map of Australia—which the Japanese schoolboy is taught to regard as the future heritage of his sword. Peking is, of course, a hot-bed of anti-Japanese intrigue. There it is the fashion to represent Japan as an unscrupulous giant forever bent on extorting concessions of fabulous worth from helpless China. The columns of a prominent London journal have more than once been filled with blood-curdling accounts from the same veracious quarter of what Japan was meditating against China in sundry improbable contingencies. From the Pacific slope the latest sample of the anti-Japanese pressman's wares is mightily concerned with the fate of Turtle Bay, Mexico. Here, it will be remembered, the Japanese cruiser *Asama*, while engaged in assisting in the task of clearing the Pacific of German warships, ran badly aground. Attempts were made, naturally enough, to save the warship. What did this "special correspondent" make of these simple and innocent operations? That the Japanese had seized the harbor and its approaches, and heavily mined the same; that they had landed four thousand men from transports protected by five of their most powerful warships; and that they were making every preparation (under the convenient cover of the salvage operations) to hold the place as an insidious challenge to the Monroe Doctrine!

Sensation-mongers such as these, seconded by hysterical Japanophobes in the Senate House, keep alive the fires of racial feeling in the Western States, and aggravate a situation which, left to itself, would long have ceased to be dangerous. The anti-Japanese sentiment enshrined in the Aliens Exclusion Bill of California has in reality an economic basis. As the difficulty was settled with Canada in 1906 when the Japanese Government undertook voluntarily to restrict emigration to that country, so might it have been settled in California. But in the Sacramento Legislature tact and goodwill seem conspicuous by their absence. The whole dispute has been fouled by the appeal to racial prejudice and complicated by periodically engineered invasion "scares." In theory, objection is taken to Asiatics. In practice, it is the Japanese who are objected to. The distinction deprives the whole movement of the smallest claim to sincerity. We are driven to the conclusion that a section of American publicists (with the cordial support of the foreign trader in the East) are bent on emulating the example of that countryman of theirs who claims to have "made" a certain war. Well, if ever a Japanese-American war is "made," America may claim the entire credit for its manufacture. It will not be made in Japan.

The outbreak of the Great War has enabled Japan at once to confute, in some measure, her slanderers; to prove to her Ally her good faith; and to settle old scores with Germany. Were Japan the false friend of this country, or the enemy of Western civilization which her detractors are fond of representing her to be, she would have held aloof from the struggle, content that the nations of the West should destroy, and be destroyed. Rather has she played manfully the part which fell to her under the Treaty of 1905. That the *Good Hope* and *Monmouth* should have been sent in pursuit of the *Scharnhorst* and *Gneisenau*, instead of a squadron of Japanese battle-cruisers, was not

the fault of the Uchi-sai-wai-cho, but of Whitehall. As for the crisis which arose in the sequel of Germany's expulsion from Kiaochau, it held no surprises for the student of Sino-Japanese relations. The Peking officials are skilled in the art of driving a bargain. They knew that Japan would expect practical recognition of the fresh service she had rendered her neighbor; but, as is their wont, they strove after a compensation as small as possible. In this they had the valuable assistance of Germany. With her twin instruments of gold and intrigue that Power came near to scoring at Peking a diplomatic success of the type with which recent events in the Balkans have familiarized us. While the Chinese issued their inevitable *ad misericordiam* appeal to the world at large, German agents disseminated, through the captured Peking Press, distorted accounts of the negotiations, well calculated to sow discord among the Allies. As it was naturally to the interest of Germany that Japan should be fully occupied in the East, the German Minister did his best to bring about an open rupture, and only the saving sense of the Chinese averted that tragedy. All this, of course, was patent to the Japanese, who knew with whom they had to deal. Beginning, in the approved Oriental manner, by asking a great deal more than they expected to get, they had, nevertheless, their irreducible minimum. This was reached at an early stage of the proceedings, without a single corresponding concession on the Chinese side. The subsequent delay, whereby negotiations that need not have occupied weeks were dragged on into months, must be attributed to the German-inspired hope of a decisive Teutonic victory which, entailing the reversion of Kiaochau to Germany, would *ipso facto* render unnecessary any concession to Japan. Perceiving this, the Japanese, who had shown patience and moderation in the face of much provocation, had no recourse but to take the final step.

After all, the danger in China is not from without. It is from within. That danger is her disintegration, as the result of corruption, schism, decrepitude—or of all three. Such an issue the Japanese would regard as a calamity. How can it be averted? Just in the same way (they maintain) as they themselves averted a similar danger—namely, by national reorganization and regeneration on Western lines. The problem, of course, is vastly more complex than in Japan's case; but the Island Power, having been through the mill, is willing—and none is more able—to lead the way, and lend a helping hand. It was with this end in view that the Japanese, in their recent demands, introduced the principle of joint Sino-Japanese enterprise, and sought to secure the appointment of Japanese advisers. Within recent years, Japan has already rendered China priceless services. If the China of to-morrow is not to be a mangle-mangle of warring States, if we are not to see repeated in the Distant, the long-drawn tragedy of the Nearer, East—she, like Japan, must break with her past; she must enter upon a new way of life. And, if Japan can urge, inspire, or compel her to that conversion, she will have gone far towards accomplishing that lofty mission in the East which her venerable Prime Minister, Count Okuma, has laid down for her.

For the time being, however—the issue with China settled, and Germany expelled from Kiaochau—Japan's work in the East is done. She awaits the call elsewhere. Public opinion in the Island Empire is awakening to the demands of the situation in the West. Strong movements are afoot for Japan's fuller participation in the Great War. It is an opportunity in a thousand. If Japan wants to kill race-prejudice and put a period to intermundane strife, she has her chance. What better termination to the troubled chapter of the relations between East and West than that the leader of the East should join hands with the West in ridding the world of the curse of Prussianism?

A BRIEF ON THE BEARING OF THE WAR UPON COMMERCIAL TREATIES

BY CARMAN F. RANDOLPH

I.

Among the responsibilities and opportunities cast upon the United States by the war those involving world trade and finance are not the least important. Nor are they transitory incidents of war. Only at the return of peace will they fully develop.

One of the subjects for our consideration is that body of national laws and international agreements which so powerfully affect the volume and direction of trade—tariff acts, navigation laws, commercial treaties, etc., etc. While these items are so interrelated that none can be neglected without weakening our grasp on the whole situation each calls for special study. And the commercial treaty is sharply differentiated in being an agreement between nations and so within the domain of international law.

Some months ago I prepared for the National Foreign Trade Council a brief on the commercial treaties of the United States. The present brief responds to a request for an opinion on another phase of the great subject of our trade relations—the bearing of the war upon the commercial treaty generally.

II.

A minor, but not an unimportant point has regard to the effect of war upon commercial treaties between belligerents and neutrals.

In case one belligerent occupies territory of another he may deal with foreign commerce regardless of commercial treaties. For his own do not extend to it and his enemy's are inoperative during his occupation. He is in military possession and may bar foreign commerce or keep it open on his own terms.

In case territory passes by war from one state to another the commercial treaties of the former cease to operate therein. Those to which the new proprietor is a party should, in respect of general provisions not plainly inapplicable to the new territory, presumably extend to it. This seems to be the common usage. Where, however, conditions in the new territory are such that an existing treaty could not be extended to it without deranging the policy of the contract either party might be moved to deny its extension or, conceivably, to seek revision of the contract itself. For instance, the products of the new territory might seriously affect the spirit of a tariff arrangement.

III.

Whether, or how far treaty obligations generally are annulled by war between the parties, excepting of course such

as are expressly designed to regulate conduct in war, is a question this brief need not fully discuss yet cannot wholly ignore.

The Institute of International Law, after considering the subject for three years, adopted in 1912 a set of regulations on the effect of war upon treaties commencing thus: "I. The opening and conduct of hostilities do not affect the existence of treaties, conventions and agreements, whatever the title and object, concluded between themselves by the belligerent states."

This unconditional statement is materially qualified in the opening paragraph of Rule II: "However, war puts, without notice, an end to the pacts of international associations, to treaties of protectorate, control, alliance, guarantee, subsidies, to treaties establishing a right of pledge or a sphere of influence, and, generally, to treaties of a political nature."*

The opening rule is evidently based on things hoped for rather than seen. Indeed its advocates frankly admitted this. To substantiate the hope it was ingeniously argued that wars of our time are, happily, differentiated from past conflicts in being waged between organized military forces rather than between peoples. Therefore we should presume the least possible disturbance of treaties. These are contracts between peoples and not between soldiers. When the soldiers stop fighting the peoples resume relations under their old contracts.

This pleasing fancy is blown away by the great war. Never have peoples been so generally mobilized for carrying on war. Never have the miseries of war been so deliberately, so scientifically carried to non-combatants. The war has so developed the very acme of popular effort, of popular suffering that, were the argument sound Europe would emerge from it with every international obligation wiped out—to the sinister advantage of the strongest and least scrupulous states.

There will be no such catastrophe. While much of the treaty fabric will fall much will remain upon which to reconstruct the system.

After purging the Rules of the Institute from fanciful aspirations we obtain this residuum: War does not necessarily break all treaties.

The United States have, on occasion, denied that war necessarily dissolves a treaty contract. Not enlarging upon the most notable instance—our controversy with Great Britain over the effect of the war of 1812 upon the grant to us in the treaty of 1782 of certain rights of fishery—I cite a simple illustration of our position. In the war of 1898 Spain proclaimed the annulment of all treaties between her and the United States. In our commercial treaty with

* I give a translation of the Rules in an Appendix.

Spain of 1902 all treaties prior to the war are annulled except the treaty of 1834 for the settlement of claims—thus emphasizing the particular proposition that nations do not cancel debts by fighting creditors and affirming the general proposition that whether or not a treaty obligation survives war depends upon the nature of it.

IV.

Whatever the fate of treaties generally the rule for commercial treaties is plain. These contracts regulate intercourse. War breaks off intercourse without regard to time or terms of resumption. The breach carries the contract with it.

In saying that war abrogates commercial treaties I dissent, apparently, from the rules of the Institute which do not except them from the initial presumption that war does not affect treaties. But I have pointed out that this presumption is based upon aspiration rather than on fact and we shall see later how completely, in the case of commercial treaties, the facts rebut the presumption.

V.

As war implicitly closes commercial intercourse between the belligerent states, peace implicitly reopens it, but unless the treaty of peace places it under contract it reopens under "comity"—the rather vague word which characterizes the uncovenanted amenities which are supposed to smooth intercourse between civilized states.

Now two nations may, in point of fact, maintain a great commerce without treaty contract—what may be called the natural laws of trade operating without written rules other than what either party may see fit to impose by national laws in respect of tariffs, navigation, etc. For example, for years before the war the enormous traffic between Great Britain and Germany flowed without a commercial treaty but Germany extended, from time to time, most favored nation treatment to British subjects and products.

While the absence of a commercial treaty does not necessarily imply either an unfriendly feeling or a negligible traffic its presence generally argues a better relationship in every way.

Taking the civilized world at large it may be fairly said that, with some notable exceptions, the commercial treaty is the normal expression of a friendly intercourse.

VI.

A scrutiny of important peace treaties, since the Peace of Westphalia in 1648 opened the modern era of international compacts, shows how generally they assume the abrogation of prior commercial treaties and how rarely they fail to provide in some fashion for the formal regulation of a resumed intercourse—among the conspicuous exceptions being our treaty of Ghent with Great Britain, 1814, and our treaty of Paris with Spain, 1899.

Frequently the treaty of peace re-establishes in terms a

former commercial treaty except as it may be necessarily modified by the terms of peace.

Not infrequently it is provided that, until a new commercial contract shall be negotiated, intercourse shall be governed by the terms of a former treaty or by most favored nation treatment.

Rare, though not perhaps unknown, is the treaty whereby a victor, not content with reaping his fruits once for all, seeks to hold a beaten nation in commercial vassalage. The rarity of the jug-handled treaty may be partly accounted for by its obvious prejudice to neutral interests.

Reviewing modern treaties of peace from the standpoint of commercial intercourse we find that, generally speaking, this is formally renewed upon those terms of equality which, without regard to differences in strength, dignify the relations between truly independent states.

VII.

Whatever may be the relation of the United States to the political readjustments following the war we are too big a figure in international trade and credit to be denied our proper part in reconstructing the world's commerce. And the freedom of our commercial ambitions from militant implications, should make our participation not unwelcome to those nations who would have intercourse renewed on a sounder basis.

In this relation I mark, among the many subjects of our concern, several of those which have been developed or intensified by the war and are bound to figure both in international and in national law.

The definition of "war material," the conditions attending its production and distribution have suddenly become of universal concern.

Brushing aside the delusive, and, because delusive, the pestilent notion of an early disarmament, condemning the exaggeration of "war industries" for the sake of private profit as a noxious offshoot of militarism there remains to these industries an imperative and a legitimate function which the law must wisely conserve. And in the shaping of a sound policy the United States should play a helpful part.

The international standing and function of that great agency of modern industry—the business corporation—have for some time deserved from our men of affairs more attention than they have given. The war renders attention imperative. Already foreign legislatures and courts are dealing with this agency from new viewpoints and we who have so conspicuously developed the corporation in our home affairs are advised to do our share in demonstrating and protecting its legitimate and useful employment in international commerce. Anyone who is familiar with the nationally diverse theories and policies regarding the business corporation will perceive both the need for our undertaking and its difficulties.

VIII.

Among the means by which the United States will promote and safeguard their interests in the world's trade is the commercial treaty.

Adequate employment of our treaty making ability demands from our men of affairs a broader vision of our opportunities and a closer acquaintance with foreign practices than, until lately, our situation seemed to call for or, at any rate, evoked. We must go to school—to a post-graduate course in commercial diplomacy.

But we do not go submissively to accept an established scheme. We bring to a scheme distorted by war an inquiring, discriminating, constructive mind. And, for the stimulation of our constructive ability, we bear fine traditions of earlier enterprise in foreign fields and of earlier influence in shaping the law of nations.

Our course in commercial diplomacy covers many things other than the occasional treaty contract, yet the sphere of contract is large for, besides our own activities in this regard, it embraces the agreements which our competitors have made and are making. In this relation we note in the recent convention between Japan and China and the Manchurian arrangement between Russia and China the beginning of a treaty making movement encouraged by the war. Especially are we concerned with the reciprocal threats of the belligerents with regard to commerce after the war and with the suggestion that allies on the battlefield shall become allies in the market. Much of this talk is attributable to present exigencies, more to the mere fury of war, but we must anticipate actual results of tremendous import to our trade.

Considering the terms of our commercial treaties, there is not, nor will there be a model agreement for all nations, so variant are local conditions. But long experience has proved the value of certain broad provisions and the great war is revealing the need of others.

The spirit of the commercial treaties we shall negotiate will reflect the general temper of our intercourse. If to hold our own we must here and there sharpen our points a bit, we must, on the other hand, realize more keenly than ever the necessity of the "give" as well as the "take" in international agreements.

IX.

Considering the treaty making power and opportunity of the Republic I incorporate in this section a newspaper contribution of last October.

The war began by violating a treaty. Automatically it terminated certain treaties between the belligerent countries, and it unsettled basic conditions of treaties everywhere. The war will end with a treaty of peace; and a world-wide struggle for commercial advantage here, for commercial safety there, will be largely recorded in treaties sought for and in treaties signed.

Among the treaty systems of the big commercial countries, that of the United States alone has the war left intact.

Yet our lines are not secure. Even before the war, our push for export trade disclosed awkward gaps and defects in our system; and we should realize to-day that, taking it by and large, it will not preserve our interests amid the strenuous bargainings of our competitors. Unless we enter the treaty market, we lose. In these circumstances, we are compelled to scrutinize the constitutional method and extent of our treaty-making power with a solicitude hitherto uncalled for, bearing in mind that, for anything we ask in a negotiation, we must be able to give an acceptable equivalent.

The Constitution forbids any State to make a treaty. It vests the whole treaty-making ability of the Republic in the President, acting with the concurrence of two-thirds of the Senators present. When a treaty is made by the President, who represents the whole people, and by two-thirds of the Senators present, who stand for two-thirds of the States, and to-day, because of the popular choice of Senators, are brought closer to the people, the House of Representatives cannot pose as the jealous guardian of the people's interests, entitled to see that these interests are not impaired by treaties. An exceptional case may warrant protest by the House; policy may, on occasion, dictate its coöperation, as in the existing law in respect of trade agreements; a treaty itself may be expressly conditioned upon the enactment of a complementary statute; but the right to pledge the faith of the Republic to the full extent of constitutional power is confided to the competent hands of the President and Senate.

What, then, is the extent of this power? Not unlimited, as all agree; but from the founding of the Republic the limits have been the subject of dispute between partisans of a broad power and partisans of a narrow one.

Caricature of a broad power depicts the President as proclaiming to an amazed and outraged people such aberrations as a wanton dismemberment of their territory or degradation of themselves to vassalage; or the perversion of their revenue system. Upon such hysterical fancies, upon the treason or folly of a President and Senators, are based the arguments for denying to them the employment of what emergency or opportunity may prove to be reasonable and necessary powers.

This nervous apprehension may be quieted by a simple tonic. A few years ago the Supreme Court extricated itself from a badly working interpretation of the Anti-Trust Act by following the example of that hero of the schoolboy's composition. Lying for years in a loathsome cell, a bright thought struck him. He opened a window and climbed out. Thus did the Court climb to the light by the "rule of reason." The President and Senators will find this rule as true a guide as has the Supreme Court. I cannot imagine them swinging the country from a protective tariff to a revenue one, or *vice versa*, by a set of treaties. I should not be disquieted by their agreeing to relatively slight tariff changes in return for valuable concessions.

Also, let the rule of reason determine the relation of treaty provisions to the police powers of the States—

whether a proposed provision would really impair the integrity of a normal and consistent polity, or simply override an idiosyncrasy or an unfair prejudice. For example, I see unreason in smothering a State with undesirable immigrants. I see reason in making and in fulfilling to the letter a Federal obligation to give foreigners here the measure of protection we justly demand for our citizens abroad.

Without now going further into the subject, I maintain that a thorough examination of our treaty power, and its comparison with the powers of our commercial competitors, will demonstrate the ability of the Republic to hold its own in any negotiation looking to its proper advantage and engaging its proper responsibilities.

The need for strengthening our treaty system is urgent. Our constitutional power is ample and now is the moment to apply the power to the need. For, if the great war has brought the emergency, it has given the United States a position of no inconsiderable advantage in dealing with it. Foreigners are thronging our markets for goods and money. Even after the war our credit may avert a financial catastrophe and our aid in the work of reconstruction will surely be sought. From a diplomatic standpoint, we are a most desirable friend, whose overtures looking to reasonable commercial relations should be well received.

Without now considering the striking possibilities the situation may develop, but confining our suggestions to the normal, let us resume treaty relations where these have been broken—with Russia, for example. Let us replace some of our older treaties, made under conditions more or less adverse to our interests, by new agreements. Why not, for instance, exchange with Great Britain and France those broad "most-favored nation" privileges we have with Germany, Italy, Japan, and certain other countries. Still keeping to the normal, but widening our horizon, why should we wait for an international conference of uncertain date and outcome, to consider the "freedom of the seas"? Let us now try to persuade maritime powers to make with us reasonable sea laws, so that, after the war at least, if not before, a substantial gain may be accomplished in this direction.

Not abusing our position by driving unconscionable bargains, let us do what every forward nation should do in our position—press for every fair advantage.

CARMAN F. RANDOLPH.

165 Broadway, New York.
January, 1916.

APPENDIX.

Rules concerning the effect of war upon treaties, adopted by the Institute of International Law at Christiania, August, 1912.

CHAPTER I.

TREATIES BETWEEN THE BELLIGERENT STATES.

I. The opening and conduct of hostilities do not affect the existence of treaties, conventions and agreements whatever the title and object concluded between themselves by the belligerent states.

II. However, war puts, without notice, an end

1. to the pacts [*pacts*] of international associations, to treaties of protectorate, control, alliance, guaranty, subsidies, to treaties establishing a right of pledge or a sphere of influence and generally to treaties of a political nature;

2. to every treaty whose application or interpretation shall have been the direct cause of war as appears by the official acts emanating from one of the governments before the opening of hostilities.

III. To apply the rule established in Article II account must be taken of the contents of the treaty, if in the same document there are clauses of diverse character, only those which enter into the categories enumerated in Article II are considered as annulled. However, the whole treaty falls when it presents the character of an indivisible contract.

IV. The treaties remaining in force and the execution of which continues, notwithstanding hostilities, practically possible, should be observed as in the past. The belligerent states cannot relieve themselves from these except in the degree and for the time demanded by the necessities of the war.

V. Treaties which have been concluded in contemplation of war are beyond the purview of Articles II, III and IV.

VI. Beyond the responsibility which violation of these rules shall entail they should serve to interpret the silence and to fill the gaps in a treaty of peace. In default of a formal clause to the contrary in a treaty of peace it should be held:

1. That treaties affected by the war are definitively annulled;

2. That treaties not affected by the war, whether they have or have not been suspended during the course of hostilities, are tacitly confirmed;

3. That nevertheless, treaties whose clauses find themselves in contradiction with the contents of a treaty of peace are implicitly abrogated;

4. That the express or tacit abrogation of a treaty does not affect retroactively the results produced in the past by the abrogated treaty.

CHAPTER II.

TREATIES BETWEEN BELLIGERENT STATES AND NEUTRAL STATES.

VII. The arrangements of Articles I to VII apply, in the relations of the belligerent states, to treaties concluded between these and third states with the following reservations:

VIII. When the obligations which bind the belligerent states among themselves have the same objects as their engagements with third states they should be executed in the interests of the latter. Thus collective treaties of guarantee remain in force in spite of war arising between two of the contracting states.

IX. Collective agreements remain in force in the relations of each of the belligerent states with third contracting states.

They cannot be altered by the treaty of peace to the prejudice of third contracting states without the participation or assent of the latter.

X. Treaties concluded between a belligerent state and third states are not affected by the war.

XI. In default of a formal clause to the contrary or of an arrangement leaving no doubt about the intention of the parties, collective treaties relating to the law of war apply only where all the belligerents are contracting parties.

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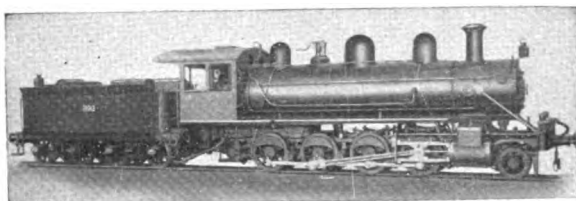
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To foreign nations, Yuan Shih-k'ai is still President of the Republic of China, the date of his coronation as Emperor having been indefinitely postponed. To the vast majority of his own people he is simply the ruler of China who, whether invested with Imperial dignity or not, is well within his rights and entirely in accord with his duty, in discharging his functions in an Imperial way. There is a certain minority of Chinese, of uncertain strength, not at all prepared to make any such concession, and there is among the representatives of foreign powers in China at least one who is ready to accept the deposition of Yuan as a fact. The German Consul at Yunnan, Weiss by name, received a letter from the commander of the rebel forces there containing a declaration of independence and promptly expressed his thanks for the wish of the authors of this epistle to maintain friendly relations with Germany and promised to forward their communication to his Minister in Peking. At least one Chinaman, Mr. K. Whang, who describes himself as Elected Member of the National Assembly, and writes from Shanghai, has expressed surprise that the action of the German Consul should have excited unfavorable comment. The view of this gentleman is that President Yuan in declaring himself Emperor has forfeited all presidential rights, and for that reason cannot be considered as the head of the Republic of China as established by law, and consequently cannot represent the Republic in dealing with foreign Powers. The Republican army in Yunnan, accordingly, represents the duly authorized military force of the Republic, and, as such, has the right to deal with foreign Powers now that President Yuan is hypothetically unable to exercise that right any more. Mr. Whang is thus unable to see anything irregular in the action of the German Consul in Yunnan and asks why some of the English papers in Shanghai persist in calling loyal Republicans "rebels" when they are, in fact, nothing of the sort.

THE strength of the sentiment thus ingenuously voiced is, necessarily, as difficult to measure as the strength of the movement of protest which finds expression in the Yunnanese revolt. That has assumed sufficiently formidable dimensions to deserve more attention abroad than it has so far received. The military campaign which has extended into Szechuen seems likely to supply a test of the adequacy of the regular Chinese army to repress internal

disorder. The conduct of military operations, so far, appears to have been of a character somewhat new in China and the scanty news that has been given out suggests the existence of strategical plans and preparations for transport and supply worthy of a staff organization of the Western type. There are intimations, here and there, of the still loosely jointed organization of China considered as a sovereign State. We hear satisfaction expressed in regard to the "loyalty" of Kiangsi and Kwangtung to the Central Government, as well as of the "neutrality" of Kweichow. It seems that from the beginning of hostilities in the South the Central Government has been aware of the uncertainty of Kweichow and has been careful not to offend the gentry of that province who are supposed to be the authors of the neutrality policy. While it would be rash to say that the defeat of the Yunnanese revolt will open a new era of peace and settled government for China, it seems safe to assert that the last serious obstacle to a general acquiescence in Yuan's plans for governing China, whatever they may be, will have been removed when Generals Tsai Ao and Li Lieh-Chun shall have been relegated to obscurity.

MEANWHILE the disturbance to business in China is rather less than might be expected. The Chinese year that closed with the first week in February was, in a commercial sense, a prosperous one, at least from the Chinese point of view. Not only did the dealers make large profits in handling imported goods at greatly enhanced prices, but the crops generally—especially tea—were excellent. The early half of the year was more favorable to importers who, during the second half, were unable to get sufficient stocks because of the shortage of tonnage. But in the second half of the year the exporters had their turn, reaping the benefits of advanced prices for Chinese exports, though in their case also the lack of tonnage was a serious handicap. Our own share in Chinese trade for the calendar year 1915 cannot be said to have been impressive. It is true that imports increased from \$37,208,939 to \$53,155,487, but there was a decline of exports from \$21,279,364 to \$20,973,823. Similarly, the imports from Hongkong show an increase from \$2,664,136 to \$3,145,880 and the exports show a decline from \$9,258,542 to \$8,332,842. The Japanese exports to China for the year recorded a decrease of nearly sixteen million yen, but they still reach the respectable total of Yen 127,053,000, or nearly three times the value of our own. In the same connection it may be noted that the British exports to China for the year amounted to \$42,500,000.

THE year 1915 was also highly prosperous for Japan. The excess in exports was estimated at Yen 160,000,000, and the country was flooded with unemployable money. New lines of industry were created under the influences of the war, such as dye-stuffs, chemicals and drug manufacturing. The iron and steel industry made considerable ad-

vances, though it is admitted that the result attained is still far from being satisfactory. That is to say, while the country needs 1,200,000 tons a year, the whole product is still short of 300,000 tons. The cotton trade, naturally, shows greater elasticity, and the exports of cotton cloth reached in 1915 a total of Yen 36,000,000 against an American total of \$38,000,000. It will be perceived that, but for Chinese demand, the Japanese export trade in cotton textiles would be insignificant. In 1915 China, including Manchuria, took Yen 28,760,000 of the total shipments of Japanese cotton piece goods.

It is noticeable that the total Asiatic exports of the United States in 1915 are only saved from being less than those of 1913 by the purchases delivered to Russia in Asia. These are \$39,000,000 more than they were for 1914 and \$43,000,000 more than for the last normal year, 1913. This is, of course, strictly war commerce, but the gain of \$4,000,000 in the exports to Japan must be set down to a normal demand, no less than a gain of \$6,500,000 in our exports to British India. All things considered, it must be held to be a fairly satisfactory showing for the year that the total exports to Asia should be \$150,034,043 against \$145,338,862 for South America.

At the meeting of the Executive Committee of the Association held on March 1, the following resolutions were unanimously adopted and are submitted for the approval of the members at large:

Whereas, A movement has already been organized and is in an advanced stage of development, to equip and endow, on the basis of the existing St. Luke's Hospital in Tokyo, an International Hospital under American auspices, primarily for the benefit of foreign residents and travelers in the Far East, but also as an aid to the relief of sick and suffering Japanese; and,

Whereas, Japan has given the undertaking the strongest possible endorsement by subscribing Yen 150,000, of which Yen 50,000 is the Emperor's personal contribution to the required fund; be it

Resolved, That the President and Members of the Executive Committee of the American Asiatic Association express their cordial approval of an enterprise so well calculated to promote the highest ideals of international co-operation, and to give to Japan and her neighbors in the Far East substantial evidence of American good will; and

Resolved, That they earnestly recommend the members of the Association and all interested in the expansion and maintenance of cordial relations between our people and that of Japan, to subscribe to the fund of \$500,000 required for the building and equipment of the proposed International Hospital.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the twelve months, ending Dec. 31, 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
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
Total.....	39,439,487	\$2,789,599	91,430,759	\$6,432,571	53,062	\$216,246
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
October.....	2,408,026	155,457	3,741,675	210,376	386	1,736
November.....	1,182,579	69,055	.....	.....	995	4,850
December.....	13,280	3,757	4,893,057	306,515	2,739	13,323
Total.....	21,117,398	\$1,383,127	84,866,476	\$5,034,713	7,072	\$37,360

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
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	4,096,268	239,286	95,634	400,506
Total.....	267,043	\$42,552	26,586,280	\$1,546,643	842,767	\$3,387,572
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
October.....	35,903	5,387	800,000	63,234	58,801	250,332
November.....	45,961	4,137	409,750	31,070	663,909	305,676
December.....	38,457	4,810	1,000	100	3,821	15,994
Total.....	382,442	\$59,457	14,467,706	\$733,426	407,685	\$2,058,570

DEPARTMENT OF COMMERCE,

Bureau of Foreign and Domestic Commerce.

WASHINGTON, D. C., February 25, 1916.

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Imports of Tea and Silk into the United States for the twelve months, ending December 31, 1913, 1914 and 1915.

Imported from	1913.		TEA.	1914.		1915.	
	Pounds.	Dollars.		Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	13,625,948	3,903,816		13,026,542	3,591,670	13,510,733	3,405,017
Canada	2,954,175	861,001		3,323,753	910,231	3,112,019	964,209
China.....	19,615,159	2,690,297		22,833,094	3,127,732	21,330,043	3,059,034
East Indies.....	9,387,855	1,578,524		12,275,102	2,064,932	14,646,703	2,868,818
Japan.....	42,370,070	7,162,467		45,152,010	7,843,174	52,610,336	9,157,329
Other countries	1,064,875	208,188		1,199,070	238,240	895,719	128,760
Total.....	89,018,082	16,404,293		97,809,571	17,775,979	106,105,553	19,583,167

RAW, IN SKEINS REELED FROM THE COCOON OR REREWELED		SILK.					
Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	
France.....	76,489	207,334	67,559	253,291	72,920	244,705	
Italy.....	2,409,434	9,535,326	1,880,593	8,307,970	3,190,705	12,053,860	
China.....	6,100,485	15,523,856	4,388,530	11,911,569	7,627,476	15,881,810	
Japan.....	19,056,919	63,316,257	19,120,375	68,546,647	20,039,640	63,265,069	
Other countries	335,478	1,187,297	193,326	764,744	47,904	183,225	
Waste.....	6,217,857	3,045,141	5,092,556	2,759,436	5,986,566	3,040,494	
Total unmanufactured	34,196,662	92,815,211	30,742,939	92,571,818	36,965,211	94,758,924	

PRESIDENT YUAN'S RENUNCIATION

PEKING, Jan. 26 (Correspondence of The Associated Press).—Yuan Shih-k'ai has again proclaimed his unworthiness to ascend the throne and expressed his regret that lack of virtue on his part is responsible for the unsettled conditions in Yunnan Province and other parts of Southern China.

In an impassioned speech to the officials of the bureau intrusted with the preparations for the enthronement, the President made an explanation of the delay in the date of enthronement as announced to the Foreign Legations on January 21. Yuan Shih-k'ai's address was communicated to officials in all the provinces in explanation of the failure to carry out the ceremony, so eagerly desired by those in harmony with the administration.

Translations of the address differ somewhat, although all credit the President with the same lament concerning his own unworthiness. Following is a somewhat liberal translation of Yuan Shih-k'ai's speech:

"As the Province of Yunnan is now opposing the central Government and under some pretext a rebellion has been raised in those regions, causing hardships to the soldiers and sufferings to the people, we sigh in receiving you in audience, because, owing to our lack of virtue, we are unable to win the hearts of all the people, which in effect means that we are unable to win the will of Heaven. We are profoundly grieved to confess that a portion of the people are dissatisfied with us. To perform the ceremony of enthronement at this juncture would, therefore, set our heart on thorns.

"Furthermore, we must remember that the national expenditure will be greatly increased for the purpose of defraying the expenses of the military campaign. It will, therefore, be impossible to perform the grand ceremony at the same time, as the expenses in this connection, including special rewards, gifts, and exemptions, will be enormous. It has been decided to attend to the more important of the two matters, and the enthronement will have to be postponed to a date when the affairs in Yunnan are again under control.

"Since the question of Kuo-ti has been settled, the request of the people accepted by us, and the general situation is beyond doubt, the mind of the people should be at rest. It will not be a serious matter if the grand ceremony of homage be postponed somewhat. We hope that all the officials in and outside of Peking will attend to their respective duties and with unanimous heart push forward all the administrative affairs for the betterment of the country and the welfare of the people. It is our sincere wish that these matters will not be left to stand still even for a moment."

THE REBEL APPEAL FOR NEUTRALITY

Dr. Paul S. Reinsch, American Minister to China, and the heads of other legations in Peking received a formal circular dispatch on January 23 from Tang Chi-Yao, the Military Governor of Yunnan, and Jen Kao-Tseng, Civil Governor of the same province, urging foreign Powers

to remain neutral in the present Chinese revolution. The circular follows:

Sir:—The Wu-chang revolt broke out on October 10, 1911, and the different provinces followed the lead because the people of the country had long suffered from the oppression of monarchical Government. They, therefore, rose up in a revolution over the question of the form of Government. Recognition of belligerency was extended at this time by the friendly Powers, and neutrality proclaimed. The provisional Government was set up at Nanking and a Government of the people established. The Manchu Emperor abdicated, the republic was proclaimed, and notifications were sent to the friendly Powers. Later, when the regular assembly had been established and the organization of the Government had been completed, recognition was extended separately by each of the friendly Powers, who, thereby, earned the deep gratitude of the people of our country.

Unfortunately the present President of this country, Yuan Shih-k'ai, plotted to overthrow the republic in opposition to progressive sentiment in the country, against the advancement of civilization in the world, contrary to the terms of his oath of office, and without regard for the advice of the friendly Powers. We, the military and civil Governors, in order to show respect for the constitution and uphold the republic, have dispatched the loyal army against the national outlaw. We hope that the friendly Powers will maintain a benevolent neutrality, that thereby the mutual friendship of long standing may be strengthened.

The treaties entered into between the Republican Government and the Manchu Government and the different nations before the question of the imperial form of Government was raised, will all continue in force, and responsibility for indemnities and loans will be maintained as before.

We, the military and civil Governors, will be entirely responsible for the protection of the lives and property of the nationals of the different Powers residing within the limits over which we exercise control.

The Republic will not recognize any treaties, agreements, loans, etc., entered into between Yuan Shih-k'ai or his Government and the different nations after the question of the imperial form of Government arose.

In case any of the Powers assist Yuan's Government with contraband of war, upon discovery the same will be confiscated.

If officials, merchants, or people of the different nations commit acts to assist Yuan's Government and injure us, opposition will be offered.

THE POSITION OF YUAN SHIH-K'AI

January 26.

The only impression which the average man, foreign or Chinese, can have got from the telegrams of the past few days from Peking is uncertainty as to whether Yuan Shih-k'ai has or has not decided to postpone his coronation. On Saturday morning there appeared to be no doubt of the fact, for a message from our own correspondent informed

us that on the previous day the Waichiaopu had intimated to the Ministers of the Allied Powers that in consequence of the situation in Yunnan the ceremony had been definitely put off. On Monday morning, however, the first news of the day to strike the reader's eye was an announcement by Reuter that the Government had not proclaimed a postponement and had made no statement beyond an intimation that the newspaper report that the Monarchy was to be established next month was incorrect. A partial explanation of this contradiction followed yesterday when our own correspondent stated that the announcement of postponement made in Chinese papers differed essentially from that conveyed to the foreign Ministers, the one merely stating that no date had been fixed, the other categorically setting forth that the ceremony would not for the time being take place. Grouped together the effect of these messages is far less confusing than when each is read separately and naturally we take our own correspondent's information before that of anyone else. Even so, however, we are still left to speculate as to why Yuan Shih-k'ai should be less definite in giving information to his own people than he is when giving it to the Legations and nobody can be surprised if the Chinese in Peking and elsewhere come to the conclusion that he has not really made up his mind. Yet at a time like the present no conclusion could possibly be more detrimental to his interests and those of the country. Yuan's supreme value in the eyes of the Chinese and foreigners alike has hitherto been his strength, and nothing so quickly destroys a reputation for strength as visible indecision.

The position, everybody admits, is exceedingly difficult. On the one hand has to be placated the disappointment which all who stand to gain by the establishment of a Monarchy naturally feel at the prospect of indefinite postponement. The budding Marquises, Earls, Dukes and Counts who have been on the tip-toe of expectation, preening themselves in advance in contemplation of social promotion, can feel nothing but vexation at having to remain commoners resident in suburbia. On the other hand is the equally awkward fact that through mouthpieces very carefully selected the nation is held to have spoken and to have decided unequivocally in favor of the change. To allow a set of rebels to say nay to a popular wish has the appearance of stultifying highly organized constitutional machinery and of creating a precedent which might prove extremely inconvenient at some future date. Finally there is the fact that the Power which took the lead in warning Yuan Shih-k'ai not to proceed with his plans is the Power which a short time ago presented China with a number of very exacting demands. The country has not forgotten that and there will probably be critics of Yuan's administration who will gladly score up against him what they will term a second piece of unjustifiable interference. All these considerations weigh heavily in the scales and taken together form as hard a set of circumstances as any with which any modern ruler of China has been faced. Indecision accordingly is not without excuse—in a mind as powerful and analytical as Yuan Shih-k'ai's it never is. Yet it must be brought to an end and in a fashion which

leaves nobody in any doubt at all as to what the President intends to do. For every day's delay adds to the dangers of the revolt in Yunnan.

Accordingly, we would place before Yuan Shih-k'ai the following arguments. First, no harm that postponing his coronation may do him can possibly equal the harm in which a prolonged period of disturbance would result. The country needs above all things peace and is prepared to support the man who can give it. The revolt in Yunnan, at present not much more than a local affair, may easily develop into something more serious. What in that case would be the viewpoint of the average man? He would not make out an accurate balance sheet of credit and blame. He could not be expected to do so. The one fact that to his mind would stand out most clearly would be that Yuan had failed to maintain order. When he came to inquire into reasons, the salient one would appear to be the President's desire to turn himself into an Emperor. Secondly, the sheet anchor of Yuan's position in China is the desire of foreigners that he should remain at the head of affairs. They have made that quite clear by providing him with money which they do not wish to see lost or endangered. In days to come they will be ready to provide him with more, provided that in the meantime he does nothing to destroy the basis of their Far Eastern policy. That basis has been collective action. Collectively they have lent and collectively they have advised. Collectively too, they would, in the event of serious trouble in China, intervene were it not for the war. That, of course, makes collective action temporarily impossible and, consequently, if the monarchical question is proceeded with and the Yunnan revolt becomes civil war, the Allied Powers, to whom Yuan Shih-k'ai owes most, may see their traditional policy endangered. To forecast the possible results of such an event would be to meet trouble half way, but if it takes place trouble will most certainly come. The wisest thing Yuan Shih-k'ai can do to prevent it is to proclaim unequivocally that the coronation is postponed.—*N. C. Daily News.*

THE KUEICHOW TELEGRAM, AND PEKING'S REPLY

(*Peking Gazette.*)

The text of the remarkable telegram from the Civil Governor of Kueichow to Peking and the provinces has not yet been made public by the Government; but a dispatch sent in reply by the Tsanchengyuan to Kueichow on Friday night discloses many new points in the objectionable telegram of Governor Lung Chien-chang. It appears that in addition to the request that the question of Kuo-ti should be submitted to the Citizens' Convention for reconsideration, the Kueichow authorities also proposed that the Ta Huang Ti should, "with one word," cancel the monarchical restoration.

From what the Tsanchengyuan have to say, the Kueichow telegram appears also to have criticized the words of the declaration which the Ta Huang Ti made on receipt of the petitions from the monarchists, the suggestion being that

while a change of Kuo-ti was deprecated, words were used calculated to encourage the agitation for the change in the form of State. The Kueichow telegram also seems to have contained a passage to the following effect: "Since the request of the petitioners to change the form of State was prompted by their desire to secure peace, and as the situation in Yunnan is contrary to the realization of this desire of the people, the question should be reconsidered."

We publish the following translation of the telegram sent by the Tsanchengyuan to the Kueichow authorities:

THE LAW IRREVOCABLE.

Your telegram has been received and perused. As a result of a special meeting of the Tsanchengyuan convened to discuss its contents we have decided to send you our views as follows:

The contents of your telegram amount to nothing more or less than asking for the cancellation of the *fait accompli* of a constitutional monarchy on account of the trouble in Yunnan, a course which is not unlike treating affairs of state as a game of chess and the State as a toy. The arguments are so poor and the words so unreasonable that they are in truth not worthy of discussion; but the latter part of the telegram, in which it is proposed either to submit the question for the reconsideration of the Citizens' Convention or officially to cancel (the restoration) "with one word" from the Chief Executive, conveys the idea that the settled question of the change of Kuo-ti can really be reconsidered and another experiment made. Such an idle argument not only treats the law lightly, but it is feared that it will also disturb the minds of the people.

This Yuan, being the highest legislative organ of the country as well as the principal representative of the Convention of Representatives of Citizens, find it impossible to remain silent respecting this matter. Our duty compels us to correct your erroneous views; and it is hoped that you, gentlemen, will kindly listen to our words. The existence of a State depends on the force of law in maintaining the situation, and law is made by the wish of the people. When the people are asked to give their views on the law they are perfectly free to say whether they are for or against it, but once a law is passed and put into execution even the law-makers themselves cannot revoke it. This is principle adhered to by all nations of all times.

Recently the question of Kuo-ti was settled by the Convention of the Representatives of Citizens in accordance with the method fixed by Legislature, the comprehensiveness of which was recognized and praised by foreigners and Chinese. The procedure was based on the foundation of the Citizens' Convention and its result was based on the will of the people of the whole country. In order to be sure that no factional views of any particular set should gain dominance, the views of the various bodies of merchants in all localities were secured; and in order to insure freedom for the expression of opinions, the provinces and the various bodies were allowed to cast their votes freely.

As a consequence of such a comprehensive and safe method to settle the exceedingly important question of

Kuo-ti, the whole country willingly agreed and no opposition was raised. Yet to our great surprise you have recommended the reconsideration of the question without any good reason and the suggestion is made after the change of the Kuo-ti has been officially announced. Such a fickle attitude is never heard of even at times when an order issued in "the morning is changed in the evening." If the will of the people were as changeable as summer rain and autumn cold it could not be changed so quickly as this.

RECONSIDERATION IMPOSSIBLE.

Furthermore, the Convention of Representatives of Citizens was composed of representatives elected by successful candidates of the primary election of the Citizens' Convention. These two bodies bear different names, it is true, but their composition is practically the same. Now is it not an absurdity to trust the members of the Citizens' Convention elected by the successful candidates of the primary election but to distrust the "representatives" of the Convention of the Representatives of Citizens elected by the same body of men? In some modern countries the Constitution cannot be altered within a definite period after its final passage. If the Constitution must be so treated, how much more should the Kuo-ti be? If your telegram be accepted, then the will of the people can be changed at any time and the law revoked any day. How could we show our trustworthiness to the world and place the country in an unshakable position if we were to act thus? This is the reason why the question of Kuo-ti cannot be submitted to the Citizens' Convention for reconsideration.

HELPLESSNESS OF TA HUANG TI.

As to the Chief Executive of a republican country, he is only an instrument through which the will of the people is put into execution. The sovereign right of a republican country is vested in the people. This is laid down in the Constitutional Compact as plainly as the rays of the sun and the light of the stars. The change of Kuo-ti is, therefore, based on the will of the people and not in the least on the views of the Chief Executive. Indeed, the Chief Executive during the process made some declarations which were unsuited for the occasion; but these remarks were the sincere views of an onlooker for the purpose of awakening the people who were the actual principals in the case. This, therefore, cannot be taken as an interference on his part with the question of Kuo-ti.

Now since the result of the balloting has shown that the people are tired of the Republic and wish to have a constitutional monarchy, the Chief Executive has been placed in an impotent position. This is the reason why when the Lifayuan reported to him their decision in favor of a constitutional monarchy, the Chief Executive only gave a refusal respecting the position offered him and did not go out of the way to say anything respecting the decision for the Kuo-ti. This is a plain proof that the Chief Executive had no power to interfere with the question of Kuo-ti. Yet in spite of it all and after the failure of the Chief Executive firmly to decline the offer of the Throne, you wish to call

on him to cancel the constitutional monarchy now established "by one word." Leaving alone the question that the Kuo-ti has been decided by the whole body of the people and cannot be cancelled by the Chief Executive alone, we must also remember that a Republic of such a nature, even if it be restored, will not be worth maintaining. Considering the wish of the people, they cannot be so fickle as to demand this. This is the reason why the proposal that the Chief Executive be asked to cancel the Constitutional monarchy cannot be entertained.

THE QUESTION OF PEACE.

Your telegram also says that since the reason why the people wished to change the form of State was to secure peace, and as the change has proved to be not only incapable of maintaining peace but liable to create disturbance, the will of the people has changed with the turn of the currents of time, etc. Psychologically speaking, there is no standard of measurement to say whether the country is in a sound or dangerous position. Even the signs of the change of the will of the people can hardly be discovered in facts. We need not discuss the point that the great and important question of Kuo-ti, recognized by the representatives of the whole country as safe and solemnly passed, cannot be suddenly cancelled simply because a few provincial authorities regard it as dangerous. Indeed, the actions of you, gentlemen, are not entirely unconnected with the change in the minds of the people from a sense of safety to one of fear of danger. The change itself is, therefore, not responsible for the precarious situation. The reason is that when the question of Kuo-ti was first settled, the people within the seas rejoiced in thundering voices, being of the opinion that as the evil system of the Republic has disappeared it would not be difficult for the State to secure stability.

Who could have imagined that even while the ceremony of enthronement was still in process of preparation and foreign recognition negotiated for, the news of the rebellion in Yunnan would reach our ears? That on which the people have relied for peace is now actually showing signs of possible danger. Except for the fickleness of Tang and Jen, there would have been no obstacle to the renewing of the form of State. There is, therefore, no question of doubts on the part of the people. It is no exaggeration to say that it is Tang and Jen who have caused the people to doubt and fear.

You gentlemen have received innumerable graces from the State and thoroughly understand the great principles of righteousness. The province of Kueichow, owing to its proximity to Yunnan, is in a dangerous position. In our humble opinion you should have marched your troops to Yunnan and punished the rebels on the first news of the trouble in that province, or you would have done well if you had strongly held the strategic points on the border so as to isolate Yunnan, a step which would have brought an early termination of the Yunnan rebellion. Instead, you have blamed the Central Government for the rebellion in Yunnan as if you have been afraid that the trouble in

Yunnan was not affecting the other localities fast enough. In this we, members of the Yuan, cannot bring ourselves to agree with your views.

Since the outbreak of war in Europe, China has been in a precarious position and her dangers have reached their climax this day. You gentlemen are all well-known patriots. Even if you should disagree with the policy of the Central Government, you should temporarily forget the same and co-operate in placing the country on a sound foundation and should not create fresh disagreement and thus hasten the downfall of the country. Remember the proverb that the fisherman profits when the oyster-catcher and clam come to blows. We shiver when we think of this. We have said all we wish to say and hope that you will give our words careful consideration.

(Signed) Tsanchengyuan in the Capacity of the Legislature.

THE REVOLT IN YUNNAN

When the revolt in Yunnan started the first thing the Government did was to institute a censorship of news, a very natural and legitimate step from a military point of view. In respect of detailed information concerning the rebellion we are, therefore, very little wiser than we were two weeks ago. We do not know with any precision what measure the Government is taking; we can only estimate in the most uncertain way what forces it has to quell and we have no more than contradictory news from Yunnan's neighbors. Yesterday we were told, for example, that Kueichow has not declared its independence and that the capital and province are quiet, whereas on Tuesday Reuter's Peking correspondent hinted broadly at the suppression of a telegram from Kueiyang, the contents of which appeared to indicate that the province had demanded, or at least advised, a postponement of the monarchy. Similarly, a few days ago Reuter's Shanghai correspondent gave out that missionaries had been advised to leave Szechuan and this morning the Government contradicts the report, while our own correspondent in Peking has so far been able to say little more than that the news that is reaching the capital is good. Nevertheless, on the salient features of the situation the past two weeks have thrown a good deal of light. What stands out first is that the present revolt is of a very different character from that of 1913. The men who are taking the lead in it are not of the old gang, nor is the spirit that inspires them the sentiment that animated the leaders of the last rebellion. Tsai Ao is not a member of the Kuomintang: he is an old friend of Yuan Shih-kai. Nominally he has taken up the cause of republicanism; really he is actuated by personal animosity. Standing in with him, of course, is the Young China with which Shanghai is so familiar, the tomboyish politicians who would build Rome in a day, and with them, too, are the more serious and intellectual of the progressives. Theoretically all are fighting against the change which Yuan Shih-kai has all but effected; practically the monarchical question is subsidiary and second to personal dislike and distrust of the President. Moreover, in 1913 Europe

was at peace and all the Powers were capable of intervening. To-day Europe is at war and the only Powers who can intervene are Japan and America.

Potentially, therefore, the new revolt is far more dangerous than the last one. Yuan Shih-kai is not opposed by a crowd of boys and theorists backed by a rag-tag and bob-tail army; he is opposed by men who were formerly his friends with trained troops at their command. So much has become quite clear. As soon, however, as we try to give definite values to these new facts we find ourselves once more in the midst of uncertainties, and the most that can be done towards estimating the position is to pick out the uncertainties which seem most important. In doing this a fortnight ago we attached great weight to money. Pointing out the *volte face* of which Tsai Ao has been guilty, we explained it on the single ground that somebody had obviously offered to butter his bread more thickly on the other side, inferring that the development of the revolt would be decided in the main by finance. That was a mistake, or so the information of the past two weeks appears to indicate. Money, of course, is likely to play a very important part, and we are justified in selecting as one of the salient uncertainties of the situation our ignorance as to where the rebel funds are coming from and how great they are. It may still, that is to say, be argued that if they are large enough to compete with Yuan Shih-kai's, that fact by itself may prove sufficient to turn the scales. It does not, however, follow that if they are not the revolt will be no more than a flash in the pan, because, as already indicated, the spirit behind the rebellion is a strong, personal dislike. What particular actions have created this dislike we can only guess, but it is quite plain that Yuan Shih-kai has not the solid phalanx of friends behind him that he had in 1913. In 1913 we knew who his friends were; to-day we are nothing like so sure. That is a second salient uncertainty of the situation. A third follows as a consequence, namely, the actual military force which the rebels have behind them; the number of their troops, the extent of their supplies, and, on the other hand, the forces which Yuan Shih-kai can bring against Yunnan.

Such, then, is the situation as far as it has developed. It remains to bring out what is involved, an aspect of the matter best approached from the point of view of trade. Of the personal character of Yuan Shih-kai foreigners know very little. We credit him with patriotism and the virtues which go with it. We may be right or wrong. Of his capacities as a ruler, however, we know a good deal. We know that up to the present time he has been the one man capable of holding this vast country together; that but for him the revolution of 1911 might, probably would, have landed China in a predicament from which she could only have been saved by foreign intervention on a big scale. There might have been a long period of civil war, or, if things had not gone quite so far as that, a long period of petty rebellions and unrest making trade impossible and ultimately necessitating an appeal by Europeans to their various Governments. Instead of this the country over-

threw a dynasty with a minimum loss of life. Trade has indeed been interfered with, but, all things considered, to a very small extent. The administration of the country has been kept going and one of the most vital parts of it, the Salt Gabelle, has been reformed almost out of recognition, while at the present moment, as the establishment of the Forestry Bureau and the engagement of foreign experts to direct it show, Yuan is prepared to turn the lessons learnt from Sir Richard Dane to good account. Remove the man who has stood at the helm so successfully and so long and who is there to take his place? There is not one whom any one of us could name with any confidence. Yet Yuan's removal is what the rebels in Yunnan desire. That is the real aim and meaning of the revolt and that is why foreigners cannot but hope that it will fail, and why Chinese merchants, whatever their personal predilections may be, hope the same thing. For the country needs above all things peace, and if the Yunnan rebellion were to succeed we should have no guarantee of peace for many a day.—*N. C. Daily News.*

HONAN, THE HOME OF EMPERORS

(*Peking Gazette.*)

With the advent of the new Empire of Chung Hua in the first year of Hung Hsien, one's thoughts naturally turn to Honan, the native home of the Ta Huang Ti and the land of emperors. Honan has enjoyed the honor of being the birthplace of several emperors and the seat of authority of many dynasties; and it now has the distinction of being the home of the founder of a new empire in the twentieth century.

From the very beginning of Chinese history Honan was for hundreds of years the center of administrative power, holding dominion over the lands now known as Shensi, Shansi, Shantung and Chihli, and in later days its influence extended to the southern banks of the Yangtze and to the regions of Szechuen. Geographically it is the gate to the impregnable stronghold of Western China—the provinces of Shensi, Kansu and Szechuen. According to the ideas of our ancient strategists, the person who could conquer Honan had the best chance of capturing the scepter of China.

Thus Honan was the scene of many battles and the grave of millions of brave men. The soil is productive; but owing to negligence, the people are mostly poverty-stricken. The many historic ruins, which should be preserved for posterity, have mostly been destroyed beyond recognition and restoration. Of the four Tao or circuits, the Tao of Kaifeng and the Tao of Holo enjoy special distinction. The former embraces Chenchow, the capital of Fu Hsi, the first Emperor of China; Chenghsien, the birthplace of the famous Huang Ti; Shang-chiu, the capital of the Shang dynasty; and Hsiang-cheng, the birthplace of the present Ta Huang Ti. Holo includes Lo-yang, the eastern capital of the Chow dynasty and the western capital of the Han dynasty; and many strategical points and battlefields

such as Lin-pao and Hsin-an—the Gibaltars of the famous Han-ku or the "sealed valley." In this latter circuit also lies the famous Mengtsin on the bank of which Wu Wang, the founder of the Chow dynasty, concentrated his own as well as the troops of other feudal lords and finally defeated the dynasty of Hsia.

But of all the historical places of Honan, Loyang, popularly known as Honanfu, is perhaps the most interesting. Situated on the edge of the great plain of Central-North China, it has easy access to the immense quantity of food-stuffs raised in eastern Honan, Chihli, Shantung and other provinces situated further south. Strategically it is the throat of the mountainous regions to the west. Between it and the border of Shensi lies the steep and narrow valley of Hanku, at the western end of which is situated the "brass walled and iron fenced garrison town of Tungkwan." It dominates or rather rides astride the only main road into western China. An ancient strategist once said that with a small lump of earth he could defend that most important place against any invader. That is why Chu-ko Liang, one of China's most brilliant soldiers, advised Liu Pei to occupy Szechuen instead of any region further down the Yangtze river. By occupying this point with a reasonably large force, the defender may defy all attackers and say to them, "Well, if you are stronger than I, I will retire behind the impregnable barrier, but I will attack you as soon as you show any sign of relaxation."

In former days the region beyond Loyang used to be so bad in winter and spring that traveling was almost impossible. There were no roads to speak of. The so-called roads at once became converted into dangerous rivers the moment a torrent came down and that might happen at any moment without "any previous atmospherical manifestations." Neither are the roads even to-day passable after a heavy rain. The large number of mule-carts that traverse these regions—these being the only means of transportation—so thoroughly turn the roads into quagmires of from five to ten feet in depth that carts often sink in them and have to be dug out. The difficulty of communication is further increased by the paucity of the population in those parts. The people being of the most primitive class except in a few of the larger cities, travelers are very often seriously embarrassed by lack of food and other necessities indispensable to people from more civilized parts even in China itself.

The construction of a new railway practically along the main road has, however, improved matters in this respect. A train now takes the traveler to Loyang and a temporary railway service is also running between Loyang and Minchih—midway between Loyang and Tungkwan. The Lo Tung, that is the Loyang Tungkwan railway, is a part of the great central cross-country railway scheme finished by French and Belgian capitalists which forms a rough cross with the Peking-Canton Railway, the southern section of which is now under construction with British, American and German capital. These two railways, especially the one now under reference, are of strategic importance in addition to their commercial usefulness. The work on the

Lo-Tung line beyond Minchih has, however, been suspended owing to lack of funds and the position beyond Tungkwan is as impregnable as ever before.

Like many other cities of Honan, Loyang is full of historical interest. It was built in the Chow dynasty as the eastern capital in recognition of the successful establishment of Chow. The city was called Lo-yi or Wang Cheng because it was the city of the King. The reason for the establishment of this eastern capital in addition to the western capital was that Lo-yi or Loyang was the center of the country and equi-distant to all parts of the country which brought in tribute to the Emperor. The latter lived in the western capital; but he always went to the eastern capital, Loyang or Lo-yi, whenever he granted an audience to the feudal lords of the various states. The site, however, was not decided upon until the Emperor had consulted the oracles which said "the inheritance will last thirty generations for 700 years." Actually the Chow dynasty lasted for thirty-nine generations, aggregating over 800 years. Thus the city of Loyang was—to the Chow dynasty, at least—exceedingly "lucky." As the Chow dynasty is the longest and at certain periods the greatest of all dynasties in Chinese history, this little fact must be a source of brilliant inspiration to any superstitious person who has an eye to the throne. On the other hand, it may be interesting to point out that the downfall of the Chow dynasty, according to Chinese historians, began with the day the formal capital was removed to Lo-yi. In reality, however, it was the beginning of the downfall of the Chow dynasty which compelled the court to remove its capital. The formal occupation of Lo-yi by the Chow dynasty was, therefore, the setting of the Imperial sun of Chow, the reason being that the Imperial Court was then afraid of the "uncivilized people" of the west—the Dog Aborigines.

The question of the strength of the city of Loyang came up for discussion when Han Kao-chu, the founder of the Han dynasty, wished to select a site for his capital. The Emperor favored occupying Loyang in order to show that he was as exalted as the Emperors of the Chow dynasty. Lou Chin, one of his military commanders, however, thought it unwise. He said to the Emperor, "Loyang is the center of the world. With it a virtuous man can easily

become king, but in the hands of a man without virtue it is the cause of disaster. The land of Ch'in (that is the land beyond Tungkwan) is surrounded by rivers and fenced in by mountains on all sides as a natural stronghold. In time of emergency millions of people can be gathered. The possession of it is like taking the world by the throat and striking on its back." The Emperor then asked his councillors for advice. Those who were natives of Kuantung (that is the territory east of Hanku) said that by possessing Loyang the dynasty of Chow lasted several hundred years, but by abandoning it the Ch'in dynasty came to grief in two generations. They held that as Loyang had Chengkao on the east and Minchih on the west as outer works of defense, and as the city had the Ho river at its back and the river of Lo in front, it was a perfectly strong position.

The Emperor then asked Chang Liang, his most trusted councillor, who gave the following view, which settled the question: "Although Loyang is a strong place, it is not a place for military operations, as it is liable to attack from four sides. The land of Kuanchung, however, has Yaoshan and Hanku on the left and Lunghsi and Pahu on the right with thousands of li of fertile land. Three sides of this land can be held on the defensive, leaving only one side open to maintain a hold on the feudal lords. This is what we call the golden city of thousand li and a country of natural resources." Kuanchung (Lintao-fu, Shensi) was therefore chosen for the capital of the great Han dynasty. During the later days of the Han dynasty, however, Tsao Tsao, the notorious usurper, shifted the seat of authority back to Loyang, from which he successfully carried on military operations against the kingdom of the Later Han, which occupied the territory of Szechuen, and Wu that held the opposite side of the great Yangtze river. In the dynasty of Tang, the city of Loyang was made at first a capital and finally a great commercial city. The luxurious life in Loyang was a proverb of those days. Since then, the city dwindled into a half-forgotten town until the completion of the Pien-Lo Railway which has revived to some extent its commercial importance as the center of distribution for the produce of the provinces of Shensi, Kansu, Szechuen and the regions beyond.

THE RESTORATION OF MONARCHY IN CHINA

From the Edinburgh Review for January.

At this crisis in the history of Western civilization, when the inherent strength and cohesion of democratic institutions are being tested in the crucible of war by the highly centralized system of Prussian autocracy, there is food for much reflection in the political and moral detachment of the Chinese people. Unperturbed by the stupendous clash of arms and ideals which convulses Europe, a quarter of the earth's population continues, on lines prescribed by its experience and immemorial traditions, to seek the solution of its own insistent problem, the problem of so reconciling its political and social systems with a changing environment as to obtain something like security for life and property. If one may judge by the utterances of Chinese officials and writers, there is, in their attitude of aloofness from Europe's war, an element of judicial complacency. Indeed, it would be strange if, after all that their de-

fenseless State has suffered at the hands of European advisers and aggressors, they should not discover in the present devastating struggle good reasons for continuing to doubt the advantages of Western civilization, and reassurances of justification for persisting in their own patriarchal ideals of government. Looking back over the long record of vitality and achievement which their country has produced under a non-militant type of civilization, the scholars and statesmen of China may well ask themselves what shall it profit the nation to forsake the teachings of the Sages if the end of the new learning be Armageddon?

For the past fifty years, China has been warned by missionaries and diplomatists that she must reform and change her ways if she would take her place in the comity of civilized nations; that she must rebuild her state upon material and military foundations, or risk the loss of na-

tional independence. These warnings have been earnestly emphasized by demonstration of the social and political advantages enjoyed by Western nations, and of the dangers which threaten a people whose economic and military forces are not scientifically organized. Yet, in spite of surface manifestations of conformity to these exhortations, in spite of the noisy activities of an exotic body of foreign-educated intellectuals, it may safely be asserted that at no period have the Chinese people or its rulers been really convinced of the moral superiority of Western institutions. On the contrary, every page of their history proves the persistence of their faith in that system of moral philosophy, deep-rooted in the soul of their people, which has preserved the race, if not from foreign attack, at least from internal disruption; which, even through periods when the Empire was invaded and governed by alien rulers, has preserved, unconquered and invincible, the vital spirit of its homogeneous civilization. This faith is likely to be strengthened rather than impaired by the spectacle which Europe now presents to the placid mind of the Chinese people. They can hardly fail to be impressed by the claims advanced by a government of personal autocracy to moral and material superiority over the world's most enlightened democracies. They may further reflect that the ideals of a democratic commonwealth do not necessarily inspire, in those who profess them, a nobler spirit of self-sacrifice than that evoked by the *Kultur* of German autocracy.

The protracted period of unrest which culminated four years ago in the accidentally successful revolution of Young China, the abdication of the Manchu dynasty and the proclamation of a Republic at Peking, differed from many similar crises in the history of China chiefly by reason of the fact that the possibility of foreign intervention, in defense of real or alleged foreign interests, created new dangers that were realized alike by Young China and Old. The perils to be apprehended from the Government's failure to meet its obligations in the matter of foreign loans and treaties were not to be overcome by any of the rough-and-ready methods by which autocratic authority had been wont to re-establish itself after similar internal convulsions in the past. The collapse of the Manchu dynasty had been plainly foreshadowed for half a century. The tottering fabric of its discredited power had only been held together, since the Taiping rebellion, by the resourceful statecraft of the Empress Dowager Tzu Hsi and by the support of the Treaty Powers, concerned for the protection of their trade. The forces which actually drove the Manchus from the Dragon Throne were in themselves insignificant. The success of Young China's conspiracy was due to the utter incompetence and cowardice of Tzu Hsi's successors, rather than to any definite policy or organized force of the revolutionaries. At the critical moment of disruption, precipitated by a series of local and unimportant outbreaks, the Government at Peking proved to be without leaders, funds or organization of authority to stem the tide of Young China's undisciplined iconoclasm.

One man alone, Yuan Shih-k'ai, stood firm for a time and struggled single-handed for the maintenance of the

Throne, as the only effective rallying point for the reorganization of a government suited to the needs of the people. At the outset he fought with determination, stoutly declaring his belief that the attempt to establish a Republic in China could only produce "internal wrangling leading to anarchy." But when at last he found himself unsupported by the foreign Powers, whose financial assistance he had had every reason to expect; when he realized that the metropolitan administration and the *literati* of the provinces were just as much disorganized and terrified as the Manchus themselves by the swift development of the revolution, he followed the opportunist traditions of his class and creed, consenting (with perceptible mental reservations) to accept the Presidency of the Republic. It is a fact significant of the condition of public affairs in China that, only three months before, he had declared that to be a party to the establishment of a Republic "would brand him as a liar before all the world," and that Young China never saw fit to charge him with inconsistency in this matter.

As it was at the time of the triumph of the Young Turks in 1908, so it was when Young China upset the Dragon Throne in 1911. Misled by the tumult and the shouting of students and professional agitators, who proclaimed the birth of a new era to the cry of "liberty, equality and fraternity," many observers at a distance and some upon the spot welcomed the establishment of the Republic as a proof of the Chinese people's political consciousness and fitness for representative government. In the infectious enthusiasm of the moment, the deep-rooted economic evils, which are the permanent cause of social and political unrest in China, were overlooked; the clamor of self-seeking politicians was mistaken for an outburst of patriotic fervor, with the result that the permanence and constructive capacity of the new forces were greatly exaggerated.

In particular, many English and American missionaries were vocationally disposed to believe in Young China's intentions and ability to reclaim the people by virtue of Western learning and democratic institutions. In their zealous enthusiasm at the prospect of reaping the long-delayed harvest of their teachings, they were led to believe in the sudden awakening of the Chinese people's political morality. Therefore they overlooked not only the instinctive conservatism of the inarticulate masses, but the self-seeking ambitions which had produced this ferment—to say nothing of the corruption and administrative incapacity which, from the outset, characterized the revolutionary movement. They believed, in fact, in the miracle of a national re-birth. Thus it came about that the inauguration of the Republic was widely proclaimed in Europe and America as the dawn of a new era for China. For a year or more diplomats, journalists and missionaries vied with one another in forecasting the nation's brilliant future: everything that, after long centuries of education and effort, Europe had evolved in the direction of constitutional government, was to be introduced at once, and with complete success, in the new Utopia of the Far East. All the ancient foundations were to be uprooted with the

Throne: Confucianism, the cult of ancestors, the patriarchal philosophy of the Sages, all were to be replaced, in the twinkling of an eye, by the latest thing in democratic institutions, with a Constitution broad-based on the nation's will, a government of the people, by the people, for the people, universal suffrage, conscription, and even votes for women.

Opinions of this kind, arising out of one of the most persistent delusions common to humanity, are more easily disseminated than dissolved. With regard to China's brief vision of Celestial Socialism, there are evidently some who still believe in the mystic power of political formulæ to accomplish the impossible and to change the whole structural character of the race. Yet the history of Young China's brief authority has been written with bloodshed and chaos throughout the land, in such a manner as to shatter beyond repair the people's faith in the healing virtue of the new dispensation. Within six months of Sun Yat'sen's declaration that the passing of the monarchy heralded "the dawn of peace and prosperity," "just laws and honest administration," the people's instinctive desire for authoritative rulership had been clearly demonstrated. Even at that time Young China, absorbed in futile dissensions and sordid intrigues, had manifested the hopelessness of its bright vision of the millennium, while the present military dictatorship was beginning to assume definite direction and authority. Eight months after the revolution, the military and police authorities of the provinces had warned the members of the National Assembly "to cease from thwarting the Government by their senseless and selfish factions." The political phenomena, which had been regarded by many as evidence of the fitness of the Chinese people for self-government under European institutions, had proved to be superficial and transient. The reaction of the *literati*, of the military and the merchant classes against Sun Yat'sen's political adventures proved clearly, if proof were needed, that the real causes of unrest in China remain economic in their origin and that, for these, the catchwords of Republicanism could provide neither remedy nor relief.

It is unnecessary here to recapitulate all the steps by which, during the past three years, Yuan Shih-k'ai has succeeded in gradually bringing something like order out of chaos, restoring the authority of the central government in the provinces and repairing the administrative and fiscal machinery dislocated by the revolution. As a study of masterly statecraft "steadily pursuing the unbroken continuity of time-honored traditions," the subject is one of fascinating interest. To anyone familiar with the career of this super-Mandarin, as Viceroy of Chihli under the Manchu dynasty, with his adroit opportunism and nicely-balanced adjustment of shrewd conservatism and progressive tendencies, there has been nothing surprising in the measures which he has adopted to meet the exigencies of a delicate and dangerous situation; but there is something very remarkable and admirable in his firm grasp of that situation, in the unerring ability with which he has combined the *suaviter in modo* with the *fortiter in re*. At the outset, and until he had secured control of funds sufficient

to purchase the loyalty of the military commanders in the provinces, he practiced the policy of wait-and-see à l'*Orientale*, with consummate skill, frequently stooping to conquer but losing no "face" in the process, employing all the arts and crafts of expediency, first to conciliate and then to divide the active elements of Young China.

Many of the stratagems and devices employed by Yuan and by his secret agents at the provincial capitals during the first two years of the Republic were characterized by venality, "frightfulness" and corrupt intrigue. The Velvet Glove worked silently, using the best materials within its reach and biding its time to reveal the Iron Hand. When finally, by a bold stroke, Yuan had successfully negotiated the foreign loan which gave him command of the sinews of war, the forces of his opponents had become so disorganized that their last attempt at armed rebellion (the "war to punish Yuan") was foredoomed to ignominious failure. Thenceforward, while solemnly professing respect for the theory of Republicanism, the President proceeded steadily to restore the principles and practice of autocratic government. After the dissolution of the Young China party, he made an end of the National Assembly and the provincial self-government Assemblies, carefully explaining at each step the necessity for these measures by Republican "mandates" couched in the classical phraseology of Imperial decrees.

In October, 1913, after his definite "election" to the Presidency, he proclaimed his policy in words which left little room to doubt his determination to restore the ancient edifice of autocracy. "Restrictions have been placed on my authority," he declared, "which have hampered me in my work of promoting the country's best interests." True, he reaffirmed his faith in gradual reforms and his intention to proceed in due course to the establishment of constitutional government. But the Provisional Constitution was suspended (it had never been more than a scrap of paper) and replaced by "the Presidential system" of government, that is to say, by One-Man-Rule. To preserve some semblance of constitutional methods, Parliament was represented by an "Administrative Conference," composed almost exclusively of the President's nominees, *literati* and officials of the old régime. Upon the advice of this Assembly, supported by numerous "petitions" from his own faithful henchmen, the civil and military governors of the Provinces, a vigorous revival of Orthodox Confucianism was organized throughout the country, as a preliminary to the President's dramatic emergence in the rôle of High Priest to perform the solemn sacrifice of the Winter Solstice at the Temple of Heaven.

There is no doubt that the people as a whole regarded this momentous step as equivalent to the complete restoration of the classical tradition of government, and with it, of the Dragon Throne. But for Yuan and his advisers, the time had not yet come to put the crowning touch to their work. Everything must be done decently and in order, without unseemly haste. There were still elements of internal disorder to be dissolved, influential waverers to be won over to the policy of centralization, foreign opinion to be conciliated, many "faces" to be saved. Therefore,

each step taken towards the substance of autocratic government was accompanied by professions of deep respect for the shadow of Republicanism.

The Administrative Conference played their solemn game of make-believe in accordance with all the rules of orthodox tradition; even the restoration of the Worship of Heaven, they explained, was "Republican in spirit." And all the while, Yuan, "in the profound seclusion of the Palace," kept a firm grasp on the situation, gauging the force of public opinion from every quarter, timing every move in the game with the precision of a master-player, steadily increasing his hold over the provinces and their revenue-producing capacity. He knew—none better—that the loyalty of the majority of his supporters, and particularly of the army, is *au fond* a loyalty of loaves and fishes. He realized that his power on the Empire must ever depend on control of ready money sufficient to secure the removal or conversion of malcontents and to provide for the repression by force of widespread elements of disorder. As for the masses of the people, he has declared his firm belief that they, like himself, are "no lovers of changes which run counter to immemorial custom"; for the rest, he knows that they care not at all what the form or fashion of the Government may be, so long as it secures for them surcease of civil strife and reasonable security for life and property.

The Presidential mandates issued during the past eighteen months afford striking proof of Yuan Shih-k'ai's profound knowledge of his countrymen and of his conviction that they will welcome the restoration of the autocratic form of government to which they are accustomed. These mandates afford also instructive examples of the curious admixture of patriarchal philosophy and childish naiveté which characterizes the Chinese mind (whether Young or Old) whenever it attempts to graft new wood of European origin upon the venerable tree of native statecraft. The avowed purpose of the most important of these mandates was "to lay the permanent foundations of the new constitution in China"; their immediate and practical result has been to remove the last vestiges of constitutional procedure. The Presidential Election law, promulgated in December, 1914, conferred ten years of office on the President, who is eligible for re-election by a vote of two-thirds of the Administrative Council. To "prevent intrigue and strife," the President is empowered to nominate three persons (whose names he records and secretes upon a table of gold), one of whom is to succeed him in the event of his death.

Another mandate, issued in response to a memorial by the Censors, decrees that henceforth "no member of any political party shall be eligible for membership of Parliament." By the first redrafting of the Constitution in March, 1914 (the work is still proceeding), full powers were conferred upon the President to declare war and make treaties without reference to parliament (doubtless a wise measure, since parliament had ceased to exist). In his hands, also, was placed supreme authority over the finances and armed forces of the country. Finally, a leaf was carefully selected from Great Britain's wait-and-see procedure of parliamentary reform, by the promise of a

model Parliament, to consist of an Upper and a Lower House, which is to be elected and convened at some convenient season in the future. For the present, however, all the necessary functions of automatic recorders of the President's wishes are fulfilled by his faithful retainers and nominees on the Tsan Cheng Yuan, or Council of State. And the President, be it noted, is not liable to impeachment.

Thus, out of the chaos left by the passing of the Manchus and the turmoil of the revolution, Yuan Shih-k'ai's genius of statesmanship, conforming strictly to the ancient classical model, has succeeded in effectively restoring the authority of the metropolitan administration, with himself as its head, in the undisguised capacity of dictator. Every stage in his intricate program has been silently and skillfully carried out with the polished smoothness of a conjuring performance, and the general effect on the audience has been such as to completely justify those who hold that the Chinese people are in no sense fitted, or even anxious, for self-government. In other words, only under a benevolent form of despotism, conforming to the Confucian traditions of government, can law and order be maintained. By his very aloofness and dignified reticence, by his acute perception of the "happy mean," and pursuance of the lines of least resistance, by his masterly handling of semi-independent military chiefs and provincial officials, Yuan has succeeded in establishing himself in the eyes of the people as the Strong Man, the Man of Destiny, the only ruler in sight who can possibly hold in check the ever-present elements of disorder.

When compelled by *force majeure* to bow to the demands of Young China after the revolution of 1911, Yuan Shih-k'ai was well aware, and was at no pains to conceal his opinion, that the republic was an accidental and transient phenomenon which, because of its fundamental opposition to Confucian principles and ideals, must speedily disappear before the deep-rooted conservatism of the masses. At the same time, because of that very conservatism and the semi-divine position of the occupant of the Dragon Throne as the apex of the Confucian system, Yuan Shih-k'ai perceived clearly the dangers and difficulties inseparable from the creation of a new dynasty.

The divine right of monarchs in China being intimately bound up with the sacred institution of ancestor worship, it is a matter of tradition that no new dynasty can rightfully claim the "mandate of Heaven" unless it has overthrown its predecessor by force of arms. It is safe to say that when Yuan struggled to retain the Manchu hierarchy in its place, as a figure-head shorn of despotic authority, he did so because he realized that the eventual restoration of the Throne was inevitable, and that grave dangers must confront the creation of a new Imperial house. Those dangers have undoubtedly been lessened by the insidiously gradual assertion of Yuan's autocratic authority during the past three years, and by the fact that the people (including the Manchu clans) have thus been led to regard him as the head of the State. It is no longer true, as it was when Sir Robert Hart advised against the abolition of the Manchu dynasty in 1901, that "there is no man of

mark whom all China would accept' in their place. Yuan has had time to make his mark, and has made it, in such a manner as to gain the approval of the great majority of his countrymen. Some of his methods have been extremely "slim," and certain of his swift reprisals have been barbarous according to Western ideas, but all have conformed to time-honored precedents of Chinese rule, and therefore none have aroused anything like popular indignation.

Nevertheless, there is no doubt that, the mind of the classical orthodoxy of Confucianism being what it is, Yuan was wise, four years ago, in endeavoring to retain the Manchus on the Throne. It is necessary, in view of the latest developments of the situation at Peking, to bear in mind that in 1912 he declared the well-deserved unpopularity of the Manchus to be a remediable evil, which he proposed to remove by "depriving the reigning family of all power to renew the misgovernment of the past and to retain them only as an emblem of monarchy." It should also be borne in mind that, during his tenure of office as Viceroy of Chihli and close adviser of the Throne, Yuan himself had given repeated proofs of wisely liberal tendencies and progressive methods of administration, always combined with a keen perception of the period of sudden changes.

He, foremost amongst the high officials of China since the death of Li Hung-Chang, had recognized the advisability of adopting the arts and sciences of the West. In his own *yamen*, he had surrounded himself for many years with the ablest of the foreign-educated students, and had advanced many of them to high office in the State. If he took the side of the Empress Dowager against the Emperor and K'ang Yu-wei's Reform movement in 1898, it was because he saw no prospect of practical constructive statecraft in the sweeping changes which they proposed to introduce. But it was he who subsequently, in 1901, successfully urged upon Tzu Hsi the necessity for taking definite steps in the direction of constitutional procedure. It was he again who, in 1904, inspired the momentous decree which abolished the classical essay system of examination for the public service, making graduation at one of the modern colleges the only road to official employment. Finally, it was upon his advice, carried out by his lieutenant, T'ang Shao-yi, that the Empress Dowager decreed the abolition of the opium traffic.

The whole policy of his administration as Viceroy reflected, in fact, his perception of the new intellectual and political forces which Western learning, intercourse with foreigners, and improved means of communication had created, and his intention to direct these forces along constructive and not destructive lines. It is extremely interesting to compare the methods and results of his viceregal policy with those reflected in his Presidential Mandates of the past two years. Throughout them all we find evidence of persistent devotion to that doctrine of the "happy mean," which was the cornerstone of Tzu Hsi's statecraft and the secret of her lifelong success. For him, as for her, there are certain things which change not, namely, "the three fundamental bonds (between sovereign and subject, father and son, husband and wife) and the five great moral obligations. These are as the sun and moon, for ever enlightening the world; but in all other matters, there should be no hide-bound finality of ideas, no rooted objection to change."

In other words, Yuan Shih-k'ai has endeavored to combine progressive statesmanship with devotion to the principles of orthodox Confucianism. This being his policy, and because the Confucian *literati* and gentry constitute the backbone of the intellectual life of China, every step which Yuan Shih-k'ai has taken towards the restoration of the monarchy reveals his desire to secure, above all, the approval and support of the scholar class. Whether he will secure that support, and having secured it, whether he will make bold to found a new dynasty in his own person, remains to be seen. The consensus of opinions conveyed by

the memorials and petitions that have poured in upon the Council of State from the provinces, and especially those of the military chiefs, indicate a desire and expectation that he shall ascend the Dragon Throne without further delay. But these opinions, and the men who utter them, are obviously inspired by the wirepullers at Peking, and do not necessarily represent any greater sincerity of conviction or public enthusiasm than the loyal sentiments professed by the same classes upon the proclamation of the Republic. The dominating feature of the situation lies in the fact that the direction of affairs is at present in the hands of the army, and that its leaders, looking to Yuan as their chief and as the sole dispenser of honors and wealth, desire his elevation to the Throne, because as Emperor his prestige amongst the instinctively conservative people must be greatly increased, and with it his opportunities of rewarding his active supporters.

From the almost indecent haste with which all sorts and conditions of office-holders and place-seekers have hastened to join the "Chou An Hui," and to denounce the futility of Republicanism, it is evident that the agitation for a return to the monarchical system, like all politics in China, is fundamentally a matter of loaves and fishes. In noting the apparent unanimity of public opinion which they express, and the rarity of dissentient voices, it must be borne in mind that, except in the press of the Treaty Ports, opposition has been effectively silenced by the arbitrary measures of the police and provincial authorities. Nevertheless, opposition does exist, not only amongst the revolutionary leaders and refugees in Japan, but also amongst the more conscientious and patriotic elements of Young China and amongst the orthodox Confucianists whom Yuan has endeavored to conciliate.

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Making all due allowance for the seriousness of these problems, the policy followed by Yuan Shih-k'ai since the abdication of the Manchus would appear on broad grounds of statesmanship to be better suited to the needs of the country than anything which has been advocated by his critics and opponents. His steadfast opposition to the chaotic medley of empty democratic forms, proclaimed as Republicanism by Sun Yat'sen and his followers, was speedily vindicated by results. The hopelessly undignified proceedings of the first Parliament of the Republic, its cheap and nasty imitations of European Radicalism, and the flagrant corruption of its demagogues, were enough in themselves to cause a general reaction in favor of the Confucian tradition and the patriarchal system of government. The pinchbeck program of the Young China party, utterly discredited within a year of its announcement, was sufficient to convince every impartial observer that, for the present and for the immediate future, China's only protection from the instability of a rampant democracy lay in the establishment of despotic authority in capable hands. As President, Yuan has displayed the two qualities essential for autocratic rulership in China, namely, courage and the wisdom to build upon the solid foundations of time-honored tradition. He has acted consistently and firmly upon his conviction that progress must ever be subordinate to law and order, and that, if China is to achieve prosperity and good government, it can only be by virtue of institutions which conform to the structural character and genius of the people. In his practical recognition of the vital truth lies his chief distinction and his claim to supreme authority.

Assuming that the course of events, or his own ambition, will compel Yuan Shih-k'ai to discard his original intention of retaining the Manchu dynasty as the figure-head of a limited monarchy, and that he will allow Imperial greatness to be thrust upon him, many difficult problems must continue to confront his statecraft. In the first place, the position accorded to the Manchu Princes and to the young Emperor by the terms of the Abdication Decree (drafted under Yuan's personal direction) was unmistakably designed to provide for contingencies of reaction and to

permit of the Manchus being reinstated, should occasion arise. The Court has been allowed to retain all its ancient dignities, privileges and etiquette, and has preserved the closest relations with the Presidential Palace, to the evident satisfaction of ultra-conservative mandarins.

The recent attitude of the Iron-capped Princes and other Manchu dignitaries towards the monarchical movement is somewhat difficult to explain. With the exception of the Imperial Guardian and the Emperor's Tutor they appear to have generally supported the Chou An Hui programme and the enthronement of Yuan. Prince Ching, for example, advised the Clansmen in September that they should forward a petition to the Council of State, in the name of the Imperial House, advocating the restoration of the monarchy. It is probable that, as far as the majority of the Manchu nobles are concerned, the question which has weighed with them most is the permanent security of their pensions, but it is by no means improbable that some secret arrangement has been come to between Prince Ching and Yuan Shih-k'ai to preserve the ancient dignities and ceremonial of the Clansmen and Court. Very interesting were the negotiations, which ended in October, for the Court's removal to the Summer Palace, leaving the Forbidden City henceforward as the residence of the President; very interesting also a memorial submitted by certain Censors at about the same time proposing that, in the event of a new dynasty being founded, the ancestral province of Feng-Tien should be restored to the Imperial Manchu house. But even more significant is the statement, made public in Peking on the 28th of November, that the sixth daughter of Yuan Shih-k'ai was on that day betrothed to the young ex-emperor, Hsüan Tung. The go-betweens were Prince P'u Lun (himself at one time lawful aspirant to the throne) and General Yin Chang, ex-Minister for War. This arrangement, typical of Yuan's statecraft, should facilitate the amicable adjustment of several delicate problems.

The fact that Yuan Shih-k'ai's authority has been upheld and the Republican régime ended, by virtue of his command of the country's military forces, presents another grave problem. No one knows better than Yuan himself that his authority over these undisciplined armies depends entirely upon his ability to retain their "loyalty" by high pay and liberal rewards: his intimate knowledge of the economic conditions and history of China can leave him no room for doubt on this score. With the disappearance of the Manchu's prestige and central authority, the only alternative to the military dictatorship which he succeeded in establishing lay in perpetual strife between the semi-independent commanders of provincial armies, with widespread destruction of all productive industry.

Using the only materials at his command, by methods of the traditional Chinese type, he secured the unstable allegiance of generals like Chang Hsün and Tuan Chi jui, and by their aid put an end to the activities of revolutionaries, free-lances and brigands. By their aid, for the time being, he has re-established the authority of the central government and restored law and order throughout the greater part of the country. But he is fully alive to the dangers which the State must incur by allowing the civil authority to be subordinate to the military. He knows also from personal experience that every body of soldiery in China is a rebel force *in posse*, ever avid of change because change means plunder, ever open to conspiracy, to treasons, stratagems and spoils. But Yuan learned statecraft under Tzu Hsi, probably the ablest exponent in Chinese history of the art of *divide et impera*. Given time and a fair share of luck, he may be expected to find means of persuading a large portion of China's "braves" to exchange their swords for ploughshares. It is all in his favor that the classical traditions of the public service in China permit of the conversion of high military commanders into civil dignitaries.

The danger of assassination (to which all high officials

in China are exposed at the hands of Young China militant and other malcontents) is one against which Yuan Shih-k'ai has been able to protect himself successfully in the seclusion of the Forbidden City. Nevertheless, the use of bombs by conspirators of all sorts has become a chronic factor in public life, and this undoubtedly tends to create among timid officials and journalists a disposition to walk delicately and to speak smooth things. The moral effect of this political terrorism is manifested in the hesitating attitude of more than one branch of the metropolitan administration, in the utterances of the Native Press, and even in the Government's attempts to conciliate the revolutionary element by acts of amnesty and absolution.

As regards the danger of foreign intervention, Yuan Shih-k'ai has certainly estimated the risks. Judging by the reply conveyed by his Government to the representations of the Japanese Chargé d'Affaires on the 30th of October (with reference to the possibility of disturbances, following upon the restoration of the monarchy, which might prejudice Japanese interests) he would seem to believe that the Japanese Government will have less occasion and reason for interference in China's affairs under a monarchy than she has had under the republic. Has not Count Okuma declared that a return to the monarchical system is a matter for the Chinese to decide for themselves? Yuan's attitude in this matter plainly intimates that the danger of foreign intervention is one which will not be either increased or diminished by any change in the form of China's Government. So far as the European Powers are concerned, it has been practically eliminated by the war, and as for the Japanese, recent events have clearly proved that it is not likely to be eliminated by any arguments which China can produce, either as a monarchy or a republic.

On the other hand, Yuan Shih-k'ai is well aware that tamely to submit to foreign dictation in such a matter could not fail to diminish his authority throughout the country and to stimulate a renewal of political agitation and conspiracies by the revolutionary leaders in Japan. His attitude in this matter has been instinct with passive fatalism, of the kind which he has displayed on more than one critical occasion. If the friendly European Powers are unable or unwilling to protect China from wanton aggression, by moral suasion or otherwise, her own resources are clearly powerless to prevent it, and the future lies therefore upon the knees of the gods.

But whether under a monarchy or a republic, under despotism or under constitutional government, China must remain confronted with those deep-rooted causes of unrest which are inseparable from its existing social system and economic condition. In a former article published in this Review, these causes were explained, together with their effects on the domestic and foreign politics of China. Space does not permit of recapitulating them here; but it is of interest and importance to observe that the movement for the monarchical restoration is in large measure ascribable to the same economic and social causes as that which for years inspired the anti-dynastic movement of Young China, and led, by a chapter of accidents, to the proclamation of the Republic. And these same causes must continue to operate, no matter what form authority may take, precisely as they have operated for centuries, because the nation's chronic disease of disorganization is the natural and inevitable consequence of a social and ethical system which inculcates procreative recklessness and passive helplessness.

The rapid growth of the anti-dynastic movement, from 1907 to the revolution of 1911, was undoubtedly due in great measure to the disorganization and distress created amongst the candidates for public service after the abolition of the Confucian system of education. The old competitive system of examination in the classics, whatever its demerits, had been for centuries an important factor con-

ducing to national cohesion and stability. After 1905, thousands of students, wholly or partially educated on modern lines in Japan and Europe, began to return to China, seeking admission to the public service. The failure of the Government to provide posts for them, under a reorganized system of administration, was the root cause of Young China's restless conspiracies. At the same time, the *littérati* of the old régime, whose livelihood was in jeopardy, became severely shaken in their loyalty to the Throne; thousands of "expectant" officials in the provinces, finding themselves condemned to a life of obscure poverty, swelled the ranks of the malcontents, and the Government was thus left practically without supporters among the younger and more ambitious aspirants to public office. Had the Manchus followed a policy of *divide et impera*, setting one class of aspirant against another, creating finely-matched forces of "Ins" and "Outs," the revolutionary movement might well have been checked in its earlier stages.

Just as the fundamental problem of existence amongst the teeming masses of the population lies in trying to fill two stomachs from one bowl of rice, even so economic pressure manifests itself in the higher strata of society, by producing a great cloud of candidates for every public post. Under the old classical system, those who were turned empty away became a band of Hope under the title of Expectants—an ever scheming, ever hungry horde of place-seekers; more philosophically patient than Young China, because of the ethical restraints of Confucianism, but nevertheless a constant factor of unrest. During the brief period of Young China's triumph, the men of the old régime had nothing more to hope for; the classics had been utterly overwhelmed by the rush of Western learning in top hats and frock coats. But gradually, as Yuan Shih-kai's hand became strengthened and as the Confucian system recovered its ancient pride of place, the problem of the unemployed or expectant official began to assume features very similar to those of the pre-revolutionary period.

According to the *Peking Gazette*, there are some fifty thousand expectant officials who have qualified for office under the system of examinations which has grown up, in desultory and indeterminate fashion, since the revolution. These men have been opposed to the Republican régime, if

only because it held out to them no prospect of immediate employment; they might gain, and had nothing to lose in any case, by a change in the form of government. Hence the eagerness of the very men who acclaimed the abolition of the monarchy to make themselves as conspicuous as possible in advocating its restoration. Pending a radical reorganization of the public service, the "expectant" class must continue to be a source of agitation, disaffection and intrigue.

It is also to effective reorganization of the public service, in the hands of the best men available, that the ruler of China must look to secure from the provinces regular revenues sufficient to meet the expenses of government (greatly increased by Yuan's obligations to the army), as well as the heavy burden of the nation's foreign debt. The excellent results achieved during the past two years in the reorganization of the Salt Collectorate, under the expert direction of Sir Richard Dane, justify the belief that Yuan Shih-k'ai not only realizes the necessities of the financial situation, but that he will be able in time to evolve the machinery to cope with them. China can only be saved from bankruptcy and partition by the systematic development of her own economic resources, and by the provision of revenues sufficient to enable the Central Government to pay its way without further recourse to foreign loans.

It remains to be seen whether as Emperor Yuan Shih-k'ai can carry out this stupendous task. Opinions may differ as to the capacity of the present generation of mandarins to produce the necessary qualities of personal honesty and intelligent patriotism; but the consensus of opinion is undoubtedly general and justified, that Yuan Shih-k'ai is the only national leader capable of putting an end to the devastation of civil strife and of directing the forces of reorganization. And this being so, the mind of the masses regards his accession to the Throne as perfectly natural and proper. After the misery and disillusion of the revolutionary strife, the Mandate of Heaven is rightly given to the Strong Man. Should he fail in strength or wisdom, Heaven will take it from him again. Such is the philosophy of the Chinese, bred in them by the accumulated experience of centuries.

J. O. P. BLAND.

AMERICAN OPPORTUNITIES IN CHINA

*Speech of the Chinese Minister at the Annual Meeting of
the Chamber of Commerce of the United States.*

From time immemorial China has been a luring market to the traders of the world. As early as A. D. 166 the representatives of Emperor Marcus Aurelius Antoninus, loaded with a beautiful paraphernalia of gifts consisting of ivory, rhinoceros horns and tortoise shell, tried to establish direct commercial relations with the Chinese Empire. Even at that time the merchants of Parthia had already enjoyed a prosperous trade in silken or cotton fabrics of Chinese production called the *Serica vestis*. Their competition with the Romans is a matter well known to the historian. Others followed in their train to share in the lucrative trade with China. The Greeks, the Persians, the Arabs, the Portuguese, the Spaniards, the Dutch, the English, the Mohammedans, Jews and Christians all journeyed eastward by land or by sea; some few for evangelical work, but most of them for purposes of trade.

In the early days the door of the Celestial Empire was thrown wide open. Restriction of trade to the single port of Canton was a measure adopted at a comparatively very recent date—adopted for reasons of state similar to those which inspire nations to-day to legislate prohibitive tariff and declare against free trade. Whatever the cause for its adoption, the policy of restriction pursued by the Chinese Government proved distasteful to the foreign trader, who had relished the profitability of the China trade and resented its artificial limitations. In order to restore the free movement of trade, some nations went so far as to resort to force.

Notwithstanding its peculiar history, foreign trade in China has fully lived up to the expectations of its early promoters. It has more than trebled in the thirty years, counting from the date when the treaty of Nanking was

signed with England in 1842 at the conclusion of the Opium War. Since then (1872) it has been growing with even greater rapidity. The value of gross imports for 1914 was almost exactly eight times the value of imports forty-five years ago in 1870, and two and a half times that of the imports of fifteen years ago in 1900. Similar growth marks China's export trade. The customs returns of 1914 show that the value of our foreign trade to-day is 917,000,000 H.K. taels, equivalent to \$614,000,000 in the U. S. currency, exclusive of the trade carried on by the Chinese junks plying between China and her neighboring foreign ports.

It is gratifying to observe that the trade between China and the United States has shared in the prosperity of the general foreign trade in China. Although the value of trade between the two countries fluctuated from year to year, the tendency seems to be on the side of progress. Thus, from 1870 to 1895, the value of the annual trade swung back and forth between \$17,000,000 and \$29,000,000 in your currency. Fifteen years ago in 1900 the total trade reached the amount of \$42,000,000, and for the fiscal year ending June 30, 1915, the value of trade between the two countries rose to \$56,500,000, which amount, however, was \$8,000,000 less than that of 1914, and \$4,000,000 less than that of 1913. In fact, the highest records for the last 15 years were that of 1905, which rose to \$80,000,000, and that of 1906, which rose to \$71,000,000. It is clear that in the last few years there is an appreciable decline in the volume of trade between the two countries. In imports into China, however, for the year ending June 30, 1915, the amount of \$40,000,000 is the highest mark for all the preceding years.

But in proportion to the total foreign trade of China, the American share seems to have been steadily dwindling. Formidable rivals of the British merchants in the Far East in the early part of the nineteenth century, sometimes sharing with them half of the total trade, the American merchants then held a venerable second place in the list of the Powers having trade relations with China, but in the last decade and a half their position has been gradually relegated to that of a poor third. In 1904 the United States shared in China's foreign trade to the extent of 14.9 per cent., but ten years later (in 1914) its percentage fell to 8.9, although the lowest point it reached was 6.8 per cent. in 1910.

Such has been the state of commercial relations between China and the United States in the past. The outbreak of war in Europe has brought about an entirely new situation. With the dedication of the financial resources of Europe to the art of destruction and the consequent dislocation of business and industry in that part of the world, not only has the money center been shifted to America for the present, but the burden and responsibility of supplying the markets in the Far East has been thrown to a very large extent upon the shoulders of American merchants and manufacturers.

Although it may be regarded as wanting in sentiment to speak of the distress and disaster of one nation as an

opportunity of another, yet the fact must be faced. This new situation is, undoubtedly, a stimulus to greater activity and participation on the part of America in the trade of the Orient. It is interesting to note that some steps have already been taken by the far-sighted American bankers and manufacturers in response to the changed situation. This manifestation by the United States of enhanced interest in the trade of the Far East, coupled with the great commercial and industrial awakening that is now sweeping over China, is an auspicious sign, indicative of the vital part which China and the United States, the two richest and most populous powers on the Pacific Ocean, are destined to play in the unfolding of its future as the world's greatest commercial highway.

In discussing the trade relations between China and the United States there are several significant features worthy of notice. One of them is the purity of motive which characterizes their commercial intercourse. There is no ulterior motive on one side and no suspicion on the other. As between them, commerce is carried on with no other consideration than that of the legitimate profits of business. Trade is pursued in the interest of trade, and not for some other hidden purpose, some sinister design. The Chinese are strictly a business people with a keen business sense. They perceive and appreciate the purity of motive on the part of the American trader, and therefore do not hesitate to iterate and reiterate their desire for closer commercial relations with the United States.

Interdependence and identity of interests is another gratifying feature of the Sino-American trade relations. The interests of China and those of the United States run along parallel lines with a peculiar consistency. There is no fundamental conflict or clash to mar the development of their commercial intercourse. China wants more trade with the United States, and the United States, I believe, likes to have more trade with China, each knowing that the more the trade between them the greater the benefit for them both. In fact, no two countries could be better qualified than China and the United States to co-operate with each other in bringing about the realization of the immense possibilities and potentialities of trade in the Pacific Ocean, and in effecting the economic development of Eastern Asia.

China is a vast country with approximately 400,000,000 people, whose growing taste for western culture develops a demand for articles and commodities, a great number of which this country is well able to supply. China is the greatest potential market for the traders of the world in general and for those of the United States in particular. Think of the quantity of cloth needed for clothing 400,000,000 people; the number of pairs of boots and shoes for providing them with footwear; the amount of kerosene oil for lighting their homes; the cigarettes for Chinese men and laces and trimmings, perfumery and cosmetics for Chinese women; the amount of machinery needed for the factories, which the great industrial movement just inaugurated is sure to create, and the quantity of steel rails and

electric materials necessary to provide the nation with adequate facilities for transportation and communication. This is not empty hope, but a fair inference from the returns of trade for the last few decades. Forty-five years ago, in 1870, the value of cotton goods imported from foreign countries was 22,000,000 H.K. taels; in 1914 it was 178,000,000 H.K. taels. The quantity of kerosene oil imported in 1870 was 281,000 gallons; in 1914 it was 225,000,000 gallons. There were 119,000 gross of matches imported in 1870; in 1914 20,000,000 gross. In 1870 the value of metals and minerals imported was less than 4,000,000 H.K. taels; in 1914 it was more than 28,000,000 H.K. taels. In 1870 the amount of cigarettes imported was so insignificant that it was not separately recorded in the comparative table of the Chinese Maritime Customs, but in 1914 the value of this import was 13,000,000 H.K. taels. Likewise the number of tins of condensed milk imported from 1870 to 1880 was too small to be separately recorded; in 1914 it rose to more than 522,000 dozen tins. Twenty-five years ago, in 1890, the value of electric materials imported was 17,000 H.K. taels; in 1914 it was 2,700,000 H.K. taels. In 1890 the value of aniline dyes was 889,000 H.K. taels; in 1914 it was 3,250,000 H.K. taels. In 1870 there were 17,000 H.K. taels worth of flour imported; in 1914 the value of this import was 9,000,000 H.K. taels. The compiler of the latest trade reports in China observes that "the houses of the wealthy are now made bright with window glass and kerosene lamps, furnished with clocks, enamelled ware and gramophones and made beautiful with elegant drawing-room suites and radiant carpets."

Yet, to-day, the value of imports per capita is only 93 cents in U. S. currency. Of this amount the imports from the United States share to the extent of 8 cents. It means that to-day each Chinese spends 8 cents for articles manufactured in this country. If China imports in future as much as Canada, which buys about \$90 worth of American goods per head of the population a year, it means that the United States will have to send to China a hundred times as much as it is now sending. It means \$4,000,000,000 worth of imports instead of \$40,000,000 worth of goods she sends over to-day. It is thus seen that the foreign imports into China have increased by leaps and bounds in the number of kinds as well as in value and quantity. If the past can be taken as an index of the future, the potentialities of the market in China can only be characterized by the adjective immense.

Now the wide use of water and electric power and the application of labor-saving machinery to the manufacture of articles of all kinds has increased and is still increasing the output of your farms, your mills, your factories and your foundries. To dispose of the goods you are making with such rapidity and ease you not only need a market where the needs are commensurate with your present capacity to produce and manufacture, but you require a demand that will increase with your increasing output. China is just the market for the products of your industries. On the other hand, China will have to depend upon the merchant in the United States for disposing of the increasing amount of tea and silk, of carpets and rugs, of bean-cakes and walnuts, of porcelain and lacquer-ware, which the new farms and plantations, factories and kilns are turning out for sale by improved methods and under new management.

Besides these factors of purity of motive, identity of interests and interdependence, there is also the fact that in dealing with China's merchants you have only to deal with a body of merchants of known and tested honesty, which is considered by all to be the best policy in business as well as in other walks of life. They are anxious and eager to deal with the Americans because they know that the Americans are as honest as they themselves.

Then the strong and sincere friendship which the Chinese people entertain for the people of this country is a valuable asset to the American merchants and manufacturers—an asset which money cannot buy and which not all the nations doing foreign trade in China can feel safe to boast of. A prominent American who has recently made an extensive tour in the Orient stated on his return that wherever he went in China he found the sentiment for the United States to be very friendly among all classes of the people, and that all he had to do was to tell them that he was an American and they at once placed their services at his disposal. Gentlemen, the good will of the consumers is a guarantee for successful trade.

It may be asked, what is the best way of promoting the trade relations between the two countries? How can the American merchant or manufacturer increase his business with China? To answer these questions thoroughly would require a discussion of many problems directly or indirectly connected with commercial intercourse. Suffice it to say that one of the ways is to carry on the trade directly with the Chinese people without going through a number of intermediary hands, because direct trade means doing away with commissions for brokers; it means increased profits to the manufacturers and reduced prices for the purchasers. Men who are familiar with the conditions in China and who understand the language would make better agents than those who possess none of these qualifications and therefore must insist upon doing business in their own ways. If new articles are to be put on the market in China, their usefulness must be brought home to her people. The Chinese are slow to adopt new ideas and apt to cling to their old customs; but withal they are a very practical people. If a new article is useful, they like to see it proved; once they are convinced of it, they will use it.

The best way is, undoubtedly, to raise the purchasing power of the people. The more income they have, the more wants they will have. It is by increasing their income that they will extend their purchases from a few things of bare necessity to articles of luxury and comfort. The wages of the laborer in China, though they have risen three or four times in the last two decades, are still very low. The unskilled workingman gets no more than a few cents a day. The increase of his wages in the last twenty years has already enabled him to use matches instead of steel and flint and smoke cigarettes instead of his family "waterpipe." If his wages are raised more, he will be able to clothe his body with foreign fabrics and wear leather shoes, and see motion pictures.

But how to raise the wages of the workingman and thereby increase his purchasing power? The answer is that the natural resources of the country must be developed and adequate transportation facilities must be provided.

This brings me to the fascinating problem of the economic development of China and the part which American capital can play in it. China has mineral, agricultural and natural resources which the whole world regards as being among the richest. The gold mines of North Manchuria, the silver deposits of Jehel, the copper of Yunnan, the iron of Nupeh and Shansi, the antimony of Hunnan, the magnetite of Fukien—these and many other rich mineral deposits are awaiting development. Besides, the southwestern provinces of China and the Yangtse Valley are peculiarly adapted to the cultivation of cotton, there being an acreage of twenty-six million available for the purpose; while the mountain pastures of Kweichew, Szechuan, Tibet, Mongolia and Kansu, by reason of their good climate and plenty of water, food and space, are most suitable for raising wool-bearing animals such as goats, sheep and camels. Add to this the resources of water-power in most parts of China, and the vast amount of cheap but efficient labor, and the vast riverine means of communication, which makes up to a large extent what China lacks in railways, one can

readily realize the immeasurable potentialities and possibilities for industrial development in China and the great opportunities she offers as a field for investment.

If American capital is invested in China, it will not only enrich the United States by the profits it brings to the investors, but it will also hasten the era of industrial prosperity that is now beginning to dawn upon China that it will multiply the power of the Chinese to buy from the United States manifold in a short time. Industry is a veritable handmaid to trade.

You will thus see what great possibilities there are for co-operation between China and the United States in the development of the vast resources of wealth and industry, in which China abounds.

These possibilities are not mere creatures of imagination, but are capable of actual realization. For it must be remembered that you have the necessary money just as we have the necessary resources. Neither of us are mere brokers who have neither money nor goods, but who are interested solely in making a commission at the expense of both the buyer and the seller. There is another point. Your financiers as well as your merchant and manufacturer enjoys the good will of the Chinese people, just as they enjoy yours; and good will is, as I have already said, a sure guarantee for successful business.

In view of these immense possibilities of economic development in China and the great opportunities for American capital to invest profitably, one can easily understand why some people are anxious and eager to offer their services as brokers between us, although one cannot see either the necessity or the wisdom of having such services. In the old days of China marriages had to be contracted, not between the parties directly, but through a match-maker, usually a menial woman, who was more interested in getting her share of the wedding cake and a handsome fee than in the welfare or happiness of the parties whose lives she was uniting into wedlock. As a result hundreds of thousands of families were made unhappy and millions of lives of the ill-mated couples made miserable. The system was tolerated for centuries because the match-makers constantly urged that neither the young man nor the young woman, if let alone, would know how to pick a suitable life partner for himself or herself. But the influence of modern civilization, however, has made the people see the folly of casting their lot in the hands of a third party. To-day neither the young man nor the girl would stand any interference in his or her matrimonial adventure on the part of the professional match-maker. Even the parents, seeing the strong contrast between the happiness in the family of the self-chosen mates and the unhappiness of those who were mated by somebody else, gladly desist from tendering advice to their children in matrimonial affairs. The professional match-makers, seeing their arguments refuted by facts, of course find it necessary to abandon their old-time occupation and have to content themselves with something far less profitable.

Now the business of investment for the big capitalists is just like marriage for the young man or the young girl. If you like to choose the girl yourself when you desire to get married, why should you let somebody else invest money for you when you have money to invest?

Besides it would seem unnecessary as well as unwise. The business Chinese know the Americans and the business Americans understand the Chinese. With their wonderful knowledge of science and their mastery of technical skill, your engineers and experts will have no difficulty in ascertaining, for instance, what mines could be profitably developed and what lines of railroads should be first built from the point of view of the investor. But, it is asked, are there men in China who are able to assist in the execution of great engineering and industrial enterprises? I

give my answer in the affirmative without fear of contradiction. A distinguished Englishman, writing on the industrial opportunities of China, observed:

"A large percentage of the population is highly skilled in masonry, carpentry, iron founding, plastering, wood carving, brass and copper working, and the Chinese conception of mining, and under skilled European training the Chinese develop into most capable laborers, whilst such of them as have been trained in the various coastal dockyards have proved themselves the equal of any labor in the world.

"The Cantonese especially are distinguished for their high ability in all forms of iron and metal work, and excel when trained as lathemen, fitters, etc."

In the erection of buildings of all descriptions the Chinese excel, as is proven by the fact that most of the European buildings in the treaty ports are built by Chinese contractors. Besides, Europe and America and Japan are training thousands of Chinese engineers and experts. The United States alone is educating to-day fourteen hundred students in engineering, mining, agricultural and other scientific and technical branches of knowledge and efficiency. What is most needed is capital. Where money is adequately provided, if need be, trained men can be found to do the work and do it cheaply and efficiently, though comparatively few they are. The Peking-Kalgan Railway, a line of 145 miles, which was, in the opinion of foreign experts, the most serious and difficult engineering proposition ever undertaken in China, with its steep grades, a large number of sharp curves, heavy cuts and hills, and more than a mile of tunnels, was built entirely by Chinese engineers educated in the United States. The successful completion of this line was all the more significant because there was not a few foreign engineers who had thought this piece of engineering was an impossible feat. In spite of all these difficulties, the cost of construction was under \$10,000 per mile, a rate much lower than the roads built by foreign engineers in the less difficult regions of the country. It now brings a net revenue approximately of \$4,000 gold per mile annually to the Chinese Government, and this surplus is being used to build extensions, 90 miles having just been completed and added to the line. The Chinese street railway of Shanghai was built and is operated by Chinese. The biggest iron works in China are managed by Chinese engineers educated in Europe. If further evidence is required, one can point to the big cities in the Straits Settlements, where many of the big business enterprises, such as mining and steamship companies, sugar plantations and banks have been built up by Chinese energy with astonishing success.

Of the total mileage of railways (6,200) now in operation in China, about 80 per cent. was financed by foreign bankers and built with the direct co-operation of the Chinese engineers. With the exception of a few short local lines, they are all making money. The Peking-Mukden Railway, a line of 605 miles, brings approximately a net profit of \$6,565 gold per mile per year to the Government, while the Peking-Hankow Railway, 836 miles long, yields a net revenue of \$14,500 per mile per annum.

These instances, I hope, will be sufficient to illustrate that where money is provided, trained Chinese can be found, if not to undertake the whole work, at least to render efficient assistance in its skilful execution. What I want to emphasize here particularly is that the successful development of the tremendous industrial resources of China does not lie in the combination of American capital with borrowed energy, but in the investment of American capital through the direct co-operation of American skill with Chinese skill, of American energy with Chinese energy. It is only thus that the closer commercial relations between China and the U. S. which the people of both nations desire, and to which they all keenly look forward, can be successfully and profitably attained.

ST. LUKE'S INTERNATIONAL HOSPITAL OF TOKYO

STATEMENT BY THE DIRECTOR.

"Twelve years ago there was started in Tokyo an American hospital for the care of foreigners and Japanese, without respect to creed or nationality. From a small beginning the hospital has grown to an institution of eighty beds, with a staff of two foreign and ten Japanese doctors, a Nurses' Training School with thirty pupils, and a Medical Society of about fifty Japanese members. The professors of the Medical Department of the Imperial University are consultants to the hospital in their several departments. Foreigners throughout Japan, as well as the members of the foreign colony, embassies, and legations in Tokyo, regularly avail themselves of the facilities of the institution. With the increasing number of residents, visitors, and tourists, the capacity of the present hospital is inadequate to meet the growing demands being made upon it, and the time is ripe for building in Tokyo, as a logical development of the present St. Luke's, a much larger institution, to be placed on an international basis by a fund to be raised partially in Japan and partially in the United States.

"It should be remembered that though there are a certain number of good hospitals in Tokyo for the Japanese, they are not equipped or arranged for the care of foreigners. The differences in ways of living, in heating, and in management are so radical that a foreign patient introduces an element of disorder into a Japanese hospital.

"Tokyo has not only a large permanent foreign population, but it is also a centre for travelers from all parts of the world, and especially from our own home-land; and it is the logical place in the Far East for the establishment of a thoroughly modern international hospital.

"The charity service of the hospital will fill a much greater need than is realized by those not intimately familiar with conditions in Japan.

"Tokyo, with over two million inhabitants, has about four hundred charity beds for its poor, while New York, with less than five millions of population, has over twelve thousand beds.

"The large free dispensary will take care of at least two hundred charity cases a day, and fifty of the hospital beds will be entirely free, while another fifty will be charged for at merely nominal rates. The remaining fifty beds, in private rooms, will be for well-to-do Japanese and foreigners, and from the receipts of this department the hospital will derive a large part of its support. A thoroughly organized group of district trained nurses (Japanese) will be connected with the hospital for visiting, instructing, and nursing the poor. This is a very urgent need in Tokyo.

"The hospital will serve all classes, irrespective of creed or nationality.

"A complete laboratory equipment for clinical and scientific research will be an important part of the work."

THE ACCOMPLISHMENTS AND NEEDS OF THE HOSPITAL.

St. Luke's, after an interesting and fruitful twelve years'

history as an international hospital, for the greater part of this period the leading establishment of its kind in the Far East, is now making efforts to widen the scope of its important and successful work. These efforts are fully justified by its past accomplishments in behalf of not only the people of Japan, but for citizens of all nations and beliefs.

The American Council of St. Luke's International Hospital has been organized to secure a fund in the United States for building in Tokyo a thoroughly modern hospital for the care of foreigners and Japanese. The personnel of this Council is entirely non-sectarian.

Many of the members of the Council, including Hon. Lloyd C. Griscom, Hon. Thomas J. O'Brien, Hon. Larz Anderson, Dr. Charles W. Eliot, and Dr. Hamilton W. Mabie, have visited St. Luke's and are themselves thoroughly familiar with the situation in Japan and the needs of the hospital. They are strongly of the opinion, based upon personal experience and careful investigation, that not only is the present St. Luke's Hospital now filling a very distinct want, but that there is pressing necessity and justification for the facilities and scope of the hospital to be enlarged. This appeal is for funds with which to help meet an offer from representative men in Japan to purchase suitable land in Tokyo and (1) To provide a modern hospital for foreign residents and travelers in the Far East. The joint co-operation of the Medical Faculty of the University of Tokyo in addition to the services of the leading specialists in the city affords the highest professional service obtainable in the Orient. The high professional standing of the leading physicians and surgeons in Tokyo make the city the logical place for establishing a modern general hospital to serve foreigners throughout the whole East.

(2) To dispense more freely aid to the sick and suffering poor of Tokyo, hundreds of whom must be refused treatment every month because of lack of facilities to serve them in the present Hospital.

(3) To furnish a Modern hospital in the Far East, and to establish a central point for the study of Oriental diseases and Scientific research.

(4) To cement by International co-operation and a living working organization the friendship between Japan and America.

(5) To illustrate by demonstration practical Christianity. To fit and train Christian nurses and doctors who shall go forth well prepared to minister to the sick and with the ability to shed a permeating Christian influence for good.

WHAT JAPAN HAS DONE.

To prove her genuine interest in this undertaking Japan has given the strongest endorsement which lies in her power.

His Imperial Majesty the Emperor of Japan has been pleased to grant fifty thousand yen from his privy purse as a part of the Fund to be given in Japan. This gracious act of His Majesty is accompanied by official approval of the

plan and definite assurance of Imperial patronage. So unprecedented and signal a favor from the Imperial Household has at once placed, as nothing else could, the work of the St. Luke's Hospital on a plane of unparalleled usefulness. Under the guidance of the Premier, Count Okuma, as President, a Japanese National Council has been formed with Barons Goto, Sakatani and Shibusawa as Vice-Presidents. The membership comprises over fifty of the most prominent Japanese in Government, Educational and Financial circles in the Empire, insuring in Japan continued interest and support. They have already subscribed 100,000 yen.

Japan awaits with interest America's response!

WHAT AMERICA HAS DONE.

One year ago the following resolution offered by Bishop Brent at the Joint Session of the General Convention of the Protestant Episcopal Church, at New York, on October 17, 1913, was unanimously adopted:

"Be it Resolved, That as an expression of the good will of the Protestant Episcopal Church in America, and of the feeling of brotherhood in the common work of establishing peace throughout the world on a basis of justice and international co-operation, the House of Bishops and the House of Deputies of the General Convention, in joint session assembled, heartily endorse and approve the effort to establish St. Luke's Hospital as an International Institution and request that the people of the Church give liberal and prompt offerings for the realization of the plan."

The development of St. Luke's during thirteen years of steady growth clearly demonstrated to America as well as to Japan the great need in Tokyo of the Hospital. By its influence it has been not only an exponent of high ideals, but a distinct factor in International friendship. The demands both in the In-patient and Dispensary Departments far exceeds the capacity of the Hospital, and the formation of the American Council in New York was the first definite organization made in response to the appeal for help. Following rapidly upon this came the formation of the Woman's National Council and a Joint Executive Committee of the two. As an indication of the universality of the appeal the Japan Society of New York promptly appointed a supplementary committee to co-operate with the National Councils. In response to the appeals made there is in hand in cash and pledges approximately \$75,000 towards the *Minimum* of \$200,000 which must be secured in America before the new Hospital can be begun. It is interesting to note that of the 48 States to which appeals have been made 44 have sent contributions.

THE APPEAL.

Primarily the appeal is to every man and woman who has the interest of Christian civilization at heart, and a desire to cement more firmly the friendship of America and Japan. That this is no idle claim, and that Japan appreciates the high ideals for which this movement stands, is proved by the prompt and Official sanction given this undertaking by the Imperial Household and the Government of Japan.

To-day the Pacific Ocean is no longer a vast stretch of water separating the East from the West, but rather it has become a broad highway knitting together ethically and commercially the interests of two of the most progressive Nations on the earth. Whatever the political factions on either side of the Pacific may attempt to infuse into the life of these two countries, they are irrevocably linked together and dependent one upon the other. America faces no more serious problem to-day than her relationship with Japan. Peace Societies in both countries strive through literature and the exchange of envoys to clear the misunderstandings which persistently arise. The issue is real and imminent and the establishment of St. Luke's International Hospital offers the first definite opportunity of co-operation along practical productive lines. Encouraging as results have been now that Japan has definitely assured her full assistance it is more than ever a question of *honour* that America show her sincerity in promptly providing funds for the full realization of the plan. It is absolutely necessary that there be no further delay in building the new Hospital if we are to hold and take advantage of our present position.

Certainly viewed from the most conservative standpoint the work of Christian civilization has never before had so great an opportunity, or so clean cut a challenge.

INDIVIDUAL GIFTS FOR SPECIAL OBJECTS.

Who will provide the new dispensary building and thus be the means of ministering to at least two hundred and fifty sick poor each day?—\$20,000 will do this.

Who will give us a Children's Ward?

Twenty thousand dollars will build one to accommodate twenty children.

One thousand dollars provides for 1 bed.

We should like to provide for 25.

Will someone provide a Maternity Ward?

There are only 35 beds in all Tokyo with its population of over 2,500,000 where worthy poor mothers can go for proper treatment.

Twenty thousand dollars will provide for 20 beds, including the operating rooms, sterilizing, incubating and nursing departments.

Who will provide a comfortable home for the nurses whose permeating influence is to go all through the home of Japan?

The influence of a Christian Hospital as an evangelizing agency can be no more clearly demonstrated than by the statement that every nurse who has graduated from St. Luke's during the past ten years has gone out a Christian. The significance of this fact will be realized when we remember that there are forty nurses in the present school.

Six thousand five hundred dollars will build the home to accommodate 25 nurses. Total accommodation for at least 75 is required.

Two hundred and fifty dollars will provide for each additional one.

In addition to the above imperative needs, there should be an administration building costing \$25,000.

A department for paying patients costing \$100,000. (This will be self-supporting.)

A free department with 50 beds costing \$50,000.

A laboratory for medical and scientific research costing \$30,000.

A building for Infectious Diseases costing \$15,000.

A building for the care of mental diseases costing \$10,000.

An out-of-town station for the treatment of tubercular patients and convalescents costing \$10,000.

The new Hospital will be constructed of steel and reinforced concrete, with hardwood flooring, double walls and probably hollow tiles or cinders and plaster blocks, flat roofing. The architecture preferably to be a combination corridor and pavilion type. The estimates for building this Hospital have been carefully compared with United States Government Hospital in Manila, English General Hospital in Ceylon and several modern hospitals constructed in the United States. The unit adopted is the complete cost per bed.

(Signed) RUDOLF B. TEUSLER, M.D.

CASH AND PLEDGES.

Cash from His Majesty, The Emperor of Japan...	\$25,000
Cash from Count Okuma (Premier of Japan), and Representative Japanese	50,000
Cash through the Board of Missions.....	25,000
Cash through the American Council.....	16,540
Cash through the Women's Council.....	38,000
Total Cash	\$154,540
Total Pledges	75,460
	\$230,000
February 10, 1916, Recent Cash and Pledges.....	80,000
February 16, 1916, Pledge from Group of Gentlemen in Virginia.....	50,000
	\$360,000

THE POPULATION OF SHANGHAI

Publication in the *Municipal Gazette* of the results of the census of the Chinese of the International Settlement makes it now possible to consider the population of Shanghai as a whole, including Chinese and foreigners in both settlements—International Settlement and French Concession. The census was taken on October 16, 1915.

Taking the population of the two settlements as a whole, it is found that in five years the number of residents in Shanghai has increased by 170,433, or at the rate of nearly 35,000 annually since 1910. The total number of Chinese in the International Settlement, as given on the table published in the *Municipal Gazette* last week is 620,401; adding to this the number of foreigners already published, 18,519, the total number of people residing in the Settlement is 638,920. In the French Concession there are 146,595 Chinese and 2,405 foreigners, or a total of 149,000. The grand total of the two for 1915 is 787,920.

In 1910, in the International Settlement there were 488,005 Chinese and 13,536 foreigners—501,541 in all. In the French Concession in 1910 there were 114,470 Chinese and 1,476 foreigners, or a total of 115,946. The grand total of the two settlements for 1910 was 617,487, or in other words,

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170,433 less than the 1915 figures. In the five years the combined population has increased by 170,433, the Chinese increase being 164,521 and the foreign increase 5,912.

Considering the foreign population first, some interesting information discloses itself as a reference to the table printed below will show. There are more than thirty nations and peoples represented in this most cosmopolitan city, and of these only five show decrease since the census of 1910. All other nations show gains, from such small gains as two each for Bulgaria and Montenegro, to a gain of 3,921 for Japan. The Portuguese have decreased from 1,510 in 1910 to 1,352 in 1915, a loss of 158. It would be interesting to account for this loss in view of the fact that the Portuguese have been steadily increasing, their population for the Settlement alone being as follows in past years: 564 in 1890, 731 in 1895, 978 in 1900, 1,331 in 1905, 1,495 in 1910. One explanation offered is that possibly a considerable number of Portuguese have registered in other consulates during the past five years.

The French have also lost 158, the total French population now being 608 as compared with 766 in 1910. The French population of the Concession alone should be about 700, according to an official of the French Municipal Coun-

oil, and the decrease now indicated seems to show that about 400 of Shanghai's French citizens have left for the war. The Persians have decreased by ten, and the Egyptians, of whom there were eleven five years ago, have decreased by three. The fourteen Arabians who were here in 1910 have disappeared.

According to these new combined figures, the five leading nations represented in Shanghai are:

1, Japanese	7,387
2, British	5,521
3, American	1,448
4, German	1,425
5, Portuguese	1,352

The Japanese have more than doubled during the five years, having increased from 3,466 to 7,387, a gain of 3,921. In 1890 there were only 386 Japanese in the International Settlement, and in 1900 736, having doubled in that decade. In the past ten years the Japanese have more than trebled.

That the British population has increased by only 731 (from 4,790 to 5,521) since 1910, may readily be accounted for when it is recalled that well over 500 have gone home to join the colors. The Americans have gained substantially, having increased from 984 to 1,448, and now occupy third place in the list. The German increase is practically the same as the American, the figures being 959 in 1910 and 1,425 in 1915, a gain of 446.

In the International Settlement the proportion of males to females (including children) is about as 10 to 8 among the foreigners, while in the French Concession the sexes are more equally divided. Taken as a whole, Shanghai has

11,691 males and 9,233 females. In 1890 the proportion of males to females was as two to one. In the Settlement there are (1915) 10,430 males and 8,089 females, and in the Concession 1,261 males and 1,144 females. The sex proportion among the foreign children is remarkably even, there being 2,477 boys and 2,441 girls under fifteen years of age. Those over fifteen are counted as adults. Of the children there are 2,233 boys and 2,045 girls in the Settlement and 244 boys and 396 girls in the Concession.

The results of the Chinese census published in last week's *Municipal Gazette* give so much interesting detail that it is impossible fully to treat of it here. In the Settlement the total of 620,401 Chinese is made up of men, women and children from the eighteen provinces totalling 539,215; in foreign employ (houses, offices, mills, etc.) there are 33,168; living in villages and huts, etc., are 36,772, and the floating population on the river and creeks is 11,248. In the Concession there are 64,702 adult males and 18,463 male children, and 33,469 adult females and 13,573 female children. In foreign employ in the Concession are 3,230 males and 658 females. To this total of 134,095 is added 5,500 floating and 7,000 transients, bringing the total up to 146,595.

The Chinese population of Shanghai, however, must be very much greater than the total of 787,920, as there are many more thousands who are living in unnumbered houses and in districts where there are no roads even. Taking into consideration the thickly populated surrounding Chinese territory with its added thousands that cannot be even approximated, the actual population of the port, it is thought, must be well toward 1,500,000.—*N. C. Daily News*.

THE WHITE MAN IN ASIA

From the Contemporary Review.

The paramount problem of the expansion of the white races through those regions of the world suitable for its continuance, a problem which grows in weight and importance from year to year, and which must, in a not very remote future, find a partial solution in the extermination of many of the dark-skinned races which now reveal to investigators a practical epitome of the development of humanity from its earliest beginnings, leads to the serious consideration of those geographical conditions which influence it at present, and must inevitably decide the fate of it in the long last. How much of the wide world is there left which is still open to white colonization? In Europe a certain climax has been reached. Practically all territorial doors are closed, and that fierce struggle has commenced for the survival of the fittest, which we must regard as the heritage of the world's overgrowth of population. That which to some appears to make for the strength and riches of individual nationality, appears to others to threaten disaster to humanity at large. We must take it as we find it. The question is too large for discussion here. In Asia, whichever way we look, we are reminded that other racial communities, which are not white, demand the right to increase and multiply, and to inherit the earth on equal terms with the white. Undeniably, the white man in Asia is usually an exotic. He is out of his true environ-

ment. With the exception of Siberia, there is no great space in Asia which can commend itself as a future field for the development of white energy. Siberia is wide, and the doors are open; but we must remember that Siberia first and foremost is the promised land of the Russian, and it is the channel of overflow for the teeming and increasing millions of Russia which enables Persia, Mongolia, Manchuria, and certain districts south of the Oxus to retain definite northern boundaries. At present, European Russia is not suffering from the squeeze of overcrowded humanity as is Germany or Japan, but so far Russian territory in Asia has never been regarded as an outlet for overcrowding on the part of any other European nationality than her own.

Siberia covers an immense area in Northern Asia, extending through more than 25 degrees of latitude and 120 degrees of longitude, including mountains, uplands, lowlands, and steppes, with almost every conceivable variety of climate and orography short of that which we call tropical. There are rich prairies in the middle Amur and Usuri regions, fertile plains covering 25 millions of acres of Tobol and Ishim, rich valleys, lakes, and snow-clad peaks amid the highlands of Altai—a country resembling Switzerland, only three times as large; there are the elevated plains of Eastern Siberia, the land of watermelons;

the flower-spangled steppes of Minusinsk, with the lower plateaus of Transbaikalia, already feeding hundreds of thousands of cattle. Amidst all these are high inhospitable marshes and vast mountain tracts, forest-covered and visited by hunters and gold diggers, and beyond, in the far north, the frozen tundras stretching away to the North Sea. Except for the universally prevailing climatic feature of cold during the long protracted winter, Siberia offers probably the finest and certainly the most extensive prospect for colonizing enterprise that is to be found in the narrowing world. Her mineral resources are immense and mostly unexploited, and her potentiality for future wealth such as promises to make Russia the richest, as she is the most populous, of European nationalities. Siberia might be the Canada of the East, but her severe climate (even in the South) renders her a more suitable habitat for the hardened sons of a Northern country such as Russia, than for those whose early environment has been of a more temperate nature. This severity of climate arises from her geographical position, which interposes the vast plateau of Central Asia between Siberia and the southern sea. Both lowlands and highlands are exposed to the influence of the Arctic Ocean, and the warm south-west winds are deprived of all their moisture as they pass over the plateau of Persia before reaching the Aral-Caspian depression. A current of warm air from the west is only felt in the highlands, where places situated in the Alpine regions above 3,000 feet experience a rise in temperature of a few degrees only, which does not affect the lowlands, where the cold is severe. The summer, if short, is warm, for the days are long and mostly unclouded, and the earth enjoys the full benefit of the sun. As in all uncultivated countries, the forests and prairies of Siberia become uninhabitable in summer on account of the mosquito plague, which is, of course, worse in the low marshy districts than in the higher and drier zones. Siberia is an unparalleled example of the nationalization of land, nearly the whole area being State property with a large reservation in favor of the Cabinet of the ruling Emperor. Private property is quite insignificant in extent, purchase of land being permitted only in the Amur region. To purchase within a zone of sixty-seven miles wide on either side the Siberian railway is permissible, and the extent of Crown lands sold to any single person—or group—for exploiting purposes, is strictly limited. Russian immigration to Siberia has been organized lately, so that immigrants are directed into regions where free land is available, and they now flow into the country in a steady stream numbering some 200,000 per annum. The transportation of exiles, political and criminal, into Siberia, was officially discontinued in 1901; but the descendants of those earlier exiles who have become settled in the country rank amongst the best and most capable of the people. The Russian emigrant is, as a rule, a poor colonist. There are to be found the abandoned relics of Russian colonies in many parts of the world—notably in Patagonia, where they proved quite incapable of adjusting themselves to their new surroundings and positively starved in a land which Welsh settlers found to be a land of plenty. With all its great possibilities and with many natural advantages dis-

counted by the rigorous climate and a long winter, Siberia has never offered a field for European immigration generally. For Russia, at any rate, there is ample room to meet the exigencies of her expanding population for many years to come, and the gradual colonizing incursions of Korean and Chinese from the East, which are yearly increasing, need excite no apprehensions as regards space at present. Asia affords other fields for European enterprise than Siberia, and some of them are important—but there is no other part of that continent of which it can be said that it is really a white man's country; that is to say, a country where the white man may make a permanent home for himself, and where he may leave his children after him to take up his burden. Nature has decreed that under certain physiological conditions, the basis of which are light and heat, human evolution should include a color scheme which is an essential factor in the adaptation of the human creature to his surroundings, and which is an outward and visible indication of man's fitness for life under certain geographical conditions. The dark-skinned man is the recognized product of an environment of strong light and heat, and possesses actual physical characteristics which are only associated with such an environment, and this means to him life and continuance of race, but the white man, originally starting in the race for peopling the world from the cold uplands of High Asia, has never yet adapted himself to a tropical condition of life. He is still by nature and development as much an exotic in the sweltering plains of the equatorial regions as a polar bear would be in the Indian Ocean. Altitude serves him to a certain extent, because altitude means the gain of cool air and cool breezes which are to be found in the tropics, but no amount of the grace of adaptability which is a characteristic of varied force in different races of the white people can ever really adjust the inherent difference in physical construction and render him absolutely "at home" in tropical regions. The Russian, as we have seen, when he starts on the world pilgrimage to the new land of his adoption, is not really making for a new land at all. He is shifting from one environment to a very similar one, and he may walk if he so pleases from Petrograd to Eastern Siberia without setting foot outside of Russia or of Russian climatic conditions. Consequently we seldom see Russians in the rush for pegging out land claims in Africa or South America or in the tropical islands of the Pacific. Russians and Poles do sometimes listen to the voice of the charmer in the person of the emigration agent, and find their way southward to the tropics and beyond, but never in large numbers, and seldom without living to regret their decision. Hitherto the Russian has put in no claim in Africa at all, nor is there any reason why he should, nor, it may be added, much hope for him if he did. It is different with France. France has long required room for expansion, and has found it partly in Asia in the region of Indo-China. Undoubtedly the Frenchman has succeeded in adapting himself to tropical conditions in Asia better than the Englishman—but it may be doubted whether the Frenchman of Indo-China has permitted himself to be assimilated by his adopted country to any

greater degree than the Englishman. He lives, so far as his surroundings permit, the life of the Frenchman in France; there is a faint elusive whiff of Parisian atmosphere about his boulevards and his cafés, and his daily relaxations, enough to indicate where his heart is, and this supplies the key to his whole life story. Indo-China and the commercial business of its cities, or the daily round of superintendence in the development of plantations in the upper country, the land of higher elevations and cooler conditions, is but the means to an end—and the end is the return with sufficient wealth to live out comfortable years in France. Still, he is a good colonist, just as the British planter in Ceylon or in the Southern hills of India (where, by the way, is no official colony) is a good colonist, and the pressure of overpopulation in France is relieved, and relieved on most satisfactory terms, by his exile, which does not prevent him from being a useful economic asset to his country. The question is, how far does his corner of Asia lend itself to the general scheme of white expansion.

The geographical configuration of Indo-China is as follows: Facing the South-China Sea to the east is the long narrow maritime province of Annam, just a narrow ribbon of seaboard, 700 to 800 miles long, terminating at its southern extremity in the delta of the Mekong (which delta comprises the province of Cochin China) and at its northern in the delta of the Red River (or the province of Tong King). Running through the length of Annam and forming a sort of backbone to the province is an isthmus of mountains connecting the two deltas, known as Lower Laos, and generally included in Annam. Farther to the north, towards the southern frontier of Tunnam, between Tong King and Burma, a wild region of unexplored and mostly uninhabited mountains are the Laos States, or Siamese Shan States. On the west the river Mekong separates Tong King from British Burma and Annam from Siam, until it reaches the plains of Cambodia (adjoining Cochin China to the north), and thence winds in numberless channels through the Cochin China delta to the sea. Cochin China and Lower Laos are the only districts under direct French administration; Cambodia, Annam, and Tong King being protectorates. The population of Cochin China has been ascertained by census to be between two and three million at the present date. In 1901 it was 2,300,000, giving a rate of 346 to the square mile in the rice delta province of Mytho and 220 in that of Sadec. The rest of Indo-China may be reckoned to contain some 800,000 people, but no reliable data are available. We may certainly allow a rate of over 400 per square mile for the delta of the Red River. In contrast to this France has a population of 174 per square mile. Cochin China, which is the first province taken by the French in 1863, is simply a tropical delta devoted to rice cultivation, and with an area of one-twelfth the whole of Indo-China, it produces four-fifths of the total supply of the Colony. Other tropical productions are sugar and cotton, but in small quantities. The foreign population of Indo-China (chiefly, of course, French) probably does not

amount to more than 10,000 to 12,000, exclusive of 8,000 French troops, which form the permanent garrison of the country. There does not seem to be a large promise of opportunity for white colonization here, but we must remember that the Colony is still young. Mr. Archibald Little considers that, taken as a whole, Indo-China, with its ample rainfall, its rich soil, and altitudes varying from sea-level to 6,000 and 8,000 feet, may doubtless rival Ceylon and Java in the wealth and variety of its produce in time, when the country is cleared and population increases, provided that present regulations hampering Chinese immigration be modified or withdrawn. Labour for plantation developments is wanting, but clearly it is not white labour that could meet the necessity. The French immigrant can only live as capitalist and employer.

The same condition practically obtains throughout the Asiatic colonies. The Ceylon planter must have capital to invest in land ere he can make a successful beginning to a sound business as tea or rubber grower, and he depends entirely on native labour for economic developments. The climatic conditions of Ceylon entirely preclude the possibility of white labour in competition with that of the native. The hottest months in the year are March and April, and the wettest (on the West Coast) are June and August. December and January are disagreeable months because of the long shore wind. The conformation of hill and plain in Ceylon divides the island into climatic spheres, which are differentiated by the action of the monsoon. From June to August the south-west monsoon produces a humid, vaporous condition of atmosphere on the West, which is both depressing and enervating to Europeans. In November the north-east monsoon from the Bay of Bengal catches Eastern Ceylon, and produces similar effects in that region, the two spheres being divided by the Central mountain system, culminating in Adam's Peak. In the Southern districts the rain may in bad seasons be continuous for about eight months of the year. During the months that the rain is excessive on the Western slopes of the mountains, the Eastern slopes are comparatively dry, and at the elevation of about 7,000 feet may be actually bracing; but the emigrant who proposes to make Ceylon his home is advised to study the weather chart and rainfall statistics most carefully before he decides where he will pitch his permanent camp.

With such a climate as this the Premier Crown Colony of Great Britain is not, and can never be, the permanent home of the colonist. A planter of European nationality may spend his life there, and he may build up a future from rubber or tea or land, but he is only a settler—a bird of passage—and he looks forward to ending the evening of his days elsewhere. Ceylon is certainly not available for white emigration of the labouring class, nor can we possibly consider India generally as affording any opening for the overflow due to European expansion.

Not only is the climate of India prohibitive to white labour, but political reasons are strongly adverse to any such scheme of immigration as would bring a stray population of white origin into competition with the native—even if India's crowded field offered the smallest chance of

a livelihood. But, as a matter of fact, there is far more necessity for relieving India of some of its overburdened population than for finding room for aliens. India, like Indo-China and Ceylon, must be ruled out of any scheme for the further distribution of the white races, although as a temporary home and a field for military training, for the planter, the commercial capitalist, or the great body of the ruling administration, both civil and military, the value of India as an Imperial asset is so great that were India to be lost to us, it could only signify the disruption of the Empire. There are, of course, a few permanent European settlers in India who might rank as colonists, English families settled in Kashmir or in the lower valleys of the Himalaya, and occasionally an English gentleman occupying the position of cemin্দar or landowner; but the instances are rare, and in no case do they involve the application of European labour. And what is true of India is yet more true of tropical regions in Asia that lie more completely within the tropics. The European exists in all these regions as the overlord, the employer, the capitalist, but never as a member of the productive body of workers by whose labour the riches of the East are materialised. Even if it were possible that the white man could live and continue his race in the tropical climate of the East—in India, Ceylon, Burma, the Straits Settlements or the islands yet further East, he would be brought into direct competition with the Eastern immigrant from China, Japan, and India, who not only regards Asia as his own heritage, no matter to what extent he may shift his Asiatic habitat, but who can by force of heredity and physical sensibility to his environment, live on a fraction of that which would be necessary to support the European. In short, Asia affords no future asylum for overcrowded Europe, and we must look elsewhere for those climatic and geographical surroundings which make white emigration possible.

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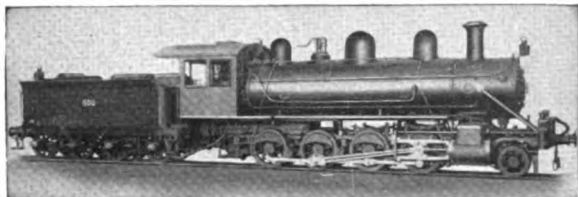
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THAT the amended Jones Bill, substantially in the form in which it passed the Senate is to become law, there seems to be no reason to doubt. The act, as stated in its title, is intended to "declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands and to provide a more autonomous government for those islands." The future political status of the Filipinos is provided for in section 34 of the Act, as follows: "The President is hereby authorized and directed to withdraw and surrender all rights of possession, supervision, jurisdiction, control, or sovereignty now existing and exercised by the United States in and over the territory and people of the Philippines, and he shall on behalf of the United States fully recognize the independence of the said Philippines as a separate and self-governing nation and acknowledge the authority and control over the same of the government instituted by the people thereof, and full power to take the several steps necessary to institute such government is hereby conferred upon the said Philippines acting by and through governmental agencies created by this act. This transfer of possession, sovereignty and governmental control shall be completed and become absolute not less than two years nor more than four years from the date of the approval of this act, under the terms and in the manner hereinafter prescribed." In the light of this declaration the somewhat elaborate provisions made for "a more autonomous government" for the Islands, are of secondary importance. The time-honored principles of law and the guarantees of personal liberty which they embody cannot be made binding on the Filipinos who are to emerge, after a brief term of American tutelage as "a separate and self-governing nation." They will presumably be free to devise any kind of constitution that they think suits them best, which may or may not include the inhibitions of section 3 of the Jones Bill. The prohibitionist clauses at least, of that section, are likely to receive very scant respect from any future Philippine Constituent Assembly.

Of course, the Sixty-fourth Congress cannot give absolute finality to this or any other of its acts of legislation and the bill itself attaches a string to the grant of Philip-

pine independence. This is found in the provision that "if the President prior to the expiration of the said period of four years shall find that the condition of the internal or external affairs of said Philippines in respect to stability or efficiency of the proposed government thereof is such as to warrant him in so doing, he is hereby further authorized, by proclamation duly made and published, to extend the said time to and including the date of the final adjournment of the session of Congress which shall convene next after the date of the expiration of the said period of four years, and thus afford the Congress an opportunity in its discretion to further consider the situation in the said Philippines; but any such extension of time by the President shall not otherwise suspend or nullify the operative force of this act, unless the Congress shall hereafter so direct." Meanwhile, we are promised this boon, that the passage of the Jones Bill will pave the way for the taking of the Islands and their problems out of politics. In an article which will be found on another page Mr. Patrick Gallagher, whose competency to discuss the subject will not be disputed, sets forth what he regards as the compensating features of the constructive act of Philippine legislation and bespeaks for it a fair trial. Mr. Gallagher lays considerable stress on the blighting effect of the Washington-made legislation, positive and negative, of the last ten years and seems confident that a new era of prosperity will open for the Islands under the reconstruction of their administrative machinery effected by the Jones Bill. Gen. McIntyre, too, found the Americans in the Islands to be almost unanimously in favor of the administrative features of the Jones Bill. Under these, at least, the local government will be able to borrow without the express authorization of Congress, and that government will no longer be without power to enact laws for the utilization of the great wealth it possesses in public lands and mines.

In this connection Mr. Gallagher has elsewhere declared that Americans in business in the Philippines have expressed to him their belief that a responsible Filipino government will invite and foster and not hamper and discourage legitimate business enterprise on a sufficiently large scale to make the investment attractive. That is to say the American business promoter satisfied that there is a good thing in a Philippine mine, an Ylang-Ylang tract, a sugar mill—in Philippine copra, tobacco or hemp, or the very promising enterprise of the production of mangoes, will not be at the mercy of the long-distance handicap. He will be able to take his proposition to responsible men on the ground, to state his case to men equally interested in the development of the Philippines. Briefly, from the purely business standpoint, it is the deliberate judgment of Mr. Gallagher that a responsible Filipino Government at Manila would be not at all a bad thing for American business with the Philippines. This judgment is based on a conviction that the chief barrier to American merchandizing in the Philippines has been American-made—restrictive Philippine legislation—this and the uncertainty as to what

was always going to come up in Washington, varying in one way or another our general policy toward the Filipinos. In the opinion of this and other observers, the Filipinos will have reason to be grateful to us and they will be grateful, so that the general counsel of those who regard the Jones Bill with all its obvious inconsistencies as being an improvement on the existing situation is for American business men to make the most of it and abstain from creating adverse feeling in the Islands by useless protests. There is something in the claim that it is no longer a question of Filipino fitness for self-government, but of American fitness to govern the Filipinos, and however humiliating that reflection may be, it is one calculated to blunt the edge of criticism on the Democratic policy of "scuttle." For the patent incapacity of our Government to deal satisfactorily with such a problem as that presented by the Administration of the Philippines both political parties must accept their full share of blame.

With the trade returns for January there begins the new grouping of the current fiscal year, so that the comparison is of the seven months ending on January, 1916, with those of previous periods of similar duration. The figures put a little better face on our trade with China, showing an export gain over 1915 of \$4,000,000, although there is a reported loss of \$2,200,000 as compared with 1914. The export figures for Hongkong are lower than they were either in 1915 or 1914, a fact due to the declining exports of mineral oils and wheat flour. The exports to Japan are \$8,000,000 more than for the corresponding period of 1915, but nearly \$5,000,000 less than for the seven months ending January, 1914. For all Asia the total exports are \$101,572,915, or fully \$4,000,000 more than the total for South America. This, of course, is largely due to an item which does not really represent Asiatic trade at all, namely, the exports sent for war purposes by way of Vladivostok for use in Europe, and whose value for seven months is already \$32,347,741. This is a larger total than that of the exports to any other single subdivision of Asia, being \$500,000 in excess of that credited to Japan. It is noticeable that next in order come the exports to the British East Indies, which for the seven months have reached a total of \$14,542,155. This is \$6,400,000 over the same period of 1915 and \$5,000,000 more than was recorded at the end of January, 1914. It is associated with unprecedentedly high import figures, these latter amounting to over \$82,000,000 against \$44,000,000 a year ago and \$59,000,000 in the corresponding period of 1914. Our entire Asiatic imports for the seven months reached the impressive total of \$210,917,260, which is \$62,000,000 more than for the same period of last fiscal year. The excess over the import total of South America is about the same as that recorded over the total of exports. With British Oceania, the export trade shows an increase from \$28,000,000 in 1915 to \$42,700,000 for the seven months ending with January, 1916, while our imports from the same part of the world have grown from \$9,500,000 to \$26,700,000.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the seven months, ending Jan. 31, 1915 and 1916.

EXPORTS TO CHINA.

Months 1914	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
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
Total	8,294,010	\$652,359	44,129,150	\$2,473,401	12,080	\$49,796
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
October.....	2,408,026	155,457	3,741,675	210,376	386	1,736
November.....	1,182,579	69,055	.....	.....	995	4,850
December.....	13,280	3,757	4,893,057	306,515	2,739	13,323
1916						
January.....	17,284	3,457	6,763,296	332,568	313	1,623
Total	10,831,420	\$764,234	45,077,075	\$2,473,750	6,086	\$31,063

EXPORTS TO HONGKONG.

Months 1914						
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
Total	79,476	\$14,693	20,033,618	\$1,087,285	519,750	\$2,159,591
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
October.....	35,963	5,387	800,000	63,234	58,801	250,332
November.....	45,961	4,137	409,750	31,070	663,909	305,676
December.....	38,457	4,810	1,000	100	3,821	15,994
1916						
January.....	400	70	2,020,948	164,410	2,413	10,954
Total.....	250,081	\$38,815	7,023,403	\$460,329	229,452	\$1,047,950

DEPARTMENT OF COMMERCE,

Bureau of Foreign and Domestic Commerce.

WASHINGTON, D. C., March 29, 1916.

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**Imports of Tea and Silk into the United States for the seven months, ending
January 31, 1914, 1915 and 1916.**

Imported from	1914.		TEA.		1915.		1916.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	8,699,449	2,352,925	7,503,889	2,070,991	9,183,929	2,234,056		
Canada	1,658,591	476,645	1,876,788	519,139	1,488,902	497,365		
China.....	16,642,700	2,338,737	20,054,270	2,773,157	17,298,402	2,580,098		
East Indies.....	5,799,567	997,602	8,030,320	1,332,563	9,887,471	2,024,687		
Japan.....	36,200,194	6,026,518	38,938,785	6,650,611	48,594,140	8,239,138		
Other countries	699,133	135,608	796,017	116,248	348,424	58,667		
Total.....	69,699,634	12,328,035	77,200,069	13,462,709	86,801,268	15,634,011		

Imported from	1914.		SILK.		1915.		1916.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	25,221	93,166	24,590	98,393	50,267	167,479		
Italy.....	1,038,033	4,483,080	856,254	3,641,003	1,605,265	6,655,633		
China.....	3,854,432	9,960,176	2,376,316	5,904,792	5,321,402	11,642,558		
Japan.....	12,748,816	43,039,012	11,478,048	38,532,718	13,358,262	44,491,700		
Other countries	253,716	935,052	11,243	51,765	2,158	7,850		
Waste.....	3,565,286	1,845,917	2,882,177	1,542,500	4,251,342	2,184,324		
Total unmanufactured	21,485,504	60,356,403	17,628,628	49,798,214	24,588,696	65,184,938		

THE PHILIPPINE QUESTION

BY PATRICK GALLAGHER.

When it became certain that Congress will pass, and that the President will sign the amended Philippine Bill, it was inevitable that immediate efforts would be made to challenge this decision with the view, possibly, of utilizing the Philippine issue in the national political campaign. It was inevitable, because the average party politician manifests little or no real interest in the Philippines or Philippine problems except in so far as they may serve to adorn the tails of partizan political kites. While this is so—because it is so—it seems difficult to conceive why American business men interested directly in Philippine investments should permit themselves to be used on one side or the other in partizan political controversies.

Let us consider this matter from a broad, impersonal, non-party standpoint, concentrating upon those facts which are readily ascertainable. If we really desire a national solution of the Philippine problem compatible alike with our honor and our interests, we must exclude as both irrelevant and dangerous assertions and accusations on one side or the other which are manifestly the product of partizan inspiration. Also, we should remember that good business men are too frequently poor politicians and worse statesmen.

Whatever may or may not be the reasons which produced the Clarke amendment to the Jones Bill and caused its adoption by the Senate, the fact still remains that the enactment of this measure will

(1) Convince the Filipino people that we are sincere in our oft-expressed intention to concede Filipino independence;

(2) It announces to Asia and to Europe that our Asiatic policy neither contemplates nor tolerates American aggression;

(3) It delegates to the Filipinos themselves the responsibility and the opportunity of exploiting the resources of their own archipelago.

Let it be granted that the Bill bristles with political hogshairs—if it is not possible to shave these before enactment, it will be possible after enactment. This will not be our last word regarding the Philippines. From the very nature of some of the amendments—possibly purposely mischievous—it cannot be that.

Because the Filipinos are so insistent upon concession of the right of self-government does not justify the assumption that they are ungrateful to America or insensible of the benefits conferred by American occupation. That they are neither ungrateful nor forgetful I know of my own knowledge. We are realizing, at last, the dream of Rizal—we are preparing them to stand solidly upon their own feet. Every people, irrespective of qualification or environment, desires independence, just as we do; it is not an aspiration confined to Americans. But recognition of the right is an American principle and—wisely and properly, I believe—we have fostered this idea among the

Filipinos. Every President since McKinley, every insular governor since Taft, has fanned the flame of independence in the Philippines.

It is a matter of the very gravest concern to the people of the United States that there shall be no illusions in Asia or in Europe as to the sincerity of our pledges to the Filipinos. Asia is, just now, analysing very carefully the consequences of the meeting of East and West. We assert that our activities in the Far East are altruistic and not aggressive—that, while we are very eager to build up profitable markets for our products, we do not covet Asiatic territory or the political domination of any Asiatic people. If that is our policy—as I believe it is—let us make it appear so. From this standpoint, concession of the Filipino desires would seem to be not inopportune.

We have done many remarkably good things in the Philippines. The civil service, from top to bottom, is admirable. Criticism of the Philippine civil service is now and always has been partizan and prejudiced. Brigadier-General McIntyre, director of the Bureau of Insular Affairs—a very competent witness—confutes and confounds these critics in his special report dealing with present conditions in the islands. We have planted in the Philippines a model educational system; our Philippine public works, considering them broadly, are monuments of efficiency and enterprise which will continue to advertise our national worth in the Orient. The Philippine Constabulary which we have created is the pride of the Filipino people and the envy of more than one among their Asiatic neighbors, who admire us, consequently, because we built this Filipino police force upon the ashes of Spain's most signal failure—the Philippine civil and rural guards.

At the same time, we have failed most miserably in the Philippines—failed at the very point where Americans and the people of the rest of the world were entitled to anticipate most conspicuous success.

"Perhaps no country on earth," says General McIntyre, "is so fully equipped with good roads in proportion to its material wealth as the Philippine Islands. The road construction is being continued, and there is no disposition on the part of the people to object to road-making." We have fostered Philippine railway development and highway development; yet, so far as the material benefit of the Philippines is concerned—these roads lead to a deadwall, an economic quicksand. Why? Because we have strangled Philippine agriculture and mining at their common source. Congress has enacted legislation which hamstringing mining and agricultural development in the Philippines. Repeatedly, non-partizan efforts have been made to relieve this situation—in vain.

Discussing this vital matter, General McIntyre says:

"As agriculture is almost the exclusive source of wealth in the islands, one must understand that without development in agriculture it is idle to anticipate more than spasmodic development on industrial or commercial lines. Unfortunately, the agricultural development has been slow. In the production of rice and sugar we have never exceeded the most prosperous years of Spanish control of the islands, and many of the provinces bear evidence to-

day of not being so productive as they have been in years prior to the insurrection in the Philippines. In other words, these provinces have never recovered."

If American interest in the Philippines was serious, businesslike as befits a nation of business men, that would be a sensational indictment. It is, unfortunately however, but one among many proofs that our actual interest in the islands and their people has been haphazard—superficial. We have failed just where we should have succeeded. Instead of giving the islands trade, we have given them politics. Is it any wonder that there are some Americans who believe it is no longer a question of Filipino fitness for self-government but of American fitness to govern the Philippines?

The islands are so far away from us—we have so many things to think about—"Oh, bother the Philippines"—that has been the prevailing American attitude when serious, earnest, wholesome efforts have been made to liberate the Philippine economic Andromeda from the chains which have bound her to a rock imbedded in sinister sands. Good, bad or indifferent in other respects—weighted down with absurd handicaps like the Prohibition clause—the Bill now in Congress at least seeks to break these chains—it enables the Filipinos to pass laws of their own manufacture, calculated to invite capital to invest in the islands instead of frightening away capital by absurd limitations, *framed with the deliberate intention of producing the situation testified to by General McIntyre.*

If those who are now clamoring for the retention of the Philippines permanently and despite the desires of the Filipino people had done what they could have done to educate the American people as to the vast natural wealth which Congress has tied up in the Philippines—tied in a sack—they might not now be confronting such a coldly uninterested American public. If they had exercised their arts, as they might have done, to woo and win the good opinion of the Filipino people, instead of antagonizing Filipino sentiment as they have done, again and again, the Filipinos might not be so eager to "cut the painter." Perhaps, it is just as well. That Divinity which shapes our ends oftentimes denies to some men the qualities of statesmanship.

To be an American citizen is a privilege, not a right. It is a great privilege because it stands, as Spenser concedes, for participation in "the highest form of government." It is a defiance of the American principle to seek to thrust this privilege upon others—be they Filipinos, Irish, Germans or Hottentots.

To quibble or palter or hedge or indulge "extratextual interpretations" of solemn pledges at a time when the civilized world is still reeling from the shock of treaties being referred to and considered as "mere scraps of paper" would be unworthy of the dignity and traditions of the American people. We must cleave strictly to the line of duty—wherever it may lead us.

It is inevitable that some men whose visions are obscured by temporary or personal considerations may, unconsciously, fail to sympathise with those larger and broader considerations which statesmen must take into account.

Some of their arguments may appear irrefutable, conclusive; some of these arguments may be well founded in fact; yet, all may fail when opposed to other arguments which national need and duty dictate.

If partizan politics has marred our work in the Philippines during seventeen years—as it has—what grounds have we upon which to base the assumption that our work can now be saved by an appeal to partizan political forces? If the Philippines have failed to win from Congress—as the facts prove they have—laws which will liberate the natural wealth of the islands, what grounds have we upon which to base the assumption that Congress can or will legislate upon Philippine industrial matters more effectively or satisfactorily in the future? We have no grounds. Philippine experience with Congress has not been pleasant. That is why General McIntyre found opinion in the Philippines (American opinion included) so solidly in favor of the administrative features of the Jones Bill—which *are retained*.

I can quite appreciate and sympathise with the attitude of those sincere, stanch Americans who believe that we should not “quit” the Philippines until our work has been done *thoroughly*. But that word, “thoroughly,” is a very difficult and dangerous word. Its use in application to the Philippines much resembles elastic. A veteran Congressman in Washington recently told me that whenever he asked an American over here from Manila who also happened to be a radical retentionist “When should we be able to finish our work in the Philippines?” the answer invariably coincided with the probable period of the Manila American’s future working years. This matter of “thoroughness” is very debatable.

The strangling of Philippine trade by laws made in Washington without regard to vital Philippine interests is not debatable. It is most *thoroughly* bad. It was bound to be so. And the controversy now upon us was also bound to come. It is the natural son of partizan politics applied to the Philippines.

The American business man who is directly interested in Philippine trade and industry—whose interest is permanent and real—will do well to hold himself aloof from partizan political attacks upon the Filipino people. Unless all signs are deceptive, the Bill is going to become law. If it becomes law, agitation or intrigue to defeat American purpose that the Filipino shall have a reasonable opportunity to develop along national lines will hardly be calculated to help the American business immediately concerned. In that event, it would be possible that curses might come home to roost. No one desires to see continued friction between American-Philippine business and Philippine politics.

When a thing has to be done, it is well to do it gracefully. At the moment when Republican and Democratic votes in Congress are uniting to prove to the world—rightly or wrongly, deliberately or precipitately—that the United States of America means just what it says, whether in a Root-Takahira memorandum or a Taft Philippine independence pledge, appeal to partizanship, to prejudice, to suppositious superiorities, will neither enhance Ameri-

can international prestige or cement American-Filipino friendship. The one man who stands to profit most from Filipino friendship is the American business man who is seriously and sincerely interested in far eastern trade development.

PHILIPPINE FOREIGN TRADE IN THE CALENDAR YEAR 1915

From commercial statistics received and compiled by the Bureau of Insular Affairs of the War Department, it appears that the slight depression in the Philippine import trade following the opening of the war continued to be the leading feature in the figures for the calendar year 1915. Imports amounted to \$49,312,184, and, though slightly larger than in 1914, the seemingly favorable showing was due to a shortage in the local rice crop necessitating foreign purchases. The general import trade of 1915, exclusive of rice, fell nearly three million dollars below that of the previous year. Analysis of the figures, however, shows a growing readjustment to war conditions and recovery in general imports from the drop experienced during the latter part of 1914.

The condition of the export trade as a whole was very satisfactory. The total of \$53,813,004 exceeded that of 1914 by five million dollars and closely approximated to the high record established in 1912. While war prices for sugar entered to some extent into the improved situation, the recovery of the cocoanut and hemp plantations from the disastrous typhoon of 1912 and the resumption of more normal production of copra and hemp was the ruling factor in the favorable returns for the year.

The local rice shortage, while not so serious as that of 1912, resulted in imports the heaviest in the past decade with that exception. The average import price was the lowest since 1911, but in spite of this the foreign rice bill for the year reached \$6,724,276, or more than double that of 1914. Reports of a bumper crop harvested throughout the islands toward the end of the year point to exceptionally favorable conditions in 1916. Prices were unfavorable to increased imports of wheat flour to supplement the rice situation as in 1912, and a reduced flour trade at war prices was at a considerably increased value over the larger quantity imported in the previous year. In consequence of the Australian drought, Australian flour gave place to American and practically disappeared from the market.

Fresh beef was imported in reduced quantities and at advanced prices, and toward the end of the year the Australian product found some competition in a new trade from the China coast. The situation was offset by much larger imports of beef cattle, the Australian supply as in the case of beef, being smaller and giving place to a large trade in French Indo-China cattle, in consequence of government provisions to meet the Australian shortage and advancing prices.

Imports of cotton textiles reached the largest proportions in the history of the islands and became more exclusively American than ever before, imports from the

United States constituting over 85 per cent. of the total of \$8,641,130. The larger quantities of American cloths not only met the larger demand, but to a considerable extent supplanted British and Japanese trade which further materially declined in 1915. The textile increase was in some measure offset by reduced purchases of cotton yarns for local manufacture, in the supply of which the United States has thus far taken no part, and which from year to year have become more conspicuously of Japanese origin.

In this connection it is interesting to note that the cotton cloth exported from the United States to the Philippine Islands for the calendar year 1915, as shown by the report of the Department of Commerce, was \$6,908,409, more than five times the amount sent to China in the same period and materially greater than that sent to any other country, being approximately 16 per cent. of the entire amount of cloth exported from the United States.

If the metal trade may be taken as a measure of industrial activity and development, the extent to which this has been interrupted by the war is shown by the smallest imports of iron and steel since 1909. The total amounted to but \$4,430,072 and fell two and a half million below that of 1914, but in the reduced trade the American proportion was increased and constituted about 85 per cent. of the whole. Imports of steel rails declined heavily and the same was true of structural materials generally, such as structural iron and steel and corrugated roofing, as well as lumber. Imports of cement were also less, a fact that is interesting in connection with the completion during the year of the first cement factory in the islands, which is destined to have important bearing on future imports.

In the export trade the leading interest centers in the recovery in copra production. Shipments increased from 85,965 long tons to 136,895, and, though the quantity fell slightly short of the maximum reached prior to the check in production following the typhoon of 1912, 1915 easily becomes the banner year of copra, if allowance is made for the recently inaugurated manufacture of cocoanut oil for export in which considerable quantities of copra are locally consumed. Prices continued about the low level set by the war, but the larger quantity resulted in an increase of over three million dollars, the total for the year being \$11,111,555. France continued to take the bulk of the increased production, American purchases showed slight gains. Spanish trade doubled, while irregular purchases to an unusual amount were credited to Italy and the United Kingdom during the year. Exports of cocoanut oil were valued at \$2,820,502, and only slightly exceeded those of 1914, but considerable purchases of oil-extracting machinery were a feature of the import trade, and with additional capacity, still further increase in this already important local manufacture of copra into cocoanut oil for export is to be expected.

Though exports of hemp increased from 114,548 long tons to 139,767, there was not the complete recovery in production noted in copra, exports having considerably exceeded this figure prior to the effects of the storm. Prices ranged lower with the increasing supply, but moved

upward toward the end of the year, with reports of heavy storms in the hemp districts and estimates of coming shrinkage in production. The value of \$21,339,100 for the year was not far short of the maximum in the history of the trade and exceeded that of 1914 by over two million dollars. The United States took about half of the larger quantity marketed while the proportion taken by the United Kingdom was smaller than in previous years. Provisions for government grading and the establishment of standard grades were inaugurated at the beginning of the year, and, with a six months exemption for the export of hemp previously baled, became fully effective in July, from which date new and more detailed information concerning this most important export of the islands is made available.

Conditions in the sugar industry continued satisfactory both as to prices and production. The quantity exported, amounting to 207,679 long tons, fell 25,082 tons below that of 1914, but was valued at \$11,310,215, or somewhat more than the larger quantity of that year, while production estimates on the crop indicate that some twenty or thirty thousand tons were still unmarketed at the close of the year. Exports to the United States were only 81,532 tons, or less than half those of the previous year. High freight rates were to the advantage of nearby marketing, and Hong Kong, China and Japan took the bulk of exports. In fact, in the last months of the year, coincident with the closing of the Panama Canal and the highest freights, shipments to the United States entirely ceased. British purchases became a feature of some importance with the opening of the war and amounted to 19,902 tons in 1915, constituting practically all the residue not finding an American or Oriental market. Imports of refined sugar continued to decline with increasing production of higher grade sugar by recently installed modern mills.

Exports of cigars continued to decline and the export quantity, 134,648,000, was the smallest since the inauguration of free trade with the United States created an American market of large but fluctuating demand. The decline of about twenty million, however, in 1915, was in the face of an American trade that slightly increased and amounted to 61,170,000. Analysis of the figures shows that a decline in foreign purchases began in the latter half of 1914, coincident with the war, and, though there has been no reduction in the large nearby Oriental trade, the Australian, British, French and Spanish demand was much reduced. The larger American purchases of 1915 yielded a smaller value than those of 1914, and the average price of American shipments was the lowest since the inauguration of this trade in 1909. The elimination of Belgium, Germany and Austria-Hungary accounts in large measure for a reduced leaf tobacco trade, much reduced shipments to Spain being about offset by unusually large French purchases.

In the import trade for 1915 the country distribution was subject to considerable change. Imports from the United States, amounting to \$26,381,069, increased over two million dollars, and comprised 53 per cent. of the total against 49 per cent. in 1914. American gains were chiefly in the flour and cotton goods trade. Imports from Eu-

ropean countries generally declined. The important German trade of other years became negligible. British figures were smaller by more than a million dollars, chiefly in cotton goods and iron and steel, while French and Spanish were also materially lower. A million dollar reduction in imports from Australia in a general way reflected the disastrous drought that country has passed through, and was made up of flour, cattle, butter, fodder, etc. The largest gain of the year was that of the French East Indies, due to the unusual demand for rice and to shipments of cattle to supplement the Australian beef and cattle shortage.

In the increased export trade the country distribution was somewhat modified by readjustments growing out of war conditions. The American total of \$23,653,211 fell \$774,499 below that of 1914, and declined from 50 per cent. to 44 per cent. of the total, larger values for hemp failing to offset the heavy reduction in the purchase of sugar. Important increases credited to Hongkong, Japan and China were due to taking over the American sugar trade of the previous year. Hemp, sugar and copra entered into the two million dollar increase in British purchases, copra and leaf tobacco contributed to the larger French total, while the million dollar trade of Germany, largely made up of copra, disappeared from the figures of 1915, as also did the smaller totals of Belgium and Austria-Hungary.

Though freights do not enter into the foreign trade figures under review, the problem of rates and tonnage was as acute during 1915 in the Philippines as elsewhere throughout the world. In the earlier months there was reported much congestion on the wharves and in the warehouses, and a dearth of vessels to handle the export trade, while a bad condition was rendered worse in the latter part of the year by the withdrawal from the Pacific of American liners that had been important factors in the carrying trade between the United States and the islands. In spite of these handicaps, the year's returns show a tonnage volume of exports close to the highest in the history of the islands. Some measure, however, of the increasing cost of this outward movement to foreign markets may be gathered from the fact that though freight rates were already high at the beginning of 1915, they had trebled on all the great staples by the close of the year.

THE COTTON TRADE AND THE PHILIPPINES

A petition to Congress, which declares that the retention of control over the Philippine Islands by the United States Government is a matter of great interest to the cotton manufacturers of the Southern States, has been prepared by Laurus Loomis, of Catlin & Co. The petition has been circulated among the Southern cotton mills and is said to be meeting with general approval by officials of mills situated in the States of North Carolina, South Carolina, Georgia and Alabama.

The essential part of the text of the petition is as follows:

"In the first year of the American occupation, 1899, there were practically no imports of cotton goods from the United States. In 1915 there were \$6,900,000 worth of cotton goods exported from this country to the islands. It may be surprising, but nevertheless true, in the same year, 1915, this exceeded the total value of cotton goods shipped to the following countries: China, Arabia, Co-

lombo, Chile and Brazil—a total value of \$5,400,000. In other words, there was exported to the Philippine Islands 112,000,000 yards, compared with 95,700,000 yards to China, Arabia, Colombo, Chile and Brazil.

"A large proportion was manufactured by the Southern Cotton Mills and shipped not only in the gray or unbleached state but also bleached and printed for the use of the natives. This does not include over \$1,000,000 in thread, hosiery, blankets and other articles of cotton manufacture. The gain made by the United States in export trade with the Philippine Islands, from \$16,000,000 in 1913 to \$24,000,000 in 1914, was at the expense of the United Kingdom, France, Japan and Germany.

"The total imports in the islands in 1914 were \$48,000,000, one-half of which was from the United States. The exports to this country were in about the same proportion, or \$49,000,000.

"The manufacturers of the South cannot but view with grave concern the interference or destruction of this trade, which not only affects seriously the cotton manufacturers of the South, but also thousands of employes who work in the mills and the cotton planters who supply the cotton."

PHILIPPINE FINANCES

By OSCAR KING DAVIS.

MANILA, P. I., Jan. 26.—The revenues of the insular Government have been derived chiefly from customs duties on imports and from excise taxation and licenses. There are a few other minor forms of taxation for the insular Government, but they raise only a tithe of the revenue. The provincial governments receive the taxes on land, the poll taxes and part of the internal revenue, as well as certain direct, though irregular, aid from the insular Government.

The total income of the insular Government has never reached a high figure. In prosperous years it has run as high as 25,000,000 pesos (\$12,500,000), and once or twice almost to 30,000,000. That is, roughly, something like 10 per cent. of the revenues of New York City and something under 2 per cent. of the annual revenue of Uncle Sam.

In the island fiscal year of 1914—the Philippine fiscal year coinciding with the calendar year—the net income of the insular Government was \$20,776,438.81.

The expense statement of the insular auditor shows four main items of expenditure. These are general administration, which includes the executive, legislative and judicial establishments. These three branches absorbed 2,382,985.76 pesos of the island revenues in 1914—a fraction more than 10 per cent. for administration, legislation and justice.

EXPENDITURE ON PUBLIC SERVICE.

The second general classification of expenditures by the island auditor is that for "protective service," under which he includes the maintenance of the Filipino constabulary—the insular Government's police force—the public health service, and a certain protection against forces majeures, which, when we get to the bottom of the investigation, we find to be for the maintenance of the Weather Bureau.

The third item of expenditure according to the classification of the insular auditor is "social improvement." Under this heading there are but three sub-heads—education, correction and charities. The total for them all in 1914 was 4,957,763.41 pesos.

That was only the amount spent by the insular Government, and when it comes to a consideration of the sums that went in that year for education in the whole archipelago it is necessary to take into account the expenditures

of the provinces and municipalities as well, which easily duplicate what the insular Government expended.

The fourth item of the auditor's classification is "economic development," and it is charged with only 2,512,234.48 pesos. The sub-heads in the auditor's classification of economic development include such matters as conservation of natural resources, development of commerce and agriculture and of industrial arts and sciences.

RUNNING UNDER A DEFICIT.

The aggregate of these four main classes of expenditure is 15,992,004 pesos, which left an excess of income over expense of government for that year of 4,784,432 pesos, or \$2,392,216. But the expense of government shown in that statement did not include all the expenditures of the insular Government for 1914.

There is a further item of "other charges to revenue—outlays for the year," which absorbed 2,644,667 pesos.

There is another general item of "aid to local governments." Under this heading in 1914 the insular Government gave aid to provinces and municipalities aggregating 5,358,467 pesos. This sum went to all sorts of public works.

The net result of these "outlays for the year" and this "aid to local governments" was to transform an excess of income over expense of government into a "revenue deficit" of 2,841,118 pesos, or \$1,420,559.

It was the recognition that they were running under a deficit that necessitated the dismissal of certain high-priced Americans from the insular service and the employment of Filipinos at much lower salaries in their places. This is the official explanation of a part of the separation of Americans from the Government payroll.

Public activities in the various lines have not been stopped, and in some lines they have not even been curtailed. But in no line has there been the advance there should be in order adequately to deal with the situation and which there certainly would be if funds were available.

OLD APPROPRIATIONS RENEWED.

The last Republican administration came to a deadlock with the Assembly, which is composed entirely of Filipinos, and as a result no general legislation was enacted for three years, and for that period no appropriation bill was passed. Under the general law the Governor-General merely continued the allowances made by the last appropriation bill that had been passed.

It fostered loose methods, the allotment of funds from one appropriation to another purpose, the use of funds originally appropriated for a specific purpose for a new purpose unheard of when the appropriation was made.

The Democratic administration re-established harmony with the assembly and each year the regular appropriation bill has been put through.

There has been much talk of Americans thrown ruthlessly out in order to make places for Filipinos. Most of it is nonsense. The total number of separations of Americans from the service, voluntary and involuntary, for 1914 was 633, as against 505 for the last year of Republican administration. The number of involuntary separations of Americans from the service has been about 150 greater in the two years of Democratic administration than it was in the last two years of Republican administration.

There is another charge against the present administration to which more weight is attachable. It is that the process of Filipinization of the insular Government has been accompanied by a lessening of efficiency.

Sensible Democrats will not deny that there is a lessening of efficiency and a loosening of organization through the Filipinization of the insular Government. They meet the

charge in a different way. They say that the result is entirely satisfactory to the Filipinos, and is good enough, even if not up to American standard.

The Filipinos, however, are proving themselves apt scholars and they are rapidly learning all that the Americans can teach them in the practical art of self-government.—*New York Sun*.

ST. LUKE'S INTERNATIONAL HOSPITAL OF TOKIO

The following appeal, signed by the members of the Special Committee appointed by the Executive Committee of the Associations, has been mailed to the members:

We are addressing you at the request of the President and members of the Executive Committee of the American Asiatic Association to bespeak your support for the plan to establish at Tokio a great international hospital under American auspices. Such an institution is needed by foreign residents and travelers in the Far East; it would also minister in large part to sick and suffering Japanese and its establishment and maintenance would not be without importance to the general relations subsisting between the United States and Japan. His Majesty, the Emperor of Japan, has given \$25,000 to the project and a group of distinguished Japanese gentlemen, headed by His Excellency Count Okuma, Premier of Japan, have donated \$50,000. Contributions and pledges from various sources in the United States, including one recently made of \$50,000 from a group of prominent residents of the State of Virginia, have brought the total subscription to \$360,000. This amount falls \$140,000 short of the half million necessary to make the plan feasible, and the members of our organization have been urged to lend their assistance.

The general plan takes for its basis St. Luke's Hospital in Tokio, an institution which has the admiration and support of every American familiar with its work, and is under the direction of Dr. R. B. Teusler under whose personal guidance and service St. Luke's was created and built to its present excellent position.

We are enclosing, for your information, copies of a resolution passed by the Executive Committee of your organization and a statement prepared by Dr. Teusler, and the members of the committee hold themselves in readiness to furnish you any additional data that you may require. We realize that there are a great many calls upon your bounty and generosity, but we submit that this one has a special claim upon all Americans who are interested in the Orient and respectfully urge that you kindly give it consideration. It has been suggested that our members give through their organization, but the list of individual subscriptions will be forwarded to the general committee which is assisting Dr. Teusler and to the Japanese committee which is serving at Tokio.

Subscriptions, which should be forwarded to Mr. James R. Morse, Chairman of our Committee, may be paid at the convenience of the donor at any time during 1916 and 1917, but the pledges are desired at this time. Mr. Morse should be addressed at the American Trading Company, 25 Broad Street, New York City.

Very truly yours,

(Signed) JAMES R. MORSE, *Chairman*
HOWARD E. COLE,
H. T. S. GREEN,
MARTIN EGAN,
JOHN FOORD, *Secretary*

RESTORATION OF THE CHINESE REPUBLIC

Special to the New York Times.

WASHINGTON, March 24.—The Chinese Legation to-day received from the Peking Government the official text of the mandate issued on March 21 by Yuan Shih-kai, by which the restoration of the republic was ordered.

The cablegram to the Legation stated that a mandate issued on March 21 relieved Lu Chang-Hsiang, Minister of Foreign Affairs, of the additional post of Secretary of State "on account of his multitudinous duties," and appointed Hau Shih-Chang to be Secretary of State. The Legation was also notified in the dispatch that another mandate of the same date canceled the reigning title of Hungsien—or Emperor—and that a mandate issued yesterday, March 23, reinstated the title of the republic.

The text of Yuan Shih-kai's mandate concerning the form of government for China, marking the restoration of the republic, is one of the most remarkable human documents penned by a ruler of contemporary times. It is full of interest because of the unique attitude of humility taken by the President in assuming all of the blame for all of the troubles of China.

"I have myself to blame for my lack of virtue," says President Yuan, and he then asserts that "I hope to imitate the example of the sincerity of ancients by shouldering all the blame so that my action will fall in line with the spirit of humanity which is the expression of the will of heaven." The mandate concludes with the statement by President Yuan Shih-kai that he cannot remain idle while the country "is racing to perdition," and appeals to all generals and others to rally around the republic. Here is the text of the mandate:

"After the establishment of the republic disturbances followed one after another, and I was called upon to shoulder the burden of the State. Those having the welfare of the country at heart unanimously declared that unless China adopted a constitutional monarchy she could never exist. Large numbers of people then advocated the monarchical restoration. Prayers were addressed to me in most earnest terms by telegram and petitions. The acting Li Fa Yuan (State Council) decided that the question about the form of the State should be settled by a convention of citizen representatives. In consequence representatives of the provinces and special administrative areas were elected and a convention was called. These representatives of the convention unanimously decided in favor of a constitutional monarchy and elected me Emperor. Since the sovereignty of the country was vested in citizens and the decision was made by the entire body of representatives, there was no room left to me for further discussion.

"Nevertheless, I was convinced that my sudden elevation to the throne would constitute a violation of my oath, leaving me unable to explain myself. The Li Fa Yuan were firm and stated that the oath of the chief executive was based on his position and should be observed or discarded according to the will of the people. Their arguments were so irresistible that there was no excuse for me

to decline their offer. Using preparations as a pretext, I took no steps to carry out their program actually.

"When the trouble in Yunnan and Kweichow arose I issued a mandate postponing the measure and forbidding the presentation of petitions praying for my enthronement. Then I hastened the convocation of the Li Fa Yuan in order to secure various views, hoping to revert to the original state of affairs. Being a man of bitter experiences, I cared for nothing but the salvation of my country. A section of the people, however, suspected me of harboring a desire for great power and privileges. Thus difference in thought has created an exceedingly dangerous situation.

"I have myself to blame for my lack of virtue. Why should I blame others? The people have been thrown into misery. The soldiers have been made to bear hardships. Commerce has declined. Taking this condition into consideration, I feel exceedingly sorry.

"I am still of the opinion that the designation petitions submitted through the Acting Li Fa Yuan are unsuited to the circumstances of the country. The official acceptance of the throne on December 11 is hereby canceled and the designation petitions are hereby returned through the State Department to the Tsan Chang Yuan, acting as the Li Fa Yuan, to be forwarded to the petitioners for destruction. All preparations connected therewith are to cease forthwith.

"Thus I hope to invite the example of the sincerity of ancients by shouldering myself all the blame, so that my action will fall in line with the spirit of humanity, which is the expression of the will of heaven. Those who advocated the monarchy were prompted by the desire to strengthen the foundation of the country, but as their methods have proved unsuitable their patriotism might harm the country. Those who opposed the monarchy have done so out of the desire to express their political views. It may be presumed that they would not go to the extreme, thereby endangering the country. They should, therefore, listen to their conscience and give up their prejudices. With one mind and purpose they should unite in the efforts of saving the situation so that we may be spared the horror of internal strife.

"In brief, all the faults of the country are mine. Now that the acceptance of the throne has been canceled every man will be responsible for his own action should he further disturb peace and give causes for pretext. I, the President, being charged with the duty of ruling the country, cannot remain idle while the country is racing to perdition. Let all our generals, officials, soldiers and citizens act according to this ideal."

A REAL DANGER OF CHINA BEING SPLIT

The following account of the condition of feeling in Yunnan is from one who has lived there for many years:

It is not easy to say anything yet about the very serious matters in Yunnan and the west of China generally.

That this opposition or revolt is very serious and may affect the whole of China is the opinion of most people who are acquainted with Chinese affairs in the West. Yunnan is a small, remote province, has but 12 millions or so of people, but it takes but a little to set the whole of China into commotion at this time, and Yunnan is just supplying this little spark. Who can tell yet how "great a fire it may kindle?"

Yunnan is confident, depending as it does not upon its own power, but upon the united efforts of other provinces which Yunnan feels sure will yet join. Yunnan troops have made a name for themselves before this. They are feared both in Szechuan and Kueichow and this goes a long way. But apart from this they are welcomed now in these parts by the soldiery and people who sympathize with Yunnan in the stand taken against Yuan Shih-kai, or against his monarchical schemes. Kuangsi, too, is said to be in sympathy with Yunnan, and indeed most of the provinces, and they are only waiting for the movement to reach them and they will roll over one by one. This is the general opinion in military circles in Yunnan.

Under such an able leader as Tsai-Ao the movement is considered additionally safe. He is himself out at the front with the main army in the north, east of Yunnan. Then there is Li Lieh-chun and Huang, also commanding divisions of the army in the east and southeast towards Kueichow and Kuangsi.

Tang Ji-yao, the Yunnan Tutuh, is holding the ropes in the capital.

The recruiting is brisk, though somewhat tardy at first when most people even in Yunnanfu were very much against the stand the Government had so suddenly and unexpectedly taken. I was told that they are wanting to bring the army up to 100,000. The bulk of the army is not yet on the field of operations, but is traveling towards various points, north, northeast, east and southeast.

They are not in any great hurry, or at least were not when I was in Yunnan, believing that time will help them. In this they may be right.

One great obstacle is the lack of funds for such a vast undertaking, but they are successfully combating this by means of the press. Paper is to be used instead of silver, and must be accepted at par.

The greater difficulty is the lack or shortage of ammunition and military equipment. But nothing seems to daunt them. They are bent on success. They hope to get all they want when they get Szechuan. When Szechuan is won over, which they consider comparatively easy, the movement will be on the high road to success!

It seems certain, however, that unless Yuan Shih-kai abandons his monarchical ideas China will be broken up entirely. And even if he now should want to do so it is hard to see how a reversion could save China from dismemberment or a long internal struggle.

FOREIGN ADVICE RESENTED.

Apart from robber bands roaming about the province and interfering considerably with commerce, Yunnan is quite safe and quiet. Missionaries are still living in peace in their various stations, and it is not thought necessary to recall any. Even single ladies are holding solitary forts

alone. Should, however, things go against Yunnan, which seems unlikely, then the worst may be expected. Just now trade is fairly brisk, the crops have been excellent throughout the year, and food is plentiful. Wages are increasing rapidly, horses and coolies are almost impossible to get.

There is little or no anti-foreign feeling in Yunnan, though I am told that the Government has bitterly resented oft-repeated consular "advice" or representations in regard to this new move on the part of Yunnan. They want no such advice just now, and least of all from quarters not (and obviously so) in sympathy with the movement.

Yunnan has declared strongly against the much talked of "joining the entente." They consider, and rightly so, that this could not possibly benefit China while it might land her in serious complications.

The local newspapers are adopting a strong anti-Yuan spirit, and the cartoons posted up throughout the city are often of a striking nature.

Soon after declaring independence they posted up on the street corners what led the government to oppose the monarchical movement in China. One of these was the strong "advice" offered by five Powers not to change the form of government at this time, and then to find that when Yunnan accepted this "advice" and decided to fight even single-handed for the *status quo*, these very Powers or at least some of them, according to reports, resent it. These things some cannot understand.

It is regrettable, however, that China should have this constitutional struggle just now, and one can but hope that their common sense will lead them speedily to harmony and unity before it is too late.

The Yunnanese say that the "*daoli*" is on their side, but the power, so far, on the other. And it is a question now whether right or might is to triumph.

The people of Yunnan have had nothing to do with the decision of the Government, no more than the people of China had to do with the Revolution.

So far a good measure of success has attended the Yunnan troops. According to reports, they have beaten back the Government troops all the way from Laowatan in Yunnan to Suifu and beyond a distance of about 100 miles, and now the report is that even Chungking has been reached or won over, and the armies possibly joined. If this is the case, and we have no reason to doubt it, then the outlook for China is very dark indeed.

The Government will find it hard to restrain Kuangsi beyond February and Kuangtung beyond March.—*N. C. Daily News.*

THE FEELING OF YUNNAN

No apology, we feel sure, is needed for calling special attention to the article we publish to-day by one who has just returned from Yunnan with many years of residence in that province at his back. Of battles and the movement of troops we hear much; of the real state of public feeling, little or nothing. Herein the writer draws a sharp distinction, such as might naturally be expected. The people of Yunnan have no more to do with this revolution than they had with any previous one. The opinion of Yunnan

is the opinion of military circles, enthusiastically aided by newspapers which, for good or evil, are certainly becoming a great power in China. In these respects the revolution of 1915-16 presents no great difference from those of 1911 and 1913. Yet our correspondent concurs with many other authorities in thinking the present movement far more serious than either of its predecessors. In 1911 the country (and here the word may be quite fairly used), wished the Manchus to go. In 1913 there was no such tremendous impetus to put mercantile enthusiasms on the revolutionaries' side and President Yuan was thus able to deal with the latter fairly easily, especially as they were in gettable regions like the Yangtze Valley. To-day, geographical advantages are all in favor of the Yunnanese, at least one of whose generals, moreover, is something in the nature of a real general. The rebels consider that it is only a question of time before they are joined by Szechuan, Kuangsi and Kuangtung, and our correspondent is inclined to agree with them.

The real crux of the Yunnan revolt is the difficulty of finding any ground of possible negotiation between the two parties. To say that the rebel leaders do not particularly care whether China has a republic or a monarchy, and that their inward motive is to pay off old scores on President Yuan, may be perfectly correct. But the ostensible issue at stake is republic or monarchy; and the monarchists, by declaring themselves as such, and by pretending that the majority of the provinces agree with them, have put themselves in an extremely awkward predicament. Another correspondent to-day describes the voting at Lanchowfu on the monarchical question, emphasizing the farcical nature of the proceedings and the remarkable unanimity of the voting. Had they been less farcical, less unanimous, the results might be more easily evaded to-day. Having announced to the world at large that all provinces are in favor of restoring the Empire, the monarchists cannot now turn round, when certain provinces prove recalcitrant and the prospect of coercing them is at least uncertain, and say, in effect, "As you were, we will take another vote." Yet the alternative is a serious danger that, with a big secession in the south and west, "China may be broken up entirely." The prospect is not pleasant on either hand; for, even if the northern troops win the day, the snake of rebellion is only scotched, not killed. Sooner or later it will rear its head anew. Meanwhile, suppressed animosity will serve to keep the whole of China in a state of silent disruption and anxiety, when it is all important that she should present a tranquil and united front to the world at large.

The only apparent means of extrication from this impasse lies in calling a truce and in discussion on the basis of the one concession which the monarchists have already made. That many Chinese have resented the foreign representations made last autumn to President Yuan on the inadvisability of changing China's national constitution at this precise moment, is readily understood; and it is sincerely to be hoped that the Chinese will be left to settle their differences without further interference from abroad. But at least Yunnan may be reminded that those representations have achieved one result, that, in spite of the imperial phrases now used by Peking journalism, the actual declaration of the monarchy has been postponed until the end of the war. How soon that desirable event is likely to be reached, no one can possibly say; but most people are agreed that it is not likely to happen in the very near future. Meanwhile there should be ample time for the cooling of angry passions, for calm deliberation, possibly for a diplomatic forgetfulness of that unlucky pro-monarchical vote. It must never be overlooked that China is vitally interested in taking part in the peace conference which will be held in Europe after the war, and that it will be everything to her to be able to make a good appearance on that great occasion. Assuredly of all the blind, futile passion with which the world is cursed to-day, that of civil war is the

blindest and most destructive; and it will be a serious blot on the civilization of China, who has so long proclaimed the superiority of reason over brute force, if her leaders cannot bring themselves to recognize the fact. Not so much blood has yet flowed that it need be impossible to put up the sword into its sheath, not for the interest of one party or province, but for the sake of the country.—*N. C. Daily News.*

CHINA AND JAPAN

By Mr. Tsao Ju-lin, the Vice-Minister for Foreign Affairs, in the "*Tunghua Pinglun*," a Weekly Magazine edited by Chinese in the Japanese Language.

Various newspapers and magazines in foreign languages are published in China, but I have not yet heard of any that expresses Chinese views in Japanese except the *Tunghua Pinglun*. This magazine, I believe, is an organ admirably suited to the needs of the time, and it is certain to gather luscious fruits in the future.

The civilizations of China and Japan are becoming assimilated by degrees. For instance, expressions in writing adopted by the two nations having become more and more identical, the influence of the same is sweeping over China with a wonderful force. This fact is recognized by all. The cause can be attributed to the advancement of knowledge; for Japanese literature is spreading among the people of various classes in China, whilst Chinese literature has come to be understood among the Japanese. This may be said to be an indication that the civilizations of the two countries have come closer in relation.

If this tendency is well forwarded, the effect will be salutary and advantageous; but should it be abused, the diplomatic relations of the two countries would suffer in consequence to no small extent. If I be permitted to speak frankly, Japan seems to be using unwisely this great influence born of literary assimilation. To be more to the point, Japanese publicists and speakers are unwittingly estranging the feelings of the two nations and leading the diplomatic situation gradually to a difficult and dangerous pit.

What is true of Japanese publicists and speakers is equally true of Chinese journalists. I am an humble official, but I am constantly calling the attention of our newspaper men to the danger of indulging in violent attacks against Japan, and holding them under as much restraint as I can possibly exercise. It is doubtful whether such caution is exercised by any Japanese officials over their public writers, for the writings of Japanese publicists toward China are, if anything, growing stronger as the days pass on.

So long as this attitude is not modified and writers in Japan are allowed to abuse China, the two nations will never be reconciled to each other. If, therefore, the estrangement toward each other is caused by the indiscreet action of their journalists, China and Japan must also rely upon the efforts of their respective writers to soothe the irritation and eradicate misunderstanding. An old adage has it that one who can unloosen a bell is one who hangs it. I welcome the *Tunghua Pinglun* because I believe it is an organ that has come into existence for the very object of promoting friendly relations between Japan and China. I earnestly pray that in Japan a newspaper or magazine with a similar object may make its appearance.

The reason why I am writing the present article is simply to point out to men of letters in Japan the difficulties in my path as a diplomatist owing to the uncertain policy of Japan toward our country and to suggest reflection on their part. Do not for a moment think that I am trying to censure and attack Japan's policy toward our country. But before I express my opinion on her policy, I must indicate the feeling animating the majority of our people regarding Japanese policy toward China.

Most Chinese entertain no apprehension when they are entering into a business enterprise with Europeans or Americans; they are rather pleased to develop China's resources by the aid of European capital and skill. But when it comes to Japanese, they fear that the whole enterprise will be monopolized by them in days to come. Only recently, a certain Japanese attempted to start a company at a certain place jointly with a Chinese with a capital of \$200,000; but the suspicion and apprehension entertained by the Chinese proved to be a stumbling block and the scheme fell through.

Again, it is a fact that the Chinese generally think that American and European countries are respectively carrying out a certain fixed policy established on a firm diplomatic principle; but Japan's policy toward China is constantly wavering and it is difficult to discover at what it is really aiming. Take, for instance, examples that actually have transpired within recent date. When the monarchical movement was started in China, certain members of the Japanese Cabinet expressed their approval at the beginning; but when the question took a concrete shape, they suddenly assumed an antagonistic attitude, which finally resulted in an interference. Again, when the despatch of the Chinese special envoy was first proposed, the Japanese Government expressed its willingness to receive him, but at the eleventh hour a refusal was notified. These are only a few instances showing how inconstant is the policy of Japan toward our country.

What I feel especially strange is Japan's attitude toward Japanese gentlemen engaged by the Chinese Government. American and European advisers exert their efforts for the interests of China, and their Governments and people think nothing strange about them. But the attitude of the Japanese Government and people toward Japanese advisers is rigorous; nay, much too severe. Should any of the latter ever do anything to promote the welfare of the Chinese Government, the Japanese rise up en masse and shower upon him vile epithets, sparing no words of censure. As it is, Japanese advisers are afraid to say anything, with the result that their service, I am sorry to say, does not amount to much. I feel thoroughly sympathetic toward these Japanese gentlemen engaged by our Government.

Contrast them with gentlemen of other nationalities in the same capacity. Only recently one of them found his opinion quite different from that of the Minister of his own country in the interpretation of a certain treaty. After heated argument, he finally succeeded in making the Minister see his error and obtained his sanction to what was to the advantage of the Chinese Government. What would the Japanese have said had the adviser in question happened to be one of their countrymen?

The advice of the Quintuple Powers to postpone the monarchical restoration was a friendly warning made on the supposition that there were dangerous symptoms at Shanghai, Nanking, Hankow and Kwangtung. That a disturbance would break out at Yunnan was a thing never imagined by them. Nevertheless, there are persons in Japan who declare that the Yunnan rebellion has justified the warning of the Quintuplice. This is erroneous. The uprising was not created in opposition to the monarchy propaganda. There are reasons to believe that the uprising has been encouraged by the warning.

Undue importance seems to be attached by the people in Japan to the disturbance in Yunnan, and preparations are said to be made for any emergency to develop in consequence thereof. It seems to me rather singular that Japan alone should look upon the disturbance with so much seriousness. Perhaps she feels anxious for the well-being of her subjects residing in Yunnan. But the question of protecting a handful of Japanese residents in the province can scarcely be taken as the cause of the great animation inspiring public opinion in Japan. Is it likely that Japan looks forward for a possible development calling for her action in order to protect the British,

French, Japanese and Russian subjects in the Yangtze Valley, and for this reason she attaches so much importance to the situation? During the first and second revolutions, the Yangtze regions were the center of upheaval and foreigners were menaced by greater danger. But public opinion in Japan was not then so agitated. I am at a loss to conjecture why Japan is so much moved over a disturbance that has broken out in a remote border-state. Her strange attitude leads one to suggest that she may have something in her mind other than the mere possibility resulting from the disturbance. Since I have absolute confidence in the military strength of our Government in regard to its ability to suppress the uprising, I do not anticipate any complicated diplomatic questions arising in connection with the Yunnan rebellion. Accordingly, I live in hopes that the present agitation in Japan regarding the Yunnan disturbance is the reflection of a fallacy entertained by some of the people, and that the Government has nothing to do with it.

I regret that some Japanese entertain an idea that the attitude of China toward all foreign countries is other than impartial, and that she counts the friendship of Americans and Europeans more than she does that of Japan. Nothing can be more erroneous than such an idea. Japan may wish that China should be partial to her alone, but such a policy is clearly impracticable. Historically, China entered into commercial relations with European countries long before Japan opened her gate to the foreigners, with whom, however, she is enjoying good economical relations to-day. China is powerless to alter existing conditions. She cannot at times refuse to enter into a joint enterprise with an American or European subject when approached and to give him a concession. This is, however, construed by Japan as an action unfriendly to her and resentment is not infrequently openly expressed. But if a certain concession is given to Japan or a joint enterprise is not satisfactory, the suggestion is made that such is hardly sufficient to show China's sincerity toward her. I am not at liberty to quote concrete examples to bear out the point I am discussing; but the statement can be taken as expressing precisely the facts of the case. It is not easy to understand what prompts Japan to assume such an attitude toward us. We must be fair and impartial to all foreign countries. To consider China as antagonistic to Japan is surely an unjust suspicion. It is sincerely hoped that she will reflect calmly and purge herself of such a fallacious view.

Of all the questions now pending between the Powers and the Chinese Government, 60 per cent. concern Japan, 30 per cent. Great Britain, France and Russia, and the balance relate to other countries. Since there are so many questions pending between Japan and China, naturally more or less misunderstandings are likely to arise. But it is a great mistake to consider that our diplomatic relation with Japan is difficult for that reason.

Japan and China might be compared to young lovers. At the first stage of their love, they are apt to be devoted to each other, but when their courtship has lasted for some little time they come to note each other's faults and may at times quarrel over trifles. Such disagreement or misunderstanding will be swept away when they are united as husband and wife, and a happy, peaceful home will be established. Japan and China having passed through the first stage of their courtship, are now in the period when the scale of blind love has fallen from their eyes. They are better acquainted and consequently are meeting without maintaining any reserve between them. If a method be arranged to establish perfect understanding between them and remove all sorts of groundless jealousies and suspicions, I am sure that the time will arrive when they shall be united in happiness. With this in view, we must exert our supreme efforts to cultivate harmonious relations between the two countries, so that the peace in the Far East can be placed on the Rock of Ages.—*China Advertiser*.

PACIFIC AND ASIATIC DOCTRINES AKIN TO THE MONROE DOCTRINE

From the American Journal of International Law.

EARLY AMERICAN INTEREST IN ASIA.

The late Professor Edward Bourne, of Yale, used to say that the Philippine Islands were attached to the Spanish West Indies till after 1823, and therefore it ought to be presumed that Monroe intended his doctrine to apply to that Asiatic archipelago. The quip leads the mind to the important fact that the relations of the Pacific Coast of America, the Pacific Ocean, and the nations of Asia, are all bound together. The first Asiatic trade went from Philadelphia, Boston, Providence, and other Atlantic ports via the Northwest Coast to China. The relation of the original Monroe Doctrine to Oregon is familiar to all students of the Monroe Doctrine. It is curious that the objection to "colonization" which was intended to block the way of Russia, has been applied almost entirely to the West Indies and the eastern coast of North and South America. The clause in Monroe's declaration had little to do with the process by which the United States came to have a Pacific front.

The three-cornered trade with a cargo of trinkets to the Northwest Coast, a cargo of furs to China, and a cargo of tea and silk and other Oriental products, and some hard dollars, died down as furs grew less abundant, but in the palmy days, on the clipper ships there was a big trade "around the Horn" to China and India, and the great islands off the southern coast of Asia. Quite a different trade was that of the whaling ships, which soon swarmed into the Pacific. The national service of the whalers was to put in at the Sandwich Islands and give their crews a little experience of society in the South Seas. They were followed by the missionaries, and the missionaries are chiefly responsible for the transition from the native kingdom of the Sandwich Islands to the present territory of Hawaii, as a part of the United States.

China was first reached by the ship *Empress of China*, in 1784, and the United States shared with other nations the scanty privileges of the port of Canton, till the British smashed a way for their opium trade in 1842. The United States went up through the breach thus made, and, in 1844, secured a commercial treaty. Our diplomatic influence in China was for many years trifling, except that Anson Burlingame, when recalled by his own government, was taken up by the Chinese as their representative and negotiated the treaty of 1868.

Our entry into Japan has a curious connection with the proceedings in China. It was a happen-so that among several nations who were trying to get into communication with Japan, the United States should have won the prize. We now know that Perry and his fleet would have gone home unsuccessful but that a shrewd Japanese statesman called the attention of his court to the things that

happened to China when that Power refused to negotiate. Nevertheless, the conditions of the treaty of 1854 have pleased the dramatic instincts of both nations; and ministers, missionaries and advisers from the United States have had an honorable part in the development of Japan.

THE MONROVIOID DOCTRINE ON HAWAII (1842-1849).

Edgington, in his book on the Monroe Doctrine, repeatedly takes our government to task for not applying the Monroe Doctrine to the Pacific Islands. Not a single responsible official utterance can be found to show that any President or Secretary of State has ever tried to stretch the term Monroe Doctrine over that far distant area, which in Monroe's time was little known, little visited, little prized, and had little relation with Europe. Nevertheless, for many years the United States took a position with reference to Hawaii, which much resembles the Monroe Doctrine. In December, 1842, Secretary Webster made the following communication to commissioners who had appeared in Washington, asking for the recognition of the Hawaiian kingdom:

"The United States * * * are more interested in the fate of the islands and of their government than any other nation can be; and this consideration induces the President to be quite willing to declare, as the sense of the Government of the United States, that the Government of the Sandwich Islands ought to be respected; that no Power ought either to take possession of the islands as a conquest, or for the purpose of colonization; and that no Power ought to seek for any undue control over the existing government, or any exclusive privileges or preferences with it in matters of commerce."

These principles were restated in a special message to Congress by President Tyler:

"Considering therefore, that the United States possesses so large a share of the intercourse with those islands, it is deemed not unfit to make the declaration that their government seeks, nevertheless, no peculiar advantages, no exclusive control, over the Hawaiian Government, but is content with its independent existence and anxiously wishes for its security and prosperity. Its forbearance in this respect, under the circumstances of the very large intercourse of their citizens with the islands, would justify this government, should events hereafter arise to require it, in making a decided remonstrance against the adoption of an opposite policy by any other Power."

Foster, Secretary of State under Benjamin Harrison, says of this declaration: "The position assumed was in effect a virtual protectorate on the part of the United States." The next year the captain of a British ship of war engaged in a controversy with the monarchy and ran up the British flag, whereupon, believing that the assur-

ances of the Secretary of State and President meant something, the King called upon the United States to intervene:

"Relying on the magnanimity and firmness of the United States, we appeal to the President to interpose the high influence of the United States with the Court of England to grant us an impartial hearing and procure us justice, to induce Her Britannic Majesty to withdraw from the sovereignty of these islands and leave us as we have been, an independent government supported in our right."

The American ship of war *Constellation* soon appeared in the islands and remonstrated; and our minister in London protested; in 1843 Great Britain and France, both of whom had some designs on the island, made a joint agreement:

"To engage reciprocally to consider the Sandwich Islands as an independent state and never to take possession, either directly or under the title of protectorate, or under any other form, of any part of the territory of which they are composed."

Meantime, the United States sent a minister to the islands in 1843, but he forthwith found difficulty because the ministers of France and Great Britain obtained treaties by which subjects of France and England were not to be tried by a Hawaiian court for a criminal offense. This was an application of one of the incidents of extraterritoriality, but under American influence the two European Powers withdrew their claims to special privileges.

Trouble arose again in 1849 through a similar pressure upon the island by a French naval officer, and Secretary Clayton warned France not to interfere:

"The situation of the Sandwich Islands, in respect to our possessions on the Pacific and the bonds, commercial and of other descriptions, between them and the United States, are such that we could never with indifference allow them to pass under the dominion or exclusive control of any other Power. We do not ourselves covet sovereignty over them. We would be content that they should remain under their present rulers."

HAWAII IN THE UNITED STATES (1850-1915).

The controversy led to an outright proposition of annexation, made to the United States. An official document transferring the sovereignty of Hawaii was drawn up in 1851, but Webster, again Secretary of State, was very cool to the proposition, and also to the plea that he was bound to take care of American citizens in Hawaii.

"You inform us that many American citizens have gone to settle in the islands; if so, they have ceased to be American citizens. The Government of the United States must, of course, feel an interest in them not extended to foreigners, but by the law of nations they have no right further to demand the protection of this government. Whatever aid or protection might under any circumstances be given them must be given, not as a matter of right on their part, but in consistency with the general policy and duty of the government and its relations with friendly Powers.

"You will therefore not encourage in them, nor indeed in any others, any idea or expectation that the islands will become annexed to the United States."

Further suggestions of annexation met with more favor in the eyes of Secretary Marcy, who, in 1853, made the following official statement:

"It has been intimated that Russia takes an interest in the destiny of the Sandwich Islands, and even has an eye on them for herself. I do not doubt that she would prefer that they should remain as they are rather than see them under the control or in the possession of either Great Britain, France, or the United States, but it is scarcely probable that she would actively interfere in the matter."

Secretary Marcy laid down a principle which would apply the main restrictions of the Monroe Doctrine to the Pacific Ocean:

"I do not think the present Hawaiian Government can long remain in the hands of the present rulers or under the control of native inhabitants of these islands, and both England and France are apprised of our determination not to allow them to be owned by or to fall under the protection of these powers or of any other European nation.

"It seems to be inevitable that they must come under the control of this Government, and it would be but reasonable and fair that these powers should acquiesce in such a disposition of them, provided the transference was effected by fair means. * * * This Government will receive the transfer of the sovereignty of the Sandwich Islands with all proper provisions relative to the existing rights and interests of the people thereof, such as are usual and appropriate to territorial sovereignty. * * * The United States would not regard with unconcern an attempt on the part of any foreign Power, and especially any European maritime Power, to disturb the repose or interfere with the security of the Hawaiian Islands."

Matters progressed to the actual drafting of a treaty, by which the Hawaiian Islands were to become a State of the Union; but it was never passed on by the United States Senate, and the matter cooled off.

From that time the United States cultivated friendly relations with Hawaii, and American immigrants and their children came to have large influence in the kingdom. In 1875, a favorable reciprocity treaty was made with the Kingdom of Hawaii, which was thought by many people to be intended for the benefit of California sugar kings who wanted help in a fight with sugar trusts in the eastern States. In 1893, an impulsive minister to Hawaii did his best to bring about annexation by calling in marines, but he was disavowed by President Cleveland when he came into office, and annexation was postponed until 1898. Then Hawaii was annexed by joint resolution, and subsequently made a territory. There seems little prospect of statehood for a group of islands, in which only about 40,000 out of 200,000 are of the Caucasian race, of which 40,000, 24,000 are Portuguese and Spanish. Having been for several decades an unacknowledged protectorate, Hawaii has now become a dependency, which must expect for a very long time to receive its conditions and control from Washington.

AMERICAN PACIFIC ISLANDS.

The social and political influence of Americans in Hawaii far exceeded any influence in the other Pacific groups. The United States Government paid little attention to suggestions that other islands which had been first visited by our merchantmen or naval vessels ought to be declared permanent occupations, until 1898, when several such islands were taken up and incorporated into the map. The difficulty with Peru over the Lobos guano islands in 1852 arose out of a claim to the discovery of the islands by an American citizen in 1823, though they must have been known to the Spaniards three centuries earlier. American ships took temporary possession of Jarvis and Nantucket Islands in the Central Pacific, and of the Bird and Necker Islands in the neighborhood of Hawaii. In 1853, Commodore Perry suggested that he be authorized to take the Lew-Chew or Bonin Islands "under the surveillance of the American flag," and he bought a coal depot there. His idea was to make this a center of American trading stations and colonies. Great Britain also laid claim to the islands, but they were annexed by Japan in 1878.

The only other foothold of the United States in the Pacific previous to 1898 was an undivided share in the Samoan Islands. Inasmuch as the Germans and British were firmly seated as traders in those islands and the home countries pressed territorial claims, it was not possible to apply the idea of a sole protectorate. The United States, therefore, by a treaty of 1889, agreed to a triple joint protectorate which worked very ill; and, in 1899, there was a territorial division of the islands, in which the United States took unquestioned title to Tutuila, with its splendid port of Pago-Pago, and five small islands near by. The group is governed by the President and the Navy Department, and there seems no prospect that it will ever come into even the territorial condition.

AMERICAN PROTECTORATE OF LIBERIA.

Far away from the Pacific and Asia is the little country of Liberia, which is the only portion of Africa in which the United States has a direct interest. In an area of 40,000 square miles live perhaps 2,000,000 people, of whom about 12,000 are descendants of immigrants from the United States, and about 40,000 more are partly civilized and Christianized. The Republic of Liberia goes back to settlements made by the American Colonization Society for negroes returned to Africa. Various little plantations were combined into one community in 1837; and in 1847 Liberia declared itself sovereign and independent. In 1862 the United States formally recognized the nation and exchanged ministers, and in 1884 Secretary Frelinghuysen said of it:

"Although at no time a colony of this government, it began its career among the family of independent states as an offshoot of this country, and as such is entitled to the sympathy and, when practicable, the protection and encouragement of the United States * * * a relationship of quasi-parentage."

December, 1886, President Cleveland said of it:

"It cannot be forgotten that this distant community is an offshoot of our own system, owing its origin to the

associated benevolence of American citizens, whose praiseworthy efforts to create a nucleus of civilization in the Dark Continent have commanded respect and sympathy everywhere, especially in this country. Although a formal protectorate over Liberia is contrary to our traditional policy, the moral right and duty of the United States to assist in all proper ways in the maintenance of its integrity is obvious, and has been consistently announced during nearly half a century."

This situation, which has never been officially recognized by the United States or other countries, puts Liberia for the time being out of the hurly-burly of African territorial struggles, and it may develop into a regular colony of the United States. The only direct bearing of Liberia on the Monroe Doctrine is that it is one of several indications that the United States cannot, in the nature of things, keep out of the eastern sphere of human affairs.

AMERICAN POLICY IN ASIA.

The interest of the United States in Asia was first of all commercial, then religious, and much later territorial. In 1831 an American ship was sent out to bombard the pirate town of Quallah Battoo. Four naval expeditions were sent to Japan before Perry was successful. American forces were four times landed in China between 1854 and 1859 to protect life and property; and again in 1900. None of these expeditions and landings were based upon an acknowledged theory of the relation of the United States to Asia. In China and Japan, when those countries were first opened to foreigners, the idea of inferior nations was practically applied by the system of extraterritoriality. Since the laws, customs and courts of those countries were not adjusted to Western ways, both the Asiatic and external government were led to believe that foreigners should live in a restricted area and should provide courts for their own affairs and offenses.

When Japan modernized itself, building up a representative government, skilled courts and codes of laws, the system grew irksome, and the United States led in a movement to give up the privilege in 1899. This amounts to a frank admission that Japan is a full nation in the Western sense, not subject to any limitations or deductions. In China the system of extraterritoriality still prevails except that foreigners are no longer confined to certain "concessions" for residence. In those concessions Chinese subjects are taken out of the jurisdiction of their own magistrates upon certain questions and are triable in "mixed courts," in which a foreign consul or his representative has the deciding voice.

In most of the rest of Asia, the United States deals with colonies whose affairs are decided by European governments. In Siam there has been a strong American influence, because two successive advisers to the King of Siam, Dr. Strobel and Professor Westengard, have had such influence that they have jocularly been called "American Kings of Siam." The late Mr. Dennison was for many years the trusted counsellor of Japan in diplomatic affairs, and John W. Foster was so highly regarded by China that in 1895 they brought him over to be the associate with Li Hung Chang in negotiating peace with Japan.

In general, the influence of American diplomats, statesmen, and missionaries has been one of friendship, both with China and Japan. This is creditable to the three nations concerned, and is greatly aided by the fact that there seems to be no territory or point of vantage which is desired by Japan or China on one side, and by the United States on the other side. The Japanese were disturbed about the annexation of the Hawaiian Islands, in which 80,000 Japanese have their homes, but that is an accomplished fact. Controversies between Oriental countries and the United States have of late years principally concerned immigration and citizenship, which have little connection with territorial questions.

PROTECTION OF THE PHILIPPINE ISLANDS.

Ever since the ratification of the treaty of annexation in 1899, the Philippines have been an indisputable part of the American empire, for, by the insular decisions of 1900, the Supreme Court affirmed that they were no longer foreign territory; but, till Congress should act, they would not come within the customs boundary or the sphere of general acts of Congress. The possession of territory only six hundred miles from Hong Kong and centrally situated for Pacific trade, puts the United States in the category of external nations which own colonies in Asia.

From the first there was a strong protest in the United States against annexation, and then against permanent holding as a dependency. As a possession, the Philippines are entitled to defense by their over-country. Should the plans for an independent republic be successful, the new government will either be actually independent, or will be fastened down by obligations like those laid upon Cuba. While the Filipinos feel perfectly competent to navigate for themselves in the stormy political seas of the Western Pacific, it is plain that they have neither numbers, means, unity, nor training sufficient to defend themselves against the European colonizing Powers, or Japan, or China.

To hold the people against their will as a dependent part of the Union is contrary to American principles of government; to set them afloat as an independent nation would be to invite war and conquest. To give them independence while requiring that their defense and foreign policy be regulated by the United States, would leave them protectorates. To cover them the United States would be obliged to extend to the Pacific the principle which in America is called the American Doctrine. Foreign Powers are to be warned off that section of the ocean. The United States is to guarantee the archipelago protection from invasion and from interference with its government. This is "Colonization" and "political system" over again.

President Taft, earlier Governor-General of the Philippine Islands, looked forward to ultimate independence. President Wilson comes nearer the main issue, though he does not solve the critical question whether the United States is really to allow the Filipinos to work out their own destiny. Soon after he became President, he expressed his mind on the question of independence as follows:

"Porto Rico, Hawaii, the Philippines are ours, indeed, but not ours to do what we please with. Such territories,

once regarded as mere possessions, are no longer to be selfishly exploited; they are part of the domain of public conscience and of serviceable and enlightened statesmanship. We must administer them for the people who live in them and with the same sense of responsibility to them as toward our own people in our domestic affairs. No doubt we shall successfully enough bind Porto Rico and the Hawaiian Islands to ourselves by ties of justice and interest and affection. * * * In the Philippines we must go further. We must hold steadily in view their ultimate independence and we must move toward the time of that independence as steadily as the way can be cleared and the foundations thoughtfully and permanently laid."

FOUNDATIONS OF AN ASIATIC DOCTRINE.

Wu Ting Fang, then the talented Minister of China to Washington, some years ago suggested that—

"The Monroe Doctrine, being the fixed policy of your government, the natural logic is that it should be applied to that part of the world where this country has possessions."

There is something in this quip; for though the Monroe Doctrine can hardly take passage across the Pacific, the question of the "paramount interest" of the United States may well apply. Conditions of Eastern Asia to-day much resemble those of South America a century ago: on one side a weak and disorganized race; on the other, active and hungry European Powers. Instead of a group of small states, there is the one great Empire of China, to which the European states have long since applied their "political system, controlling its destinies." They have chipped off numerous fragments of Chinese territory: Manchuria, part of Mongolia, Dalny, Port Arthur, Wei-Hai-Wei, the German colony of Tsin-Tau, Hong Kong and Kow Loon across the strait, the French possession of Kwang-Chau-Wang. Intervention by single European Powers, and commands issued by groups of Powers, have been the long experience of the Chinese.

The country is peopled by one race, and has one set of customs and traditions, including that of a unifying empire. The Chinese have been in past history a conquering race. They are a commercial people and they possess probably the richest mineral resources in all the world. Yet the old Empire and the present Republic are unable to shake off the influence of external Powers. In any case, the United States is not in a position to terrorize China or any part of Asia. The principal reason why Americans are in China and interested in it is either a missionary zeal or commercial reasons. Nobody would dream of attaching China to the American system, or applying to it any form of the American Doctrine.

AMERICAN PRINCIPLE OF THE OPEN DOOR.

It has nevertheless been in the power of the United States to give China great and needed aid by proposing a sort of commercial Monroe Doctrine for that Empire. In 1898 four ambitious great European Powers seized different pieces of Chinese territory, and then they began to squabble about their rights in the interior. They seemed to think that it was in their power to subdivide China into European

colonies or at least into "spheres of influence." Russia was to have a free hand in the north, England in the Yang-tse Valley, France in the south, and so on. The United States, through her occupation of the Philippines, was a near neighbor to these schemes, and John Hay was Secretary of State. He was the only man in the world who set himself to the problem of saving China from disruption without a general war. In 1899 he drew up and sent to all the powers concerned a circular upon Chinese trade to which the term "Open Door" has ever since been applied.

First. The recognition that no power will in any way interfere with any treaty port or any vested interest within any leased territory or within any so-called "sphere of interest" it may have in China.

Second. That the Chinese treaty tariff of the time being shall apply to all merchandise landed or shipped to all such ports as are within said "sphere of interest." * * *

Third. That it will levy no higher harbor dues on vessels of another nationality frequenting any port in such "sphere" than shall be levied on vessels of its own nationality, and no higher railroad charges over lines built, controlled, or operated within its "sphere."

This despatch so completely met the situation that it was accepted with brief delay by all the Powers concerned, including Germany. Hay's point is very simple: no nation is to be allowed to come in and, on the plea of possessing "a sphere of influence," disturb the established trade with China, in which all nations have a right to share. It expresses the spirit of the Monroe Doctrine, in what is substantially a protest against colonization by European Powers, and also against the introduction of a commercial system which comes perilously near being a "political system."

No one knows what will be the effect of the present European war upon China. For many years the ambassadors from Europe have been a check upon each other, each watching sharply to see that his neighbor gets no more in the way of concessions and opportunities than his own countrymen. On the other hand, the European Powers have long stood by each other in Oriental relations. They were able to engineer even so complicated a situation as the joint expedition to Peking in 1900. It looks as though that concert was broken up, so that China must henceforth deal single-handed with her most powerful immediate neighbors, Russia and Japan.

DUAL UNDERSTANDING WITH JAPAN (1908).

The war of 1904-1905 left Japan in Manchuria alongside China and it became evident that the Japanese were laying the foundations for control of the railroads which were feeders of the Chinese system, and for a special influence on internal trade. Secretary Root in conference with President Roosevelt decided to keep up the general method pursued in the Open Door despatches. Under date of November 30, 1908, he negotiated with Japan a note which was never submitted for ratification by the Senate, in the following terms:

1. It is the wish of the two Governments to encourage

the free and peaceful development of their commerce on the Pacific Ocean.

2. The policy of both Governments, 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.

3. They are accordingly firmly resolved reciprocally to respect the territorial possessions belonging to each other in said region.

4. They are also determined to preserve the common interests 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 commerce and industry of all nations in that Empire.

5. Should any event occur threatening the status quo as above described or the principle of equal opportunity as above defined, it remains for the two Governments to communicate with each other in order to arrive at an understanding as to what measures they may consider it useful to take."

The form and purpose of this note are almost without parallel in American diplomacy. It assumes a special interest in China on this side of the water; it accepts a partnership with Japan; it includes a promise that neither Power will take action in China without consulting the other. In some ways it resembles the Clayton-Bulwer Treaty, in that the two Powers concerned assert their special fitness to adjust a serious question together.

In the next administration Secretary Knox tried his hand on the Chinese question. In 1909-1910 he sent a note protesting against the situation of Russia and Japan in Manchuria and suggested a course of action which he thought would remedy the trouble, but no attention was paid to this recommendation, of which the essential passages are as follows:

"The Government of the United States asks His Britannic Majesty's Government to give their consideration to the following alternative and more comprehensive projects: First, perhaps the most effective way to preserve the undisturbed enjoyment by China of all political rights in Manchuria and to promote the development of those Provinces under a practical application of the policy of the open door and equal commercial opportunity would be to bring the Manchurian highways, the railroads, under an economic, scientific and impartial administration by some plan vesting in China the ownership of the railroads through funds furnished for that purpose by the interested Powers willing to participate. * * *

"The plan should provide that nationals of the participating Powers should supervise the railroad system during the term of the loan and the governments concerned should enjoy for such period the usual preferences for their nationals and materials upon an equitable basis inter se. The execution of such a plan would naturally require the co-operation of China and of Japan and Russia, as well as that of Great Britain and the United States. The advantages of such a plan to Japan and to Russia are obvious. Both those powers desiring in good faith to protect the

policy of the open door and equal opportunity in Manchuria and wishing to assure to China unimpaired sovereignty, might well be expected to welcome an opportunity to shift the separate duties, responsibilities and expenses they have undertaken in the protection of their respective commercial and other interests, for impartial assumption by the combined powers, including themselves, in proportion to their interests. The principle involved in the foregoing suggestions finds support in the additional reasons that the consummation of such a plan would create such a community of substantial interest in China as would facilitate a co-operation calculated to simplify the problems of fiscal and monetary reforms now receiving such earnest attention by the Imperial Chinese Government."

JAPANESE TESTS OF THE AMERICAN DOCTRINE.

Though the American Doctrine does not reach to Asia, it is quite possible for Asia to reach to America. It is fortunate for the United States that China has been in no position to back up claims for the reception and citizenship of her subjects in the United States; for what threatened thirty years ago to be a crisis has been removed by the simple stoppage of the immigration of laborers, without interrupting the friendship of the two nations. Japan enters much more deeply into American questions, having a great military and naval power, carrying on trans-Pacific commerce in Japanese ships, possessing an active population, thousands of whom would like to settle in the United States.

Down to the successful war of Japan against Russia nobody thought of the Japanese in connection with the American Doctrine. Their victory, or at least equality, in that struggle caused Japan to be accepted as one of the world's great Powers. If the Japanese at any time should cherish designs upon American territory similar to those of the Holy Alliance in 1823, there would be a time and place for evolving a new doctrine, parallel in scope with the original Monroe Doctrine.

On this side of the Pacific, the Japanese have learned that the United States may not precisely apply the Monroe Doctrine to them, but does apply exactly the same basal principle. The great objection to allowing Japanese laborers to come to the United States is that they might found what would practically be a Japanese colony. The people of the Pacific Coast believe that the Japanese Government, if need arose, would call upon such Japanese settlement to stand by their Empire; exactly as Germany may some time ask the Germans in Rio Grande do Sul to stand by their original land.

The Magdalena Bay episode of 1912 raised a more direct issue. Of course the assurance of the Japanese Government must be accepted, that no territory had been acquired at Magdalena Bay by any Japanese with or without the consent of Mexico. Nevertheless, the belief remains that if nothing had been said about the matter, if the United States had gone on her way without remonstrance, the Japanese Government would soon have been in possession of a coaling station on the Mexican coast. The United States stands firm against any right of the Japanese to

plant a station on the west coast of Mexico, and at the same time is trying to get islands lying off the coast of Central America, for a like purpose. A Japanese station in America cannot be allowed; but we hold the large group of the Philippines, with its 8,000,000 people, just off the Asiatic coast, and near neighbor to Japan.

The opposition of the United States to any Japanese territorial hold anywhere on the eastern side of the Pacific may not be logical, but it is firm, and has its basis in the interests of this country. Japan is nearer to western Alaska than is the State of Washington. Japan is but a few hours' sail from the Philippines, and a few days' sail from the coast of California. That nearness and the military and naval power of Japan make it necessary for the United States to apply to Asiatic influence in America the same principle that she maintains with regard to European interests. So far as the Monroe Doctrine has force and meaning and reason, it is as good against Asia as against Europe. The time may come when it will be asserted against Australia. The true American Doctrine is directed, not against this or that Power, but against a state of foreign mind, unfavorable to the interests of the United States in America.

JAPAN'S MONROE DOCTRINE FOR ASIA.

The effect of the joint note was tested when the war broke out in 1914, and Japan as one of the western Allies prepared to besiege Tsin-Tau. Official notice was given to the United States Government that it was the intention of Japan to return that province to China. After its capture, no steps were taken in that direction and the world was soon informed that the Japanese were pushing upon the Chinese a treaty which would give them a specially privileged position in China. The Japanese were to have extensive rights of trade, the ownership and management of certain mines, and railroads, and positions as "controlling advisers" in police and financial departments. The Japanese by a whimsical situation have long been Europeans in China; that is, they are entitled to the privileges of extraterritoriality, and they have pushed those privileges far. The recent demands, many of which have been embodied in a treaty, seem intended to put Japan in about the same position toward China as that in which the United States is placed with regard to Cuba. If the treaty holds, henceforth nothing serious can be done by the Chinese Government without the good will, if not the formal approval, of Japan.

Considering that Japan has 53,000,000 people, besides Korea and Formosa, and China has between 300,000,000 and 400,000,000, the responsibility assumed by Japan is portentous. Japan is claiming in the whole of the Middle Kingdom a "sphere of influence" far wider than was expected by the great Powers, when disturbed by the Open Door despatch of 1899. Japan's preferences in trade seem likely to destroy that equality which was the basis of Hay's theory. Japan is laying up a legacy of distrust and hatred which may take the place of the fear and fury often felt by Chinese toward Europeans. It remains to be seen whether, when the war is over, Europe will accept this dictum, or will be in a situation effectively to protest.

Nothing in the future can be more certain than that Japan henceforth will stand against all countries as the leader of the Asiatic spirit and the defender of Asiatic empire in eastern Asia—exactly as the United States feels herself the champion of true Americanism in the Western Hemisphere. Perhaps it is fortunate for all the western Powers that China and Japan have shown that they will

not pool their issues, and go forward hand in hand as the dual great Power of eastern Asia. Like Latin America, Asia is deprived of the influence in the world which its numbers and civilization would permit; it suffers from the same inability of men of kindred race to act together.

ALBERT BUSHNELL HART.

CHINA IN 1915

From the N. C. Daily News.

China's history, like that of the rest of the world in 1915, centers round big issues easily separated from relatively unimportant events. The latter have, of course, their place and need to be touched on in a comprehensive review, but they can be dealt with cursorily and indeed require such treatment if the main events of the year are to be seen in proper perspective. This is due partly to the fact that the intense absorption of Europe in the war has isolated China economically, putting a temporary stoppage to many developments; for example, railways. At the end of 1914, it will be remembered, there was much to chronicle under this head; this year there is very little. And such is the case with other aspects of China's life which yield themselves to synoptic treatment in a quite unusual way. Foreign politics and the monarchical movement overshadow everything else, and it is to them that attention turns most naturally, the former covering the long and complicated story of Japan's demands, the latter producing the Yunnan revolt. Of neither episode have we heard the last; indeed one is justified in thinking that each will in years to come be looked back upon as turning points in Chinese history. To them, accordingly, must be devoted the greater part of this review, for no sooner has the interest of the one waned than that of the other begins, the two together forming, so to speak, the backbone of the year.

THE BEGINNING OF THE STORY.

The first news of the demands was telegraphed to us by our Peking correspondent on January 26, in a message which opened with the startling announcement that acute tension existed between China and Japan owing to the presentation by the latter of a set of demands "calculated, if complied with, to give Japan the whip hand in the country." The year had begun somewhat sensationally, it will be remembered, for on January 7 China officially informed Japan of the abolition of the Shantung war zone and Japan immediately protested. The news of the demands, therefore, fell on an audience already a little tense and gained the whole of its attention. What the demands were our correspondent was unable in his first message to say. It was known only that they numbered twenty-one and embraced questions of territory and special privileges regarding railways and mines in Manchuria, Eastern Mongolia, Shantung, the Yantze Valley and Fokien. On the following day a little more light was thrown

on them. They were said to include a demand for an extension of the lease of Port Arthur to ninety-nine years, extensive mining and industrial rights in Shantung, Kiangsi, Anhui, Hunan, South Manchuria and Mongolia and a concession for the construction of a railway from Lungkow to Weihsien and for certain other lines. A flat denial of the accuracy of this news was published by the Kokusai Agency in Tokio on January 29 in terms that deserve to be placed on record. "The Kokusai Agency," ran the message, "is in a position to state on the highest authority that the information originating from Peking and elsewhere purporting to outline the basis of the negotiations between Japan and China is absolutely foundationless and unauthorized," whereupon our Peking correspondent sent us a letter which appeared in our correspondence columns substantiating his original messages and giving the Far East the first summary of what the demands really were. To quote them, even in abbreviated form, is unnecessary; they will be found on pages 408 and 409 of the *Herald* for February 6, and were very soon afterwards (see *Herald*, February 13) proved to be absolutely and entirely correct.

THE NEGOTIATIONS.

On February 2 began negotiations so protracted and confusing that a few landmarks will be helpful. The first is provided by the Chinese Government's intimation on Friday, February 12, to Mr. Hioki, the Japanese Minister, of its readiness to negotiate about the eleven demands which Japan had disclosed to the Powers (as well as one more), and of its unwillingness to consider the remaining nine, a division which forms a crucial point in our story, for the demands with Japan did not disclose were the ones which China regarded as infringing her sovereign rights and affecting her treaty engagements with other Powers. A second landmark denoting the confluence of Lancashire's interest with the stream of events—from which moment Great Britain's diplomacy visibly stiffened—is the statement made by Sir Edward Grey in the House of Commons on March 10, to the effect that "he was aware of the importance to the Lancashire cotton trade of open markets in China, and gathered that the Japanese demands had aroused a certain uneasiness, but his Majesty's Government did not doubt that the Anglo-Japanese Treaty of 1905, preserving equal opportunities for the commerce of all nations in China would be observed."

Two days later the Hon. Neil Primrose, Parliamentary Under-Secretary in the Foreign Office, replying to Mr. P. A. Molteno, said: "We have admitted that we would not apply for any concessions in China which affect the South Manchurian Railway, and we naturally expect that Japan will show reciprocity and not apply for concessions which affect British interests." The interests referred to were in particular those of the Yangtze Valley, where Japan's demands included railway privileges that would enable her to attract from the Hankow region to the Fukien seaboard traffic which otherwise would be carried on lines now being built with British capital. On March 25, after a conference held in the bedroom of the Japanese Minister, China agreed to accord Japan the right to select and operate nine mining areas in South Manchuria, but without prejudice to the concessions already granted to other nationalities, a stipulation which makes convenient as a third landmark the receipt by the American Minister in Peking, on or about April 18, of an intimation from Washington, "for use should occasion arise," that the United States had treaties with China from which she did not intend to recede in any manner. For, ten days before, at the nineteenth conference held since the negotiations started, the remaining Manchurian demands, which included questions of settlement, farming, travel, jurisdiction and residence, had reached a deadlock, while three days before had taken place a prolonged discussion of the demands relating to Eastern Inner Mongolia which Japan claimed to include in her special sphere partly on the grounds of its proximity to Manchuria, partly as a set-off to Russian interest in Outer Mongolia. The opinion expressed in Chinese circles on America's statement of policy was that its moral effect would be excellent, and on April 23 came the following message from the "Kokusai Agency": "The 'Kokusai Agency' understands that the delay in the negotiations in Peking is due to a decision to modify the causes of the propositions made by Japan none of which at any time have been irreducible."

MODIFICATION OF THE DEMANDS.

On April 26—our fourth landmark—Mr. Hioki presented China with a revised list of twenty-four demands which differed from the original list in the following particulars:

(a) Withdrawal of the demand for the appointment of Japanese police advisers at important centers throughout China; (b) alteration of the wording of the demand respecting the right to construct railways between Wuchang, Kiukiang, Nanchang and Hangchow and between Nanchang and Chaochow, to phraseology clearly recognizing Great Britain's right to be consulted; (c) alteration of the wording of the Hanyehping demand, China being asked to agree in principle to Sino-Japanese co-operation and to assist in persuading the company to form a joint concern. For the rest the demands remained to all intents and purposes the same. These modifications were the signal in Tokio for criticism of the Government and in Peking for a number of secret conferences and the despatch of sheaves of telegrams to China's Ministers in London, Washington, Paris and Petrograd, the outcome

of which was that on May 2, our fifth landmark, China refused to give way, declaring her readiness to agree only in part; whereupon Mr. Hioki communicated with his Government, and on May 6 received the terms of an ultimatum for presentation to the Chinese Government.

THE END OF THE STRUGGLE.

The ultimatum was formally presented on the following afternoon. It is far too long to quote in full and readers who desire to refer to it will find it on pages 486-9 of the *Herald*, for May 15. The crucial facts to be noted are the following:

(a) Whereas, in the revised edition of the demands China was asked to give Japan the right to finance three railway lines in the Yangtze Valley, namely, from Wuchang to Nanking via Kiukiang, from Nanchang to Hangchow and from Nanchang to Chaochow, provided Great Britain had no objection, Japan now agreed to let the whole question of these railways stand over for further discussion at some future date and desisted from requiring China to commit herself in respect of them by saying yes or no.

(b) In addition to the withdrawal of the demand for joint control of police administration, no immediate reply was required in regard to the question of advisers, arms and arsenals.

(c) Where, in respect of Eastern Inner Mongolia, China had been asked to bind herself to give Japan the preference in the case of loans and railways, she was now required only to consult with Japan before coming to definite arrangements with other Powers.

(d) Where in respect of the Hanvehping Company no permission was to be given to mines situated in the neighborhood being worked by any other company, China was now required only to approve of any agreement that might be concluded in future between the company and Japanese capitalists and to see that the company turned to Japanese capitalists first when in need of funds.

(e) Instead of the return of Kiaochow being made conditional on China accepting Japan's demands *en bloc*, it was now to depend (1) on Japan being given a free hand at the general peace conference of the Powers; (2) on the opening of Kiaochow Bay as a commercial port, on the establishment of a Japanese Settlement, and, if the Powers desired one, on the establishment of an international settlement.

On May 8, a joint meeting of the Cabinet, Council of State and Generals was held in the Presidential Palace, under the presidency of Yuan Shih-kai, and it was decided to accept the ultimatum in the briefest possible manner. The Chinese text of the agreement resulting therefrom was sanctioned by Yuan Shih-kai on June 2, Mr. Lu Chung-yu, Chinese Minister in Tokio, was appointed plenipotentiary and ratification took place on June 8. Thus the episode terminated and the eight months that have since elapsed have indicated no reason for changing the comment which we made at the time, namely, that China was to be congratulated on emerging from a critical situation with a heightened reputation for courage, coolness and dignity.

TSINGTAO CUSTOMS AGREEMENT.

Within five months Japan was destined again to play a principal part and it is necessary next to turn to the events which gave her the opportunity, namely, the monarchical movement. Before doing so, however, we must pause to relate the circumstances surrounding the settlement of a lengthy dispute between her and China over the administration of the Tsingtao Customs. Japan having objected in 1914 to China's appointment of Mr. Tachibana, Commissioner of Customs at Tairen, to be Commissioner at Tsingtao, demanded the right to nominate her own candidates selected from Japanese not in the employment of the Chinese Customs Service. She therefore submitted the names of eight Japanese for appointment as Commissioner, Deputy Commissioner and Assistants, and insisted also on the employment of thirty-five more at other ports. China refused to accept them on the grounds that Japan had no right to make such demands or to expect their acceptance. In order to meet Japan to some extent, however, she expressed her willingness to appoint to the vacant posts eight Japanese on the understanding that they entered the service at the bottom of the ladder, Mr. Tachibana, however, to be Commissioner at Tsingtao. On these lines negotiations proceeded for several months resulting eventually in an agreement signed on August 6 by Mr. Hioki and Mr. Aglen, Inspector-General of Customs. The agreement provided that the Chinese Maritime Customs should resume its functions at Tsingtao; secondly, that business should be conducted, pending a settlement of Tsingtao affairs after the war, in accordance with the arrangements made with Germany, except that Japanese officials should be employed instead of Germans; thirdly, that the Japanese military government should hand over the Customs property, archives and funds acquired at the time of the occupation of Tsingtao, and fourthly, that the Japanese military government should hand over the revenue collected since the occupation, less the proportion due to the local government, in accordance with the arrangement made with Germany. In addition, the Inspector-General came to an understanding with the Japanese Minister with regard to increased Japanese representation in the Customs, an understanding which satisfied Japan without affecting the organization of the Service.

THE MONARCHICAL MOVEMENT.

It was on August 16 that foreigners in Shanghai first heard of the monarchical movement. A message from Reuter's Peking correspondent stated that a newly formed society, the Chouanui, had issued a manifesto advocating the adoption of a monarchical form of government; that it included three members of the Tsanchengyuan and of the Committee for drafting the constitution, namely, Sun Yu-yun, a former Tutuh of Anhui and a member of the defunct Kuomintang, Yang Tu, the head of the National Historical Bureau, and Dr. Yen Tu; and that Dr. Goodnow, Constitutional Adviser to the President, shared the society's views. No very great interest was aroused by this announcement in foreign circles here, but when on

August 23 our own correspondent telegraphed that there was every evidence that the "Monarchical campaign recently started and now assuming substantial proportions" was officially inspired, Europeans at once became attentive. The message went on to state that so far there was no indication of the opinion in the provinces, that it was significant that most of the important military commanders had recently visited Peking, and that past experience suggested that the capital might 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 the monarchical principle. President Yuan Shih-kai, meanwhile, was assuming an attitude of dogged opposition to the idea. Few messages have proved more accurate; the movement proceeded to follow precisely the line indicated, though at what moment precisely it began, it is still impossible to say. The whole tendency of 1914, it will be remembered, had been towards the elimination of all checks on Yuan Shih-kai's powers, so much so, that in our survey of the year we asked, apropos of the President's visit to the Temple of Heaven, "was the visit intended to show that old traditions of government can be made to serve the purpose of new political ideas or as a sign to the nation that new political ideas have been tested, found unsuitable and are to be rejected? To this question there is for the time being no answer."

THE ANHUI PARTY.

The first part of 1915, filled as it was by the Japanese demands, added little to our knowledge, though on January 17 took place a ceremony, now seen to be significant though hardly noticed at the time. On that day, by order of Yuan Shih-kai, General Yin Chang, chief military aide-de-camp of the President, took officers and soldiers to the newly-established Military Temple to worship the ancient Generals Kuan Yu and Yuen Fei. The ceremony, while it included an oath of loyalty to the republic, was intended to impress upon the army its corporate character and detachment from the civil interests of the country. All through 1914 this detachment had been growing more marked and the year had left in Peking a strong military faction, known as the Anhui party, the position and activities of which during the first half of 1915 form an essential introduction to the movement under review. On June 1 a sensation was caused in the capital by the publication of a Presidential mandate granting two months sick leave to Tuan Chi-jui, the Minister of War, and on June 21 another arose over the dismissal of Chang Hu, Vice-Minister of Finance and Chief of the Salt Administration; Yeh Kung-cho, Vice-Minister of Communications, and Chao Ching-hua, Director of the Tientsin-Pukow Railway. Tuan Chi-jui was in point of fact in excellent health and the presents mentioned in the mandate of \$5,000 for medical expenses and two ounces of ginseng could be regarded only as insult added to injury. His dismissal, accordingly, was set down to personal motives which still remain unexplained, but which, as will presently be seen, should be specially noted. He was succeeded by a member of the Anhui faction, to which he himself belonged,

and so was Chang Hu, who like Yeh Kung-cho and Chao Ching-hua, was one of the Cantonese party. Chang Hu's dismissal on the charge of corruption was shown by the plans of his successor Kung Hsin-chan to be an attempt on the part of the Anhui faction to get control of the country's financial administration, and the foreign banks, which were considering the question of releasing three-quarters of a million sterling of the two millions provided for salt reorganization in the Reorganization Loan, promptly declined to hand over the money pending the receipt of assurances that the policy of reform advised by Sir Richard Dane would not be interfered with. Not till September 8 was the money paid over, a delay which operated as an effective drag on the plans of the Anhui faction, which, nevertheless, continued to wield very great influence in Peking. It was under its auspices that the monarchical movement came to head, the main dates in its published history being the following: On August 21 the Constitution Drafting Committee, which consisted of ten Presidential nominees, held its first conference and, in announcing the fact, Reuter's Peking correspondent added: "It is expected that this Committee will work along monarchical lines rapidly if the country shows no serious signs of opposition. The movement now fully launched is being manipulated by President Yuan Shih-kai's immediate supporters." On September 3 our own correspondent telegraphed: "There is every indication that the authorities intend pushing the monarchical movement to its logical conclusion. The opinion is prevalent in Chinese circles that Yuan Shih-kai will be declared Emperor within a few weeks. Official approval of this step is pouring in from the provinces and it is evident that a gigantic intrigue is on foot to prepare the country for a *coup d'état*." Amongst the messages received were telegrams from Tang Hsiang-min, commanding the forces in Hunan, Chang Hsun, Lung Chi-kuang, Chang Tso-lin and Feng Lin-kuo, commanding the 27th and 28th Divisions.

POLICY OF YUAN SHIH-KAI.

In spite of these assurances of support, however, Yuan Shih-kai refused to change the attitude which he had adopted from the first and on September 6 the Tsanchengyuan, which had been opened five days before, received a long and important Presidential message which will be found in the *Herald* for September 11, page 736. In it he stated that many citizens from the provinces had petitioned the Tsanchengyuan to change the form of government to a state of things incompatible with his position as President, but as the office of President was conferred by the people, it should, of course, depend on the will of the people. "It being my duty to maintain the general situation," he continued, "I regard the proposed change as unsuitable to the circumstances of the country." Read as a whole, the message was an equivocal document, which for the moment was variously interpreted, the general impression being that the movement had received a distinct setback. The Tsanchengyuan, on the other hand, proceeded forthwith to appoint a committee of nine to consider the memorials from the various provinces preliminary to their being handed over to a Citizens' Convention the members of which, it was announced, were to be elected in November. On Monday, September 20, the Tsanchengyuan forwarded to the President a resolution (the full text will be found on page 866 of the *Herald* for September 25), one paragraph of which read as follows:

"In accordance with Clause 7, Art. 31 of the Constitutional Compact, this council submits as a suggestion to the Government that H. E., the President, should be requested to accelerate the convocation of a National Convention within this year, or to devise proper and adequate means to consult the will of the people in order that a fundamental solution may be found so that the general situation may be settled and the mind of the people set at ease."

The President in his reply stated that the Bureau for the Convocation of the National Convention in accordance with the resolution submitted to him, had been instructed to hasten the completion of its arrangements, whereupon Wang Ta-hsien, Acting President of the Tsanchengyuan, Vice General Li Yuan-hung, who was absent owing to the illness of his wife, proceeded, on the afternoon of September 28, to appoint nine members as a committee to examine petitions to decide whether it was necessary to convene the citizens', in addition to the National Convention. The Tsanchengyuan decided that it was, and on October 6 passed a bill, introduced by Liang Shih-yi, which defined its composition. It was to consist of one out of every five successful candidates at the primary elections and thus to consist of 2,006 members, whose votes on the proposed change of government were to be telegraphed to Peking from the capitals of the twenty-two provinces and the six centers of the administrative areas. On October 19, Liang Shih-yi moved that voters be asked simply whether they were for or against the establishment of a constitutional monarchy and on the same day the Bureau for the Preparation of the National Convention, acting on the instructions of the Tsanchengyuan, sent a circular telegram to the provincial authorities saying that the balloting must be finished not later than November 10. In Chihli province both the primary elections and the balloting were completed by October 28, and on October 24 Prince Ching, by order of the Imperial Concubine of the late Emperor Kuang Hsi, left Tientsin to negotiate the revision of the "Favourable Treatment" agreement with the Chinese Government and the handing over of the imperial seal to Yuan Shih-kai.

THE INTERVENTION OF JAPAN.

Then, with dramatic suddenness, Japan intervened. On Thursday, October 28, Mr. Obata, the Japanese Chargé d'Affaires in Peking, M. Kroupensky and Sir John Jordan proceeded to the Waichiaopu in a motor car and being only received by Lu Cheng-hsiang, the Minister for Foreign Affairs, each addressed the Excellency separately and in an informal manner. Mr. Obata, taking the lead, stated that his Government had observed the rapid progress of the monarchical movement and had noticed with considerable misgiving the adverse sentiment which, contrary to expectation, it had provoked. To Japan, he continued, it seemed as though the undercurrents of opposition were assuming dangerous proportions and, after some gloomy references to the situation on the Yangtze and in South China, Mr. Obata asked whether the President thought that the reform of the system of government could be expected without untoward happenings. It was particularly pointed out that whilst the great countries of Europe were fiercely warring against each other, it was dangerous for China to make a change liable in the slightest degree to create internal trouble. In these circumstances, the Japanese Government respectfully advised the President to consider whether it would not be better temporarily to postpone the proposed "reform" of the government. Mr. Obata, in conclusion, disclaimed on the part of his Government any intention of interfering with what was recognized as being purely a matter of domestic politics. The British and Russian Ministers associated themselves with Mr. Obata's statement, adding a few remarks in the same sense. Lu Cheng-hsiang, replying tentatively, said that he believed the Government had complete control of the situation and that apprehension of trouble need not be entertained. He added that so far as postponement of the reform was concerned, the matter was not in the hands of the Government. A machinery for obtaining the opinion of the country on it had been created and the elections were even then proceeding, as a result of which it would be dangerous for the Government to run counter to the will of the country, whatever

that will might prove to be. On the evening of the same day a *communiqué* was published in Tokio, setting out at length Japan's reasons for intervening (see *Herald*, November 6, page 436). Two paragraphs deserve special notice. One stated that, although it would appear as if there were throughout the country no great opposition to the establishment of a monarchy, a careful observation of the actual state of affairs in China, based upon information possessed by the Imperial Government, showed that it was undeniable that such appearances were more superficial than real. The other said that having regard to the importance of the interests involved, the Japanese Government could not but feel deep concern in a possible recrudescence of dangerous conditions in China, for should a disturbance break out it would do immeasurable harm directly or indirectly to the Powers having important interests in the country, particularly Japan, who stood in special relations with China.

CHINA'S REPLY.

The Chinese Government replied formally on the evening of November 1. The main points (for full text see *Herald*, November 6, pages 438-9), were (a) that there had been for some time a strong section of the people in favor of monarchy and that recently their ranks had been greatly increased until they included the most powerful and influential men in the country; (b) that the Government had always opposed the movement, but had been obliged, in deference to the popular wish, to organize a convention of citizens' representatives; (c) that it felt perfectly confident of being able to carry the change through without trouble. On November 4, Mr. Obata called again—this time alone—on Lu Cheng-hsiang and asked for an explanation of this reply, and on the previous day M. Conty, the French Minister, informed the Waichiaopu that he had been instructed to associate the French Government with the advice. By this time more than half the provinces had voted in favor of a Monarchy; there had been no evidence whatever of dangerous opposition to the movement, and, only a few days before the advice was tendered, Count Okuma, Baron Kato and Mr. Hioki, the Japanese Minister in Peking, had all three expressed the opinion that serious trouble was unlikely, the last named, in the following terms: "The bulk of the Chinese nation," he said, "do not appreciate the difference between a republican and a monarchical *régime*; it is all one to them whether they have over them a President or an Emperor."

YUAN'S DECISION.

On November 9 our correspondent in the capital telegraphed that the Chinese Minister in Tokio, acting on instructions from Peking, had informed the Japanese Government that no change would take place within the year and two days later, when Mr. Obata and the British, French and Russian Ministers attended at the Waichiaopu to receive China's reply to Japan's request for further enlightenment (for by this time Russia had put herself in line with Great Britain and France), Lu Cheng-hsiang stated that after a decision had been recorded by the people the necessary steps to be taken would be many and varied so that before the performance of the grand ceremony could be carried out there would inevitably be considerable delay. On November 12, the Italian Chargé d'Affaires, Signor D. Vare, intimated to the Minister for Foreign Affairs his Government's desire to associate itself with the advice tendered by the Allies, and on November 21—the day after Mr. Hioki's return to Peking—our correspondent telegraphed the opinion of influential Chinese that the actual change to a monarchical form of government would be delayed until the termination of the war. Two days later General Feng Kuo-chang, Chiangchun of Nanking, reporting the results of the trial of the murderers of Admiral Tseng Ju-cheng (who was assassinated in

Shanghai on November 10), said that the murder appeared to have no direct connection with the monarchical movement, and that it had not affected the situation in the Yantze Valley, where peace and order were being maintained. On November 28, President Yuan Shih-kai's sixth daughter was betrothed to the ex-Emperor Hsuan Tung, the go-between being Prince Pu Lun and General Yin Chang, and on the following day telegrams were sent to the Chiangchuns and Governors of all the Provinces saying that while, despite the advice of the foreign Powers, preparations for the restoration of the monarchy were being continued, the actual change would be unavoidably postponed. On December 3, it was announced that Chang Ji-ling, Minister of Education; Ling Chang-ming, Secretary of the State Council, and Wu Chao-chu, Councillor of the State Department, had been appointed advisers to a Bureau for the preparation of Grand Ceremonies, and on December 11, after the central ballottings had been completed, the State Council submitted a memorial to the President, urging him to ascend the Throne. It was rejected, presented again, and accepted in a lengthy mandate which will be found in the *Herald* of December 18, page 882, and on the 13th, high officials assembled at the Palace to congratulate the Emperor-elect. Three days later, when the Foreign Ministers announced a policy of watchful waiting, Lu Cheng-hsiang took occasion to remark that all the nations represented had placed on record their intention of maintaining the sovereignty and independence of China. The Japanese Minister promptly gave assurances that his Government did not intend to infringe either and the other Ministers followed suit. Thus, so it seemed, was the die cast.

THE YUNNAN REVOLT.

Exactly a week later came the first news of overt opposition. On December 21 Reuter's Peking correspondent telegraphed that there was a persistent rumor that the Chiangchuns of Kueichow and Yunnan had telegraphed to the Central Government requesting it to cancel the restoration of the Monarchy, as the change was likely to lead to a revolt in their provinces. The report was denied in Government circles, where it was stated that the rumor arose owing to a telegram from Lung Chien-chang, the Civil Governor of Kueichow, inquiring the whereabouts of General Tsai Ao, who had recently requested leave to recuperate his health in Japan. On December 27, however, the revolt of the province was put beyond question by the publication of the main heads of an ultimatum despatched from Yunnanfu on the 23d by Tsai Ao and Tang Shi-yao to Yuan Shih-kai, demanding a reply by ten o'clock on Christmas Day, with guarantees that the monarchical movement had been stopped. No reply was vouchsafed, and on the 26th Yunnan was formally declared independent. On the 28th the Tsangchengyuan unanimously passed a resolution proposed by Liang Shih-yi, urging Yuan Shih-kai to despatch a punitive expedition to Yunnan, and on the 31st a mandate announced that Tang Shi-yao, Jen Ko-cheng, the Civil Governor, and General Tsai Ao had been cashiered and stripped of their titles and decorations. Thus the year ended in civil war, and in concluding our review of the movement which led to it, it should be pointed out that the present revolt is of a very different character from that of 1913. The men who are taking the lead in it are not of the old revolutionary gang, nor is the sentiment that animates them the spirit which inspired the leaders of the last rebellion. Tsai Ao is not a member of the Kuomintang; he is an old friend of Yuan Shih-kai. Nominally he has taken up the cause of republicanism; really he is actuated by personal animosity. Standing in with him, of course, is the Young China with which Shanghai is so familiar, the tomboyant politicians who would build Rome in a day, and with them, too, are many of the more serious and intellectual of the progressives. Theoretically all are fighting against the change

which Yuan Shih-kai has all but effected; practically the monarchical question is subsidiary and second to personal dislike and distrust of the President. Potentially, therefore, the new revolt is far more dangerous than the last one.

CHINA AND THE ENTENTE.

What effect the revolt of Yunnan will have on China's position *vis-à-vis* of the Powers nobody would care to prophesy. We have seen what the policy of the Entente has been towards the monarchical movement, and it remains to mention the suggestion, vetoed by Japan, that China should take sides against Germany. On November 21 Reuter's Tokio correspondent telegraphed that a direct message had been received from New York quoting the Washington correspondent of the Associated Press as authority for the statement that Great Britain, France and Russia were making united efforts to add China to the Entente. On the following day Reuter's Peking correspondent declared that he had been informed "from an authoritative source" that there was no truth in this announcement. A few days later our special correspondent in Tokio referred to the matter as one on which, owing to the absence of several Ministers, the Japanese Government had been unable to arrive at any decision, while on the 29th our Peking correspondent characterized the news as a "newspaper report." Shanghai, accordingly was left to take its choice between these contradictory pieces of intelligence and remained in doubt until December 6, when our special correspondent in Tokio telegraphed that Baron Ishii, Minister for Foreign Affairs, had received the British, French and Russian ambassadors that afternoon and verbally delivered Japan's reply "to the proposal to invite China to join the Entente." Writing on December 13, our special correspondent proceeded to give us the history of the whole episode, and his letter will be found on page 918 of the *Herald*, for December 24. Briefly, the letter showed (a) that for a long time past it had been the object of the British Government to put an end to certain German activities in China; (b) that eventually a suggestion was transferred from Peking to London to invite China to join the Entente; (c) that no sooner had this idea taken definite shape than it was communicated by Sir Edward Grey to the Japanese Ambassador in London and by the British Ambassador in Tokio in conjunction with his French and Russian colleagues to the Japanese Foreign Office, then located in Kioto, in connection with the Coronation ceremonies. Nothing could have been more above board. Meanwhile, however, the news of what was being done had been given a bad start in Washington by the accompanying suggestion that the proposal was designed to avoid friction between China and Japan—in other words, to save China from Japanese aggression by bringing her into the same fold with the Allies, a suggestion which had on the Japanese Press the effect of a red rag on a bull.

On top of this, the Peking correspondent of the *Asahi* had the impudence to telegraph the terms of an alliance between Great Britain and China, a libel which was repeated in message after message and was only given its quietus by an official denial by Sir Edward Grey. The upshot was that Japan refused to entertain the idea on the ground that it was dangerous to extend the area of the war to the Far East, where such an extension might result in uneasiness and, possibly, in disturbances. Accordingly, the Allies have yet to solve the conundrum which, had China joined the Entente, would have been made easy of solution, the problem, namely, of how to thwart German intrigue in China without affecting the latter's neutrality.

THE QUINTUPLE GROUP.

There is no need to recall all the examples of that intrigue, suffice it to mention the most glaring instances,

the expedition in March of the German Military Attaché, von Pappenheim, across Mongolia to the trans-Siberian railway with the object of blowing up part of the line, the attempt to ship arms in the guise of medicine to India from Shanghai in October, the seizure of the *Iro Maru* in the same month and the press campaign which has been waged without intermission throughout the year. Not the least striking fact about these intrigues has been that they have, to a large extent, been conducted with Chinese money, some of which is collected by subjects of the Allied Powers. The details of German finance in China were telegraphed to us by our Peking correspondent on November 18. The Germans have "run" their intrigues during the past year on the following funds: (a) The proceeds of the German share of the Boxer indemnity, which has amounted to £2,000 daily; (b) the proceeds of the German share of the Anglo-German Loans of 1896, 1898, 1908 and 1910, and the Quintuple loan of 1913, amounting to another £4,000 daily; (c) large sums due to Krupp's agents and other German arms dealers, amounting in the aggregate to several million pounds sterling, bearing interest at six per cent. and upwards. It was not surprising, therefore, that towards the end of the year—in the first week of November, to be precise—the Allied Banks in Peking received instructions from their principals not to be co-signatories of any loan contract in which the other signatory was an enemy German bank. The surprising thing, on the contrary, is that the Quintuple Group should have retained its pre-war character as long as it did.

AMERICAN INTERESTS IN CHINA.

In this connection two other highly important events deserve special notice: (a) The visit of Mr. Okura, head of the Okura Company, to Peking in October; (b) the visit of Mr. Selwyn Tait about the same time. The object of Mr. Okura's visit was stated to be an arrangement for co-operation between leading Chinese and Japanese Chambers of Commerce, and the inauguration of a Sino-Japanese Bank. The year closed without anything very definite being published about these schemes, nor is it at the present stage possible accurately to work out their relation to recent events, yet in view of Japan's reference to special interests at the time of her advice on the monarchical question, it is well to bear Mr. Okura's visit in mind. Mr. Tait's departure from China was shortly afterwards followed by the announcement that the National City Bank of New York had acquired control of the International Banking Corporation and proposed large activities in China. On top of this news came, on November 23, a telegram from New York stating that the National City Bank had formed a company with a capital of G. \$50,000,000, backed by the leading financiers, to finance and control enterprises in all parts of the world, while on November 30, Reuter's Peking correspondent telegraphed that Chang Chen-hsun, a member of the Tsanchengyuan, had been granted six months' leave to visit South China in connection with the establishment of a proposed Sino-American Bank with a capital of \$10,000,000—no very big enterprise, certainly, but one which deserves notice in view of America's re-awakened interest in China. For, as a result of the war, a number of British enterprises in the Far East have been suspended and are likely to remain stationary, and, as New York has more money than it can profitably employ at home, the coming year may, perhaps, see big development on an Anglo-American basis.

OTHER EVENTS.

It remains to group together the few leading events that have not fallen into their natural places in the course of this review. An easy transition from the connected to the disjointed is provided by the formation at the end of May of the British Chambers of Commerce, an event,

we like to think, to which Britons in the Far East will in years to come look back as a turning point in the history of British enterprise in China. The inaugural meeting took place in Shanghai on May 31, when H. M. Consul-General, Sir Everard Fraser, K.C.M.G., was elected Honorary President; Mr. Archibald Rose, C.I.E., H. M. Commercial Attaché, Vice-President and *ex officio* member of the general committee and all sub-committees. An important resolution was proposed and carried extending associate membership to British firms not having an office in Shanghai and to British subjects who, though not engaged in business, have affiliated interests, the object of the resolution being to make the Chamber as inclusive and representative as possible. It was early next month, on June 6, that telegrams from Peking announced the successful termination of the Kiachta Conference and the conclusion of an agreement between Russia, China and Mongolia on the lines of the Treaty of 1913 with this important difference that the independence of Urga was cancelled and Outer Mongolia clearly recognized as being a part of Chinese territory subject to Chinese suzerainty. A few days later Cheng Lu, one of the delegates at the Conference, was appointed Resident General at Urga with the rank of Lieutenant General, and on August 9 it was announced that he was about to start for his post accompanied by assistant residents for Kiachta, Kobdo and Uliassutai. In November Mr. Sherfesse, who has done so much good work in the Philippines, accepted the post of Co-Director of the Forestry Bureau and on December 3 the Foreign Banks released another \$6,000,000 from the Salt Revenues for the use of the Government, making the total \$37,000,000 for the year—a sum which should encourage Yuan Shih-kai along the path of reform by means of foreign assistance. By that road only can China fit herself for the difficult times which, as the past year has clearly shown, lie in front of her.

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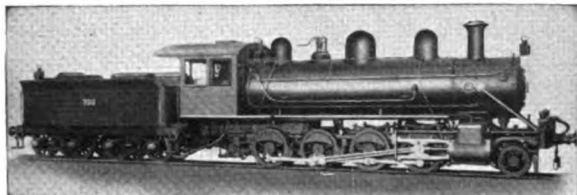
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THE details that come by mail of the abandonment of the monarchical movement and the restoration of the republic in China do not make any clearer the meagre news arriving by cable of the progress of events since March 23. The mandate canceling the monarchy is a highly characteristic production and illustrates Yuan's adroitness in the art of "saving face." For example, there is this passage: "I am still of opinion that petitions designating me as Emperor, submitted to the Lifayuan, are not suited to the demands of the time and my official acceptance of the throne made on December 11, 1915, is hereby cancelled." No less adroit is this recognition of the good intentions of the promoters of the movement: "Those who advocated a monarchy have been prompted by a desire to strengthen the foundations of the country." On the other hand, as Yuan regards the matter, those who oppose a monarchy have done so to express their political views. It is therefore open to him to presume that they will not go to such an extreme as to endanger the country. He accordingly adjures them to hearken to the voice of their own conscience, "sacrifice all prejudices and with one mind and purpose unite in an effort to save the situation, so that the glorious descendants of our sacred continent may be saved the horror of internal strife." In spite of the confession that all the faults of the country are the result of the faults of the President of the Republic, his counsel of perfection has evidently not been heeded. There is no evidence that Kwangtung has reconsidered its declaration of independence, and Hunan and Kwang-si are too obviously of the same mind.

Nor only has it been demonstrated that China will have none of Yuan's empire; it is becoming more and more apparent that all there is of articulate opinion in the politics of the Southwest will have none of him. Before its declaration of independence, a telegram was sent to President Yuan from the Province of Kwang-si, which is said to voice the real feeling of the Republican leaders. This document places on Yuan the sole responsibility for existing disorders, and makes an unfavorable comparison between his course and that of the Manchu princes. They having ruled almost three hundred years, were nevertheless unable to bear the sacrifice of the people's lives, and preferred to abdicate the throne. According to the Kwang-si memorialists, Yuan's course has been just the opposite. Wishing to appropriate the country as his private property, he has felt no compunction in causing the massacre of thousands of human beings and in hastening the downfall of the nation. Hence the earnest and sincere advice that he at once resign his office "as an expression

apology to the world." The memorialists conclude by reminding Yuan that only thus will he be able to demonstrate the true ambition with which he claims to be inspired, and only thus can the country be immediately relieved of impending dangers. The experiment of Yuan's temporary retirement under cover of a Cabinet, apparently intended to govern on its own initiative, instead of being directly responsible to him, is an ingenious device, but hardly seems to be one calculated to assure the tranquility of China. Since nothing save Yuan's abdication will satisfy his numerous and apparently well organized enemies, the success of any half measure in bringing about a restoration of tranquility is rather more than dubious.

Nor the least disturbing feature of the situation is what is claimed to be the universal conviction of the Chinese that Japan is actively helping the rebellious provinces. Suspicion of Japan goes so far as to assume that even if the provinces that have declared their independence should be beaten into subjection or should spontaneously come to terms with Peking, Japan would merely transfer her energies to some other quarter, with the view of fomenting troubles that she might turn to her own profit. There is certainly nothing in the attitude of the Japanese Government, whatever there may be in the irresponsible criticism of jingo newspapers in Tokio, to warrant any such accusation. Had Japan been really contemplating armed interference in the affairs of China, there was nothing to prevent her doing so any time during the past year. If, as Yuan's supporters allege, he is the chief obstacle to the Japanese schemes of aggrandisement in China, it is difficult to see how the Republicans who are supposed to be aided and abetted by Japan, can produce an available substitute for President Yuan, who would not, on the popular theory, merely prove a tool for Japanese designs. As a matter of fact, Japan has everything to lose by the creation of any condition of social and political anarchy in China, and may be safely trusted to do all that she can to avert any such possibility.

MEANWHILE, the economic and commercial prosperity brought to Japan by the war in Europe continues unabated. Trade in Japan was at a low ebb when the war broke out, and the last five months of 1914 made a very depressing commercial and industrial record. But orders for munitions began to come in and these were followed by inquiries for other merchandise. Japanese tonnage became much in demand, especially after the Pacific mail steamers were withdrawn. While orders from allied and friendly powers were being executed, Japan found other markets opening for her trade, so that her manufacturers were unable to cope with the demand. Hence it came about that last year the value of exports reached the record total of 708 million yen, the last highest being in 1913 when the total was 632 millions. Imports for the year were valued at 532 millions, as compared with 595 millions in 1914, 729 millions in 1913, and 618 millions in 1912. The excess of 175 millions of exports over imports is a record; only

four times within the last twenty years have exports exceeded imports. It is fully expected that these figures of 1915 will be surpassed during the current year, and recent statistics of the foreign trade of Yokohama are cited to sustain this view. For example, during the first ten days of March there was an increase in the exports from that port of nearly 4 million yen, and a decline of 2¾ million yen in imports, as compared with the same period of last year. One satisfactory result of these conditions is that all apprehension as to the stability of the note conversion system of Japan has disappeared, and the country has specie accumulating to its credit to the extent of 600 million yen—an amount unprecedented in its financial history. Another natural result of the existing "boom" is that new undertakings of an industrial character are springing into existence all over the country. Altogether yen 96,773,000 of new capital was actually invested in business enterprises in Japan last year and much larger amounts are now being called up.

A RECALCITRANT Democratic minority has forced a fight over the Clarke amendment to the Philippine Bill directing the concession of independence to be made within two or not more than four years from the date of its passage. The result has been a lengthening of the period of Philippine tutelage and a virtual abandonment of the policy of "scuttle." While there has been a remarkable agreement among representative newspapers on the necessity of recognizing our moral responsibility for the future of the Philippine archipelago and consequently of declining to give the Filipinos self-government before they are ready for it, there has been a notable absence of perception of the necessity for amending the present form of Philippine government. That has been declared by all competent observers, the chief of the Bureau of Insular affairs among them, to be no longer workable. It is symptomatic of the slight amount of interest which Philippine affairs excite among our people, that criticism of the Senate bill has been almost entirely confined to section 34, which embodies the Clarke amendment. There has been no serious consideration of the results of leaving the local government powerless to borrow money without the express authority of Congress, or to enact laws necessary for the development of the public lands and mines which constitute the chief source of Philippine wealth. The Philippine commission has been urging for thirteen years the amendment of the public land laws, and for five years has begged authority to borrow money for needed public works without receiving any attention from Congress. Since Gen. McIntyre found that Americans in the Islands were well satisfied with the administrative clauses of the Jones Bill, and since it appears that these will now have a fair trial, unhampered by any declaration of premature independence, it may be hoped that Philippine trade will put on a brighter aspect than it wears to-day, and that a new era of material development will open up for a possession which has hitherto been the football of both our political parties.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the seven months, ending Jan. 31, 1915 and 1916.

EXPORTS TO CHINA.

Months. 1914	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
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
Total.....	8,294,010	\$652,359	44,129,150	\$2,473,401	12,080	\$49,796
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
October.....	2,408,026	155,457	3,741,675	210,376	386	1,736
November.....	1,182,579	69,055	.....	.....	995	4,850
December.....	13,280	3,757	4,893,057	306,515	2,739	13,323
1916						
January.....	17,284	3,457	6,763,296	332,568	313	1,623
Total.....	10,831,420	\$764,234	45,077,075	\$2,473,750	6,086	\$31,063

EXPORTS TO HONGKONG.

1914						
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
Total.....	79,476	\$14,693	20,033,618	\$1,087,285	519,750	\$2,159,591
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
October.....	35,963	5,387	800,000	63,234	58,801	250,332
November.....	45,961	4,137	409,750	31,070	663,909	305,676
December.....	38,457	4,810	1,000	100	3,821	15,994
1916						
January.....	400	70	2,020,948	164,410	2,413	10,954
Total.....	250,081	\$38,815	7,023,403	\$460,329	229,452	\$1,047,950

DEPARTMENT OF COMMERCE,

Bureau of Foreign and Domestic Commerce.

WASHINGTON, D. C., March 29, 1916.

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**Imports of Tea and Silk into the United States for the seven months, ending
January 31, 1914, 1915 and 1916.**

Imported from	1914.		TEA.		1915.		1916.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	8,699,449	2,352,925	7,503,889	2,070,991	9,183,929	2,234,056		
Canada	1,658,591	476,645	1,876,788	519,139	1,488,902	497,365		
China.....	16,642,700	2,338,737	20,054,270	2,773,157	17,298,402	2,580,098		
East Indies.....	5,799,567	997,602	8,030,320	1,332,563	9,887,471	2,024,687		
Japan.....	36,200,194	6,026,518	38,938,785	6,650,611	48,594,140	8,239,138		
Other countries	699,133	135,608	796,017	116,248	348,424	58,667		
Total.....	69,699,634	12,328,035	77,200,069	13,462,709	86,801,268	15,634,011		

Imported from	RAW, IN SKIRNS REELED FROM THE COCOON OR REREELED		SILK.					
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	25,221	93,166	24,590	98,393	50,267	167,479		
Italy.....	1,038,033	4,483,080	856,254	3,641,003	1,605,265	6,655,633		
China.....	3,854,432	9,960,176	2,376,316	5,904,792	5,321,402	11,642,558		
Japan.....	12,748,816	43,039,012	11,478,048	38,532,718	13,358,262	44,491,700		
Other countries	253,716	935,052	11,243	51,765	2,158	7,850		
Waste.....	3,565,286	1,845,917	2,882,177	1,542,500	4,251,342	2,184,324		
Total unmanufactured	21,485,504	60,356,403	17,628,628	49,798,214	24,588,696	65,184,938		

THE APPEAL OF ST. LUKE'S INTERNATIONAL HOSPITAL, TOKYO

The following subscriptions have been received for St. Luke's International Hospital, Tokyo, in answer to the appeal recently sent to the members of the American Asiatic Association by the Executive Committee:

The General Electric Company.....	\$2,500.00
The Standard Oil Company.....	3,000.00
The American Trading Company.....	3,000.00
The International Banking Corp.....	3,000.00
The U. S. Steel Company.....	3,000.00
Geo. H. Morrill & Company.....	500.00
Mr. and Mrs. Martin Egan.....	100.00
An Importer, anonymous.....	1,000.00
Barber & Company.....	1,000.00
Mr. Alba B. Johnson.....	250.00
Mr. J. C. White.....	100.00
Smith, Hogg & Co.....	100.00
Rockhill & Vietor.....	100.00
Arnold, Karberg & Company.....	25.00
Mr. H. D. B. Moore.....	25.00

Total to date received through the American Asiatic Association..... \$17,735.00

RECEIVED PREVIOUSLY.

From His Majesty the Emperor of Japan	\$25,000.00
Premier Count Okuma and representative Japanese	50,000.00
Cash and pledges from other sources.....	287,000.00

Total to date.....\$362,000.00

The list will remain open for the present and subscriptions may be sent to the Chairman of the Committee, Mr. James R. Morse, care of The American Trading Company, 25 Broad Street, New York City.

This effort to establish in Tokyo a thorough and modern hospital under American control and ownership should appeal to the members of this Association and it deserves their interest and support. The hospital is not only an urgent necessity affecting the welfare of every foreigner resident in or passing through Japan, but it will prove a convincing and clear-cut demonstration of the practical methods adopted by liberal-minded Americans in evincing their genuine friendship for Japan. Like other nations, the Japanese believe a thing when they see it, and here is offered an opportunity to prove to them in a most practical and concrete way the sincerity of our oft-repeated assurances of friendship.

The recent work of the American Ambulance and other American hospital organizations in France have drawn these two countries together as nothing else could. Exactly the same kind of thing can be done in Japan through the work of St. Luke's International Hospital. The value of a demonstration of friendship of this kind goes far beyond any computation in dollars and cents, and no people are more susceptible to friendly advances than the Japanese. The fact that His Majesty, the Emperor of Japan, has given from his privy purse \$25,000.00 to the Hospital places the undertaking in a class by itself, and the very

liberal gift of \$50,000.00 secured through the Committee presided over by H. E. Premier Count Okuma places the full stamp of official approval upon the enterprise throughout Japan.

An hospital built in Japan along the lines proposed through American generosity, as an evidence of our desire for friendship with the Japanese, will do more than any one thing yet attempted to clear away the misunderstandings and unfounded suspicion existing between the people of the two nations.

For foreigners living in Japan and tourists or business men visiting the Far East an hospital like the new St. Luke's is most urgently needed. This fact alone should enlist the sympathy and support of the members of this Association. It is impossible to secure the best services of the medical profession without the assistance and co-operation afforded by a modernly equipped hospital and

clinical laboratory. This is the aim of the new St. Luke's and it is a matter of the most urgent and immediate need in Japan for the care of the foreign population there. It does not take a tourist who is ill in Japan long to find this out—and the resident foreigners already know it. The new St. Luke's offers a practical solution in furnishing a modern hospital where the best Japanese physicians and surgeons in Tokyo can be called in consultation when necessary. Plans for a hospital like this should not be held back for want of funds. The undertaking deserves the support of every American interested in furthering better relations between Japan and America and in assisting in establishing in Japan a first-class modern hospital for our own people.

The cost for the permanent endowment and construction of one ward bed is \$3,000.00; construction of one memorial bed, \$1,000.00. Gifts of smaller amount used for ward construction or designated special equipment and apparatus.

AMERICA AND JAPAN

By TOYOKICHI IYENAGA, PH. D.

I shall endeavor here to discuss what I consider to be the most important questions that lie in the way of Japanese-American intercourse. In doing so, I beg you to grant me the privilege of being perfectly frank and outspoken. Mutual understanding of one another's position and views gained by frank and free discussion is, I believe, the proper and surest way to find a happy solution of the questions whose existence hampers the smooth working of international relations.

Let us first survey the past.

OPENING OF JAPAN AND THE AMERICAN POLICY.

In the history of international relations no record is so unique as that of the intercourse between Japan and the United States during the first five decades of its existence—so romantic in its inception, so pervaded throughout by mutual good will, and so fruitful of untold benefits to mankind at large. Strikingly dramatic is the scene that introduces the first chapter of that intercourse. To the nation still enjoying a torpor of centuries and only equipped with bows and arrows, swords and spears, Commodore Perry suddenly makes his advent in 1853 into the Bay of Yedo with the stately fleet of eight ships, armed with 230 cannon. And, contrary to the world's expectation, the adroit sailor-diplomat succeeds in forcing open the door of the nation that had for ages been hermetically closed against aliens, without a shot being fired, a man wounded, or a junk sunk. For his was truly a peaceful mission. Behind that outward display of force, under that glittering uniform of the commodore, there was hidden the spirit of American friendship toward Japan which he had been commissioned to disclose. That Japan soon discovered it and remembers it with gratitude is evinced by the monument which now stands

on the very spot of Perry's first landing, and which, backed by the everlasting green hills of the Mikado's land, overlooks the blue waters of the Pacific that binds in common embrace the two great nations on its opposite shores.

Genuine Americanism found its finest expression in Perry's successor, Townsend Harris. With the simplicity, honesty, and frankness worthy of a true American, and with consummate tact and infinite patience, Harris overcame the innumerable obstacles, which ignorance, suspicion, and prejudice, put in his way, and finally signalized his triumph by becoming the confidant and adviser of the Shogun's Government. The American policy of justice, fair dealing, and friendliness, thus inaugurated, was consistently pursued by all the succeeding administrations, and put into practice by able envoys who represented the President of the United States at the court of the Mikado—Pruyn and Bingham, Buck and O'Brien, Griscom and Anderson, and the present envoy, Mr. Guthrie.

The refunding of the Shimonoseki indemnity in 1883, the willing heart proffered for the revision of old treaties which denied to Japan the exercise of judicial and tariff autonomy, the good office rendered to bring about the peaceful settlement of the Russo-Japanese War, the commercial treaty negotiated under the Taft administration that facilitated the successful conclusion of new treaties with other Powers—these are a few instances, the prominent posts on the road of Japanese-American intercourse, that will recall to us hundreds of other instances, wherein we have witnessed the realization of what General Grant said: "Whatever America's influence may be I am proud to think that it has always been exerted in behalf of justice and kindness."

GOOD SERVICES OF PRIVATE AMERICANS.

If the American Government has exerted its influence in this manner, no less generous and striking have been the services rendered by private Americans for the good of Japan. Long indeed is the list of American names which add luster to the pages of modern Japan. America has sent hundreds of educators and missionaries to teach Japan in lessons of science, law, and religion. And how greatly is Japan indebted to many presidents and professors of American colleges who have educated, nay, bestowed fatherly care upon, tens of thousands of Japanese youths and sent them home with their benedictions! It is no exaggeration to say that for the past few decades it would have been difficult to find one college or university of reputation in America which had not enrolled among its students one or two Japanese boys. And in each of these youths there remain some tokens of love and kindness received during college days which will be treasured within their hearts until they cease to beat.

JAPAN IS GRATEFUL TO AMERICA.

On the part of Japan I am also proud to think that she has never been slow to show her appreciation of the friendship of America. After enumerating the debts which Japan owes to America, Count Okuma says: "We shall be most deservedly stigmatized as ungrateful people should we let these memorable circumstances slip out of our grateful memory." Indeed, the sentiment of gratitude toward America pervaded the entire nation. To be an American was, and is, therefore, the surest badge to command the respect and love of the Japanese people. No record of international relations, let me repeat once more, is then more beautiful and ennobling than that which has blessed the American-Japanese intercourse during the past half century—justice, moderation, magnanimity on one side, and gratitude and appreciation on the other.

YELLOW JOURNALISM AND HOBSONS.

The dawn of the twentieth century brought, however, a sudden turn to this happy history. The attitude of America toward Japan, upon whom the former uniformly in the past looked with endearing patronage as a godfather would his foster-child, suddenly changed to the attitude of a rival, swayed now and then by the fear of finding in her a future enemy. This change was due partly to natural causes but mostly to the work of mischief-makers. Let us consider how this change was brought about.

At the close of the nineteenth century, the baby nation Perry had introduced into the family of nations had by dint of energy and perseverance reconstructed its whole scheme of life—political, economic, social—and brought it to the standard of the West. In a word, Japan had attained her maturity, equipped with every qualification that entitled her to rank among the first-rate Powers. This enviable position, however, could hardly be won by the pure logic of peaceful progress achieved during the past. What really enhanced Japan's standing in the estimation of the militant West was the military prestige she gained by waging successfully two wars against her two great neighbors. The pigmy of yesterday was thus suddenly

transformed, as mirrored in the eyes of the military nations of the West, into a giant of to-day, and out of their frenzied imaginations there sprang up a strange monster, called "Yellow Peril," endowed with magic power to carry fire and destruction into the heart of Christendom. It is indeed a strange coincidence that the royal painter who drew for the first time a picture of a "yellow peril" for the edification of the Russian monarch, is the same ruler who is now deluging Europe with blood. Stranger still is the fact that the world has not yet seen any "yellow peril" materialize except in yellow journalism!

To add to the confounding of the Occident, the winner of the battle of Mukden displayed not only skill in wielding weapons of warfare, but also an ability to develop commerce and industry, until Japan came to play the rôle of a competitor in the commercial field, especially in the market of China. That this was not to the liking of those who had mapped out as their own sphere that most alluring field of all in the realm of trade needs no emphasis. In this way the child, who but yesterday was praised to the skies for its precocity, came to be looked upon by some Americans as the prime factor in raising the "yellow peril," both military and economic. The nightmare thus created by the fertile brain of the Kaiser for the purpose of furthering his pet political scheme in Europe, was driven with the winds across the Atlantic and came to find its lodging even in the hearts of Yankees. The fear and dislike of Japan thus engendered among certain sections of the American community afforded capital materials for yellow journals to work with. Would that those papers had overlooked them! But alas! with the adroitness born with such geniuses they eagerly seized upon the opportunities, and enlisted them for use either in playing their own game of politics or in promoting their special interests. If a "war scare" was needed for the passing through the American Congress of army and navy bills, Japan was every time utilized for the purpose. For the last ten years or so Japan has thus enjoyed the unique privilege of monopolizing the unenviable position of being an instrument of "war-scare" manufacturers. It is only quite recently that Germany has come to Japan's rescue to share that honorable position! Indeed, to further its designs, yellow journalism has not hesitated to use every wit and talent at its command for slandering and misrepresenting Japan before the American public.

Think of the Turtle Bay story, the Magdalena Bay story, the story of Japanese-Mexican alliance, the story of Japan's designs on the Philippines and on China. These stories are white lies, shamelessly fabricated and sent out broadcast throughout the country to mislead and deceive the innocent and the credulous among the American people.

Yellow journalism and Hobsons could not, however, have succeeded in making an impression upon the American public had there been no vital questions arising between America and Japan that invited the serious attention of the American people. What, then, are these questions? They are, first, the Japanese-California Question; second, the Monroe Doctrine and Japan; third, the policy of America and Japan toward China. Let us consider them in order.

JAPANESE-CALIFORNIA CONTROVERSY.

The story of the Japanese-California controversy is simple enough to tell. In 1884 the Chinese Exclusion Bill was enacted. As a result a large number of Japanese laborers were invited by California landlords and Western railroad companies to come to America and work in place of Chinese laborers as farmhands and section-men. Thus encouraged the number of Japanese immigrants increased year by year, until it grew to such an alarming proportion as to arouse strong antagonism of the labor and trade unions on the Pacific Coast. This forced the Washington Government to enter into the so-called "Gentlemen's Agreement" with the Tokio Government which agreed to voluntarily prohibit further importation into America of Japanese laborers. The discovery by the Japanese Government of its blunder in not restricting the overflow of Japanese laborers into this country, however, came too late. A great number of Japanese immigrants had already come and settled thickly in certain spots of California. And the friction between Japanese and white laborers and farmers increased yearly, until it culminated in the enactment of the Anti-Alien Land Law of three years ago.

In discussing the Japanese-California question a clear distinction must, therefore, be made between the immigration question and the controversy over the Anti-Alien Land Act. The former—Immigration Question—has already been settled by the "Gentlemen's Agreement" which is kept by the Japanese Government with utmost faith, in fact, so rigorously that no Japanese student without means can any longer come here for education. What is really at issue is the fair and just treatment of Japanese residents who have come here in obedience to and under protection of the Treaty entered into between Japan and America. What Japan says to America is, then, this:

"Frankly, we are not pleased with the exclusion policy you pursue against us. But sound philosophy imposes upon us patience and long-suffering to see the dawn of the Kingdom of Heaven upon this earth, when all men shall shake hands as brothers. When race, economic conditions, and civilization are so different between your people and ours it is the part of wisdom not to force upon them their intermingling. We do not, therefore, want to let loose hordes of our uncultured laborers upon your fat lands. Their friction with American laborers would prove greatly prejudicial to our larger interests. That is the reason why we have acquiesced in the Gentlemen's Agreement. What we cannot but object to, however, is the clean-cut discrimination you have made against our people as is evidenced in the California Land Law. We consider that as in violation of the treaty existing between us. We feel strongly that the principles of justice, fair dealing, and humanity upon which Washington founded and Lincoln reconstructed this great Republic, should impel you to render justice to one to whom it is due."

Japan's position seems to me, therefore, very fair and unassailable. As a matter of fact, the Federal government at Washington held at first the same view, as is clearly demonstrated by the history of its procedure toward the California Legislature. Once the Land Law was enacted,

however, the peculiar Constitution of the United States, especially as interpreted by the ruling party of the present day, makes the Washington government almost impotent to mend the matter. Such being the case, it would be foolish to imagine that the Japanese-California controversy would develop into anything more serious than diplomatic wrangling. But so long as this question remains unsettled it will act as a thorn in the smooth working of Japanese-American relations.

Mr. Tokutomi, editor of the *Kokumin Shimbun*, expresses most frankly this viewpoint:

"We doubt whether relations with America can be improved by the present methods of shaking hands and exchanging cordial compliments. In answer to Japan's complaints against injustice to her nationals, America merely sends over messengers to tell the Japanese how much America loves them, a policy which is evidently futile. The friendship of the two nations cannot be preserved for any length of time on a basis of discrimination. If America really cares for friendship with the Japanese she should accord them equal treatment with Europeans. So long as Japanese are subjected to discriminatory treatment in any part of the United States, there is no hope of any permanent friendship between the two nations."

Sooner or later, I confidently believe, justice will be rendered to Japan. When and in what way shall it be done?—this is for you to say. If there is a will there is certainly a way. I may be permitted to add that it does not seem a wise statesmanship which only fears some trouble with another country and strenuously prepares for such an evil day, instead of zealously applying itself to root out the causes of the trouble. The trouble with Japan is none other but of your own making; your fears of Japan are none other than the products of your own imagination.

THE MONROE DOCTRINE AND JAPAN.

But some say Japan pays scant respect to the Monroe Doctrine and might even dare to assail it. I believe not. I can see no reason why Japan should be slow in paying respect to the well-established American doctrine. Japan has no political interest or ambition in South America. She only wants her people to go there for trade and in pursuit of other industries. And the Monroe Doctrine has nothing to do with the question of emigration, which is, of course, the domestic matter of each sovereign state of South America. What conflicting interests are there, then, that Japan should object to the Monroe Doctrine, provided its sway is limited to the Western Hemisphere?

DEFINITE FORMULATION OF AMERICAN FAR EASTERN POLICY NEEDED.

In the relations between America and Japan there is, to my mind, no matter of greater importance than the clear understanding of the policy each will pursue toward China. For in the future of China are involved Japan's most vital interests, and any misunderstanding concerning her Chinese policy that might creep in among the American people would be fraught with serious consequences. What we, your neighbors, sincerely want to see, therefore, is the definite formulation of the American Far Eastern policy,

upon which all concerned may depend and feel safe. I am constrained to confess my inability to understand what part the American people have made up their minds to play on the Far Eastern stage. For there are inconsistencies and discrepancies in the American policy toward the Far East which impartial observers cannot fail to discern. While America is loudly crying for "open door" in China, she herself is shutting tight her own door against Asiatics. While America is insisting upon other Powers' fulfillment of treaty obligations and carrying into practice the principles of justice and humanity, she herself is rather slow to render justice to Japan which had been infringed by the California episode of three years ago. While America has proclaimed to the world the doctrine of "hands off" and non-interference in affairs of the Western Hemisphere, she herself had been participating, until President Wilson reversed the policy, in Chinese affairs which had a political bearing and significance. You cannot, then, blame Japan for her solicitude to see a definite formulation of the American policy toward the Far East.

JAPAN'S POLICY TOWARD CHINA.

It is at the same time incumbent on the part of Japan to make clear to the American people her Chinese policy. Of late much has been talked about Japan's foul designs on China. Let us consider what would be her fundamental policy toward China as it is dictated by her best interests. It should be and is no other than to cement the bond of amity and friendship between the two nations and to safeguard thereby their common interests. The well-known policy of maintaining China's integrity and independence and the "open door" remains to-day, of course, the same as it was during the days of John Hay and Jutaro Komura. Japan's Chinese policy, therefore, does not in the least run counter to that of America. True, this policy does not spring from pure altruism on the part of Japan, but from her enlightened self-interest. For it should be apparent even to outsiders that European encroachment upon China would prove extremely prejudicial to Japan's interests, bringing European politics to her very threshold and even endangering her national existence, while the closing of China's door would spell disaster to Japanese commerce and enterprise, which have no better prospect of future development elsewhere than in China. It is, therefore, easy to see that to win China's friendship and to stand together as fast friends in the unfolding of their common destiny would surely have been the corner-stone of Japan's policy toward China. Unfortunately the course each followed ran in an opposite direction. Against the progressive policy of Japan there stood long the Great Wall of self-conceit, bigotry, and prejudice of the mandarins. They remained obdurate to the influence of Western civilization until they saw their capital looted and sacked twice within half a century and their empire shaken to its very foundation.

Had China followed at the time she first met the West the same course and policy as Japan, that is to say, to win her place among nations by her own effort instead of depending for her security upon her size and traditions, or upon the grace of other Powers, then the Far Eastern

history of the last few decades would have been a totally different one. "The ultimate aim of our China policy," says Count Okuma, "has been no other than to awaken her from this morbid torpor in order to insure her future prosperity and avoid conflict with European nations." Over and over Japan's friendly warning to China has been given; time and again it has been left unheeded. Nay, even the grave disasters that repeatedly overtook China have not succeeded in awakening her from lethargy. The sad and humiliating spectacles that meet one at every turn in China, at the Legation Quarter of Peking where foreign troops are quartered, making the independence of China a sham, at the foreign settlements of Tientsin, Shanghai, Hankow, wherein China's sovereignty is overridden, and are established "republics within the Republic"—*imperium in imperio*—these also have failed to make China bestir herself.

Under the circumstances the utmost Japan could do was to adopt every legitimate means to safeguard her interests and to prevent and forestall European aggression upon her neighbor. This is the meaning of the Anglo-Japanese Alliance. This is the meaning of the Russo-Japanese War. This is the meaning of the capture of Kiaochow and Japan's attempt to drive out of the East its most disturbing factor. This is the meaning of the recent Sino-Japanese Treaty. Had America been placed in the position of Japan, I dare say that she would have pursued the same course as Japan did.

JAPAN'S FRIENDLY PROFFERS TO CHINA.

But the critics cry out: What about Group V. of the recent negotiations, of those demands intended to make China virtually a Japanese protectorate? Are they not an infringement upon China's sovereignty? Certainly not. They were not demands upon China, but simply expressed the wishes of Japan. They were friendly proffers, and certainly Japan is entitled to offer to China friendly suggestions for her betterment. Their acceptance by China, however, must altogether depend upon the value she places on Japan's friendship and ability. It is to be sincerely regretted that Japan failed to impress upon China her ability and sincerity to work good for China.

Once China sees the point, I can see no reason why she should be slow to accept some of Japan's proposals. I can see no force in the contention that the request to employ Japanese political, military, and financial advisers is an assertion by Japan of her political paramountcy over China. Does not China employ many foreign advisers—political, financial, and military? Is not Peking populated by scores of such titular foreign advisers—European and American? Out of 3,938 foreign employees in China there are at present 245 Japanese, while the remainder is made up of 1,105 English, 1,003 French, 533 Germans, 463 Russians, 174 Americans and others. Nor is there any reason why China should not heed the advice of her friend, which aims at efficiency and uniformity of arms and ammunitions. The present war has conclusively demonstrated that munitions are the most important factor in the success of modern warfare. If China is courageous enough to acknowledge her awful deficiency in this respect, and wise enough to

take steps to mend the matter, why should she refuse the proposal of Japan? Still less is it easy to comprehend why Japan is not entitled to enjoy in China the same privilege of religious propagandism and of holding land and property for the purpose of education and charity which the Western nations have been enjoying for decades. Christian nations have forced upon China, at the cannon's mouth, the freedom of religious faith and propagandism. With what justice shall these nations condemn Japan when she advocates the same freedom in the Far East?

In short, to cement the bond of amity and friendship with China and work out together their own destinies in the Far East is, then, the fundamental China policy of Japan. For upon their coöperation, not enmity, depends the healthy political development of the Far East. And at the same time, coöperation and not antagonism, I believe, should be the watchword to guide the course of America and Japan in the Far East. In saying this I am sure that I shall have the approval and indorsement of the vast majority of the American people.

SOLID GROUNDS FOR AMERICAN-JAPANESE FRIENDSHIP.

To sum up: The Japanese-California question is no cause for war. The Monroe Doctrine acts only as a brake to prevent a clash of interests, not to bring it about. The Pacific is broad enough to accommodate without jostling all the navies and merchant fleets of both nations on its opposite shores. The course of America and Japan in China runs on parallel not conflicting lines, with only this difference, that Japan has most vital political interests in China while America has not, and Japan realizes better than America the danger involved in China's weakness, and is, therefore, zealously eager for her regeneration. What causes are there, then, that would warrant the heinous outcry of yellow journals and jingoists that "war is inevitable between America and Japan"? None whatever. On the contrary, solid and permanent interests of both countries call loudly for the continuance of their traditional friendship. To Japan, war with America would be suicidal. The country that imports most from Japan is the United States of America. Were she to stop buying Japan's stable products—silk, tea, and art objects—Japan's economic life would be immediately paralyzed. Nevertheless Japan's friendship toward America does not come—God forbid!—from these sordid motives, but from her love of American ideals. Nor does Japan's respect for America spring from the array of hundreds of dreadnoughts, millions of soldiers, and mountains of gold and treasure that America has or can provide. Japan's sincere admiration and regard for America has its fountain in its deep conviction that America's greatness rests upon her sense of justice, fairness, and humanity.

JAPAN'S PROTEST AGAINST THE ALIEN BILL

Washington, April 21.—Japan has renewed her objection to provisions in the pending immigration bill which are construed as virtually enacting into law the celebrated Root-Takahira agreement for the restriction of immigra-

tion to the United States and as including Japanese with Hindus in an excluded class.

The Administration, it was said to-day, feared no difficulty in arranging the terms of the bill so as to avoid wounding Japanese feeling, and to that end President Wilson soon would confer with House and Senate leaders.

Viscount Chinda, the Japanese Ambassador, who already has left two memoranda with the State Department on the subject, conferred to-day with President Wilson by appointment which was made ten days ago. The Administration, while realizing the extent of Asiatic exclusion sentiment in the Pacific Coast States, is described as fully sensible of the disadvantage of agitating the long standing controversy with Japan and is confident that the situation can be smoothed out satisfactorily to all interests.

Japan's revival of the question at this time attracted much interest in the Capital, but it was pointed out that her representations could scarcely be delayed, if it were desired to do so, because the bill had already passed the House and had been reported to the Senate for passage.

Although the Senate Immigration Committee made some changes in phraseology, the terms of the exclusion section still are offensive to the Japanese.

For many obvious reasons the attitude of the Administration is said to be one of disinclination to irritate the situation between Japan and the United States. The California anti-alien land law negotiations went into an indefinite stage three years ago this Spring. Administration officials are not unmindful of anti-Asiatic sentiment in Congress, particularly among members from the Pacific Coast States, and their constant endeavor has been to quiet it.

The United States never has replied to Japan's last note on the California land law. The last that was said on the subject was said by Secretary Bryan to Ambassador Chinda, when the negotiations got into the stage of apparent deadlock, and the Ambassador on taking his departure from a conference at Secretary Bryan's office inquired if he were to transmit the last word of the United States to his Government. To that Secretary Bryan replied: "There never can be a last word between friends."

The exclusion provision, as it passed the House, was as follows:

"Hindus and persons who cannot become eligible, under existing law, to become citizens of the United States by naturalization, unless otherwise provided for by existing agreements, as to passports, or by existing treaties, conventions, or agreements, or by treaties, conventions, or agreements that may hereafter be entered into."

The Senate Committee amended the provision to disassociate the mention of "Hindus and persons," and made it read:

"Persons who cannot become eligible, under existing law, to become citizens of the United States by naturalization, unless otherwise provided for by existing agreements, as to passports, or by existing treaties, conventions, or agreements, or by treaties, conventions, or agreements that may hereafter be entered into; Hindus * * *

The Senate Committee, reporting the bill for passage, made this explanation of the change:

"The words 'Hindus and' had been inserted undoubtedly because some courts have held that Hindus can become eligible to become citizens by naturalization, so that the said large class of Oriental aliens originally intended to be covered by the provisions excluding those who cannot become so eligible, might possibly be held not to be included in the law.

"It will be observed that the phrase attached to these provisions to show that they have neither the Japanese nor the Chinese in mind, has been improved and made absolutely inclusive."

JAPAN AND THE PHILIPPINES

By K. K. KAWAKAMI.

With the discussion of the Philippine independence bill in the legislature at Washington much attention has been paid to the possible attitude of the Japanese towards the islands after the withdrawal of American authority therefrom. Some critics have openly declared that Japan is waiting for the first convenient opportunity to grab the Philippines.

While Japan is certainly desirous of extending her interests in the southeastern Pacific, there are certain points upon which Americans as well as Filipinos must be thoroughly informed if they are not to make serious mistakes in dealing with the Japanese.

It is not necessary that Japan should, in order to extend her influence and interest in the south, absorb the lands now under the American, Dutch or French flags. Confining our discussion to the Philippines, it must be emphasized that Japan does not covet the territory. She would, of course, take it if she could get it for a song. It is absurd to tell Americans that the Japanese would not take the Philippines even for a gift. She would be glad to accept it, if America, with the unreserved consent of the Filipinos, were to hand it over to the Japanese without regret or reluctance. But the Japanese know the Philippine situation too well to fancy even for a moment that the islands can be had for the asking. They know that an attempt to acquire the territory would cause them endless trouble and countless expenditure, for the Filipinos who have been opposing the American rule established over them would even more strenuously oppose Japanese rule. Certainly the Japanese are not foolish enough to think that such a game is worth the candle.

Suppose, for argument's sake, that Japan is anxious to annex the territory. What can she do with it? She cannot colonize it to any appreciable extent, for the climate there is against the Japanese. If Japan is anxious to obtain a colony it is mainly because she must relieve the congestion of population in her own territory. What good would it do to Japan to acquire at a great sacrifice of blood and treasure a territory where Japanese cannot thrive? That the tropical climate of the Philippines does not afford wholesome and comfortable abode to the Japanese is obvious from the fact that they cannot cope successfully with the climate of Formosa, which is much milder than that of the Philippines. Cold calculation convinces us that it would be far more profitable for the Japanese not to tamper with the territorial autonomy of the Philippines, but to confine her activities there to the

exploitation of resources and the development of trade with the co-operation of the natives.

There is another factor which militates against the Japanese settlement in the Philippines. I refer to the presence of large numbers of laborers—Chinese and native—whose wages are lower than those demanded by the Japanese laborers. In spite of the application of the Chinese exclusion law, there are already some 50,000 Chinese in the islands. When the exclusion law is removed with the withdrawal of American suzerainty, Chinese will pour into the country in increasingly large numbers. This is a condition which the Japanese cannot afford to lose sight of, if they wish to find in the territory an outlet for the surplus population of their own country. From their experiences in Manchuria and other parts of China, it is obvious that Japanese laborers cannot compete with underpaid Chinese.

Had climatic and other conditions been congenial to Japanese immigration, there would have already been a considerable Japanese population there, because no restrictive law has been applied to Japanese immigration. In spite of the favorable attitude always maintained by the Americans in the islands towards Japanese laborers, the number of Japanese there scarcely exceeds two thousand.

The idea of converting the territory into an integral part of the Japanese Empire, therefore, seems highly impractical and out of the question. But if Japan ever were to acquire the Philippines, the acquisition would be made only under one of two conditions. First, she would not decline to become the mistress of the country if the Filipinos would willingly place themselves under the reign of the Mikado. Business sense forbids Japan to fight for the absorption of the islands at any considerable cost of blood and money. Secondly, Japan might be compelled to annex the country, if its internal conditions after the withdrawal of American authority were such as to invite the aggression of ambitious European powers.

The second point is the more vital and must be driven home to the reader. After her bitter experience in China and Korea where she had to confront on the field of battle two European military powers one after the other, Japan would not permit any third power to encroach upon the territorial rights of the Philippines after the benevolent government of the United States has become a thing of the past. Even American suzerainty, with all its professed altruism and its unmistakably well-meaning policy, was, we must confess, not entirely welcome to the Japanese who saw imperialistic tendency in the westward expansion of American territory. Japan did not raise a voice against the American occupation of the Philippines only because the overwhelming majority of the Mikado's subjects had been convinced that America was her best friend and harbored no sinister designs either upon the Philippines or upon her. Their knowledge that the establishment of American rule in the Far East was incompatible with the cardinal principles of the Monroe Doctrine did not prevent them from according hearty approval to her advent in the Philippines. Had the America of 1899 been as unfriendly towards Japan as the America of to-day, a different story might have been written, for under such circumstances Japan would not have permitted American domination of the Philippines to pass unchallenged.

What Japan really wants in the Philippines is not territorial rights, but economic privileges such as have been enjoyed by her equally with other nations. If the Japanese

were ever to become an important factor in the economic life of the islands, it would not be as laborers, but as *entrepreneurs* contributing to the exploitation of the natural resources of the territory with the assistance of the cheap labor which can readily be secured in the islands. As I write I learn from the newspapers from Manila that a Japanese concern has recently purchased an extensive sugar plantation for \$1,040,000. It is also reported that Japanese interests are negotiating for sugar lands in Negros and for hemp lands in Mindanao. This is quite plausible and in perfect harmony with the natural desire of the Japanese.

It is obvious that the extension of Japan's economic interests into the Philippines in such a peaceful manner is far more profitable than the annexation of the territory which cannot be accomplished without recourse to military operations. Such military operations presuppose the existence of a *casus belli*, which is unthinkable as between Japan and the Philippines, unless, as I already said, the Philippines as a nation proves so impotent and wayward as to invite the aggression of a third power.

In the advent of Japanese enterprise in their country, therefore, the Filipinos need see no alarming signs. Once they are convinced of Japan's peaceable intention they will, I trust, welcome Japanese capital and undertakings. It would be to the mutual advantage of both peoples that the pluck, industry, and enterprise characteristic of the Japanese should be infused into the economic fiber of the islands. Suspicion is the curse of progress and of amicable relations between nations. It is unfortunate that the world has become so suspicious of Japan that every move she makes nowadays is viewed in distorted lights. That Japan obliterated Korean autonomy and set up a "Little Japan" in Manchuria is no argument that she will do the same in the Philippines. Such a conclusion can be reached only by complete disregard of historical background. Only because her hand was forced by the ruthless aggression of European powers has Japan absorbed Korea and become a dominant political factor in Manchuria.

After all has been said and done, we must not forget that the peoples of the Far East stand upon common ground. In the years to come they must by mutual co-operation establish and enforce something of a Monroe Doctrine for their own world. To consume themselves in petty suspicion and disgraceful quarrel is to toll their own knell. This sentiment of ours no nation can better understand and appreciate than does the United States, whose policy in the Americas has been to keep the designing powers of Europe at arm's length.—*The Japanese-American News*.

ECONOMIC CONDITIONS IN JAPAN

At a general meeting of the Yokohama Specie Bank, Mr. Junnosuke Inouye, president, spoke substantially as follows:

"The rallying tendency that marked foreign trade for the first half of the year was more than well maintained in the latter half and resulted in an overwhelmingly large excess in exports. Shipping and other lines of trade influenced by the war presented great activity, in the end bringing on an extraordinary boom in the stock market. Thus securities appreciated to a remarkable extent. But promotions did not yet revive sufficiently, partly because of the doubts existing as to the results of the war, causing a certain amount of depression, and partly on account of the inability to import equipments necessary for the promotion of new businesses. In the country also times were still bad, owing to the cheapness of rice.

"Accordingly, the resources of the money market were very much increased, and therefore almost no appreciable

effect was produced on the general situation even when the issue of a domestic loan for the purpose of refunding part of the Sterling Railway Certificates was followed by fresh issues of various amounts and descriptions.

"Foreign trade for the latter half of last year resulted in an extraordinarily large balance in favor of exports. Consequently the gold holdings of the Bank of Japan and the Government in the foreign markets ran into an exceedingly large figure, enabling Japan to solve one of the most urgent problems which this country had ever been brought to face.

"With the steady increase in the export trade the bank's exchange business witnessed a great expansion; bills on foreign markets being handled 160,000,000 yen more during the term, while bills on Japan showed an increase of 71,000,000 yen.

"Passing on to the general economic conditions overseas it may be remarked that all lines other than those ministering to the armies were temporarily suspended in the belligerent countries whose whole energy was devoted to the turn-over of warlike materials, but still the result of their activities was found to be insufficient to maintain the efficiency of their armies. Accordingly the neutrals were engaged in assisting them by turning their factories into arsenals.

"In consequence, the belligerent countries' payment to the neutrals went on increasing with formidable rapidity and the values of their currency dropped disastrously. Exchange between Japan and France or England, for example, presented an extremely sinister anomaly which had not been met with since Japan got into financial co-operation with the West. Anglo-Japanese cross rates shot up $3\frac{1}{2}$ per cent. during the term, while those between Japan and France showed a rise of 13 per cent. Between America and those European countries also a similar anomaly was created and no corrective measures taken could eradicate it.

"The position of England and France was so unfavorable in the international monetary market, but their financial strength was little weakened viewed from the standpoint of their internal finance. This fact was well reflected in the extremely good result obtained by their financial authorities in their loan politics. The gold holdings of their central banks show a large increase over the pre-war period, too. The hoards of the Bank of England increased to £55,350,000 on November 10 last year from £41,600,000 on July 22, 1914, while those of the Bank of France increased from 4,104,000,000 francs on July 23, 1914, to 4,784,000,000 francs on November 11 last year.

"America is the only supplier of war requisites to the belligerents in Europe and the prolongation of the war is a boon to her industrial circles generally. During the term exports show an excess of \$880,000,000 over import, which brings up the total balance in favor of America since the outbreak of the war to considerably more than \$2,000,000,000. In consequence, gold flowed in rapidly, and in conjunction with the realization of American securities in Wall Street, caused the strength of the American money market to increase greatly. Even the issue of so big a loan as the joint loan of England and France could shake it little. Judged from the present trend of the situation, America will stand first in the international money market after the war.

"In India Japan had a good trade, but not so fortunate were European countries, and the market was slack, though at the close of the present term money was in demand to some extent owing to the briskness of the cotton trade. In China monetary transactions were restricted on account of the shrinkage in credit and the bad effect of political disturbances. Manchuria saw an unusual slackness at the outset of the term, but toward the close Japan enjoyed a good trade in cotton goods and some miscellaneous articles."

THE NEW CABINET AT PEKING

PEKING, April 23.

In accordance with the mandate issued by President Yuan Shih-kai, in which he admitted his full control of the administration had caused dissatisfaction and authorized the Secretary of State to organize a responsible Cabinet, it was announced that a new Cabinet was being constructed.

Tuan Chi-jui, once Minister of War, has accepted the Premiership and the War portfolio. The following other members of the Cabinet, which is being formed under the direction of Tuan Chi-jui, virtually have been selected:

Foreign Affairs—Lu Cheng-hsiang, the present incumbent.

Finance—Chang Hu, now Vice Minister of Finance.

Interior—Wang Yih-ting, once Minister of Trade and Commerce.

Marine—Admiral Liu Kuang-hsun, the present incumbent.

Communications—Tsao Yulin, now Vice Minister of Foreign Affairs.

Chow Tzu-chi, Minister of Agriculture, becomes Director General of the Bank of China.

Minister of Justice—Chang Tsung-Hsiang.

Chief of the General Staff—Wang Shih-Chen.

Confidence in the ability of the new Chinese Cabinet to restore peace was expressed to-day by Tuan Chi-jui, the new Premier, in an interview granted to the correspondent of the Associated Press. The first task of the Cabinet, he said, would be to restore tranquility.

"Some of the demands made in the southern provinces are unreasonable, but I believe everything will soon be adjusted," he said.

"China now has a responsible Cabinet and Premier. Full power lies in their hands, not in those of the President. The Cabinet will move outside the palace grounds, and only matters of the greatest importance will be referred to the President for discussion. The military hereafter will be under the Minister of War. It has been found that it was not good for the country to have the army solely under the President. In the event of a declaration of war the President will act upon the advice of the Cabinet. The State Council has been dissolved and the Cabinet will direct a parliamentary election, to be held within three months. The new Parliament will promulgate a constitution."

THE REPUBLIC SAVED; WHAT NEXT?

The effort to overthrow the Republic of China and put a Monarchy in its place has failed. Out of the mystery and obscurity that surround Chinese politics one plain fact has emerged and that is that China wants a republic. The small group of politicians in Peking composing the Chouanhu, which heralded far and wide the news that China was tired of the republic, that it had proved a failure and that the country was unanimously demanding a monarchy with Yuan Shih-k'ai as Emperor, was mistaken.

Less than three months ago, General Tsai Ao declared the independence of Yunnan. Shortly afterward Kweichow seceded. A few days ago Kwangsi followed suit and reports became current that Hunan and Kwangtung were getting ready to join their sister provinces. It was becoming evident that the south was solidly against the monarchy and rapidly gaining in strength. Meantime events had plainly proved to Yuan Shih-k'ai that the North was by no means to be depended upon. Scores of his aforesaid friends were cold and unmoved by the arguments for a monarchy and refused to take a hand in its promotion. Many of the leading officials of the republic withdrew from office, and all pleas to them, both on patriotic and personal grounds, failed to move them.

Skilful management by the Monarchists, who were well organized, for a time made it appear as if there was a very large demand for a monarchy; in fact, they set up the claim that the country was unanimous in the matter. Carefully managed elections were held and these went off so well that the Monarchists felt warranted in launching preparations for the coronation. They fixed up a throne room and a throne, designed a new flag, graciously accepted high titles of nobility for themselves, caused Peking to be decorated and finally pushed things along to a stage where the Monarchy seemed to be accepted as a fact. Yuan had accepted the Crown, but in deference to the protest of the Entente Powers, headed by Japan, had deferred the official enthronement.

But all this grandeur was artificial. It was not the real thing. The monarchical movement was based on the assumption that the people as a mass were indifferent as to the form of their government, and this was a false assumption, for the people, of all classes, have shown conclusively that they do care and care greatly; so much indeed that they were willing to take the field, and if need be lay down their lives for the Republic. When this became plain to Yuan Shih-k'ai, shrewd and adroit politician that he is, he lost no time in summoning a conference at the palace and cancelling the whole monarchical movement.

In this connection it must be said that Yuan could have gone on and made a fight for the throne. He had not lost control of his well-equipped and well-trained army. Seeing that to go on with the fight would entail great sacrifice of life and all the suffering and devastation consequent upon a great civil war, he voluntarily abandoned whatever of personal ambition to sit upon the throne of China he may have cherished; he abandoned all special ambitions in this direction for his family and for his numerous and staunch friends.

And for this, in turning to the future, Yuan Shih-k'ai must be given credit. And in considering this future there are problems now grown graver than ever, for the people of China to turn over in their minds. The Anti-Yuan element undoubtedly is jubilant over the turn of events. It will be inclined to think that by pressing now it can drive Yuan from power and force him into retirement. Already there is talk of making Li Yuan-hung provisional president for two years in order to hold the

country together until arrangements can be perfected for holding an election for President and Parliament.

But in following this program it is likely that the Anti-Yuanists will encounter violent opposition in the ranks of the Republicans who have been fighting alongside of them to keep Yuan off the Throne. There are many adherents of the Republic who want Yuan Shih-k'ai for president. They want a republic and they want Yuan Shih-k'ai at the head of it. If a Monarchy had been forced upon the country they would have wanted Yuan to be the Emperor. They merely fought him to save the Republic. In other words, there is a powerful pro-Yuan faction just as there is a powerful anti-Yuan faction.

The Republicans and the anti-Yuanists have now won a victory. They have forced the monarchists to abandon their program and Yuan has cancelled the monarchical movement. That is what they were fighting to accomplish. They fought to save the republic and they saved it. On the theory that they do not now want to turn the Republic over to those who wished to destroy it, they may feel inclined to oppose Yuan's continuance in office as President. From the Mandate which we publish this morning it is evident that Yuan considers that he is still President. In view of recent events it is probable Yuan has little desire to remain in office, but there is a vast number of powerful Chinese who will wish him to retain the presidency, for the reason that they consider him the strongest man available for the post. It will not come as a surprise if Yuan attempts to resign his office, but if he does so it is likely he will find himself being urged to reconsider his decision.

It is a time of crisis in China as well as elsewhere. It may be the part of wisdom for the Chinese to insist upon Yuan retaining office for the present.

Meantime the Lifayuan which has been drafting a constitution for a Monarchy no doubt will now proceed with the work of drafting one for a Republic, and in a short time, providing the Republicans in Yunnan, Kweichow and Kwangsi keep their demands within reason, the country will have righted itself, and will be going along in much the same way that it would have been going had the monarchical movement never been launched.—*The China Press*.

A MONARCHY OR COMPROMISE?

Correspondence of N. C. Daily News.

Peking, March 9.

One of the immediate consequences of the revolt in Yunnan was to make plain what had hitherto not been realized by foreign observers—that many of the leading Chinese of the day were opposed to the monarchy movement. Readers of the *North China Daily News* will remember that in the summer I frequently referred to the speculation aroused by the retirement of Tuan Chi-jui. The reason must have been known to a select few among the Chinese from the very beginning, but it was not until the monarchy campaign was in full blast that it became

apparent that Tuan's indisposition was due to disapproval of the President's desire to elevate himself to the throne. We all remember that some of the leading provincial Governors visited Peking in the summer, and that the monarchical press loudly proclaimed that they had all come to urge a reluctant and over-modest president to take the essential step of restoring the monarchy, with himself as Emperor. As a matter of fact, most of these high personages as we have recently learned came to urge the exact contrary. Feng Kuo-chang, in particular, warned the President of the inexpediency of such a step at such a time, and had the pleasure of seeing the Peking press report that Yuan Shih-kai had rebuked him for supporting the project, when in fact he was strongly opposing it.

Liang Chi-chao and Tung Hualung, both Ministers of State, resigned, as we know, in consequence of their disapproval. In fact, all the Cabinet but, I think, one have always disapproved of the monarchy, although not all resigned their portfolios. The Minister of Finance, Chou Hsueh-hsi, held on, but for the past two months has not visited his own office, being practically a prisoner within the Palace enclosure. Li Yuan-hung, as we know, resigned his Vice-Presidency because he would not be associated with the projected step. Hsu Shih-chang, Secretary of State, resigned for the same reason, while Sun Pao-chi and Chang Chien severed their connection with the Government. Most of the provincial Governors also disapproved, though they did not carry their opposition so far as to resign.

It may well be asked, then, why all these high functionaries telegraphed their support to Peking in enthusiastic language. The question can be answered by stating what occurred in the case of Kiangsu. Feng Kuo-chang did not telegraph in that sense, but an official specially sent from Peking to Nanking did, and signed Feng Kuo-chang's name to the telegram! What could a prospective Duke do but shrug his shoulders. It would have been better for the country if all these objecting parties had publicly stated their objections and quashed the movement at its inception. It was only when the foreign advice was given and the Yunnan rebellion broke out that we gradually learned how widespread was the disapproval.

Within the last few days it has become apparent that from a military point of view the rebellion is not proving a success.

The monarchists in Peking are cock-awhoop, in the belief that the prospective success of the Government armies will mean a revival of the monarchy scheme. That, however, is not the view in responsible quarters. The belief is that Yuan Shih-kai perceives that a mistake has been made, and that he will not pursue the matter, although he may take no further steps to announce his abandonment of it until he has entirely defeated the rebels. What has stopped him from proceeding with his Coronation—apart from the question of the foreign advice—is not the rebellion, but the fact that many of his best friends have dropped away from him on this account, and because practically all the prominent men in

the country have manifested their disapproval, although not necessarily going so far as to join the rebels. Any resumption of the monarchy program might lead these disapprovers to take some active step in opposition. There is, too, the possibility of further foreign advice of a character impossible to ignore. In the circumstances, nobody believes that Yuan Shih-kai is capable of the folly of again tempting Fate, however successful he may be in crushing the rebels.

As regards the compromise of which we now hear, there seems to be much misunderstanding. So far as I am aware there is no question of compromise with the rebels. Such financial endeavors as have been made have been directed towards securing the allegiance of the wobblers. The question of compromise lies between Yuan and his own friends, such as Tuan Chi-jui and Feng Kuo-chang.

Sun Pao-chi has returned to Peking and on Tuesday acted as Vice-President of a Council, at which the President, the Cabinet and several foreign advisers were present.

If the compromise becomes a reality, and its terms involve the abandonment of the monarchy, the *raison d'être* of the rebels disappears, and they go out of the field automatically.

THE REVOLT OF THE YUNKUEI

From the N. C. Daily News.

PEKING, March 3.

Although the Monarchist papers persistently state that the Government has given up all idea of treating with the Yunnan and Kueichow rebels, the indications are increasing that the reports concerning a compromise with the opponents of the restoration of the monarchy are not entirely without foundation, especially in view of the almost total inactivity of the Government forces in Kuangsi and Hunan, and the slow progress they are making in Szechuan.

According to a Government report from Chungking on the 29th of last month a divisional commander of General Chang Chin-wao's troops captured Nachi after a sharp engagement, despite a desperate resistance. Large quantities of ammunition and supplies were captured.

TZELIUTSING, March 3.

Suifu was captured at noon to-day.

PEKING, March 5.

The Government troops made a surprise attack on Suifu on March 1 and after capturing all the surrounding defended points, entered the town on March 2, the rebels retiring to the right bank of the Yangtze.

The main force of the rebels was concentrated near Nachi, where the fighting was more or less continuous, and reinforcements could not be moved in time to meet the unexpected development at Suifu.

A detachment of the Government force has crossed the Yunnan border and occupied Poyai.

It is reported that the want of military success of the rebel forces has discouraged the leaders in Yunnanfu.

THE DECLARATION OF KUEICHOW.

KUEIYANG, January 28.

The die is cast. Independence was declared here yesterday and proclamations under name of "Kueichow Tutuh" issued dealing with President Yuan's "crimes" and declaring independence, guaranteeing Bank of China notes, prohibiting opium cultivation and formation of lawless societies, ordering payment of taxes as usual and announcing full protection to foreigners and foreign interests. There is obviously but little genuine enthusiasm amongst the people; even some of those in authority express apprehension as to the outcome of the step. Yesterday some hundreds of Yunnan troops—infantry, cavalry and artillery—arrived here and I hear that General Han Feng-luh has already left Yunnanfu with more troops designated to this province.

Tai Kan, our former Civil Governor, arrived last Monday night from Yunnan. On Wednesday he was given a public welcome at the Provincial Assembly Hall and made a speech in which he praised Germany's military prowess, said she would capture the Suez Canal and that as a result India would rise and declare independence. He said that President Yuan has arranged to sell China to Japan and that he has sent money to England (he gave no details), that he tried to persuade the British Minister, Tsuh Er-tien (Sir John Jordan), to recognize the monarchy on behalf of England, that Sir John refused, whereupon the President reviled (or rebuked—"Ma" was the word used by Tai) him and he at once gave in!

Two of the five or six "Tuan chang" (each commanding from 1,000 to 1,500 men) in this province are said to be against independence—one, I know is,—and it is also said that our Military (and Civil) Governor, Liu Hsien-shi's elder cousin, the Western Taoyin of this province, is also against it.

January 29.

A proclamation is just posted up (under date of yesterday) bearing the Tutuh's surname, it is Liu (i.e., Liu Hsien-shi, the Military and Civil Governor appointed by Peking). This proclamation notifies that all branches of the provincial government are now under the Tutuh's control, and the telegraph office.

As to the Bank of China Kueiyang branch office, the Manager is said to be strongly revolutionary and remains in charge, but some members of the staff are leaving as they were appointed by Peking and are not local men, as is the manager. It is reported that the Bank here holds some 3,000,000 of dollars in notes and two millions in silver. I can't verify the figures, but I much doubt there being so large a sum in silver. The Post Office stands neutral so as to keep open communications as far as possible. The present Commissioner, Chinese, has only recently taken over his duties, so has to face a difficult situation, but he seems to have managed very well in spite of his being so new to the province and local conditions.

Almost all houses in the city are posted with a paper bearing four characters which mean "Strengthening the Republic," in some cases "Crowding to protect the Republic." This is to indicate that everybody joins in the

determination to resist monarchical rule. It is only right to say (1) that the papers are posted up without the sanction of the occupant (who, whatever his thoughts, would not dare to object) and (2) that very many don't know what the paper means!

On the day that independence was declared the Police ordered all houses to display flags. Perhaps rather more than half were beflagged. Yesterday and to-day only the public offices are so decorated. People go about their business as usual—being near the end of the lunar year there is rather more traffic in the streets—and the only sign of popular interest shown is the crowding to read the Tutuh's proclamations as they are posted up.

The city is quiet, but letters from some districts tell of the people flying from their homes.

A long document bearing the names of a large number of people more or less known (some hundreds of names appear, I am told) inviting the Military and Civil Governor to become Tutuh is his justification for so doing. As is not unusually the case in Kueichow many, probably most, of the names were appended without the sanction of the person named being secured. Few, if any, would venture to object in any case.

SOUTH HUNAN PERTURBED.

YUNGCHOW, February 19.

The rebellion in the West is now affecting these parts. All the northern troops left for down river or Changsha some days ago, and yesterday it is said about 800 local troops also started. These latter are men who have been soldiers for some time. To replace these men, recruiting is going on briskly and now nearly 500 have been enrolled. How far the surrounding district has been depleted of troops I do not know. So far no reports of any local trouble have come in. The news from Kuangsi also was peaceable up to letters received yesterday.

On the other hand, the doings of the Republicans on the Kueichow-Hunan border are making a great stir.

There has been a good deal of rain recently, and to-day about an inch has fallen, so the river is certain to rise considerably. This will improve river traffic which has been much hindered by low water. The authorities are commandeering all the boats they can lay their hands on for the transport of troops and supplies. As practically no pay is given to the boat-men beyond their rice, it is easy to understand that this practice is not popular, with the result that boats sneak off and hide in creeks and side streams.

The city schools are opening. The solitary girls' school is said to have had three attempts at opening but failed, as no girls came. Girls' education has not caught on here yet, but it is interesting to note that the Church Mission small girls' school has more girls than ever, the reason given being that the girls are not compelled to join in street processions on great days.

AN OLIVE BRANCH FROM PEKING

Nothing could well be more significant of the seriousness of the Yunnan revolt, or of the sincere desire of President

Yuan that the country should not be torn with civil war, than the Mandate which we reproduced yesterday, announcing indefinite postponement of the formal accession to the Throne. It is true that a similar intimation was given to the foreign Ministers in the Capital more than a month ago. But this official statement to the country at large is in a very different category, at once more binding and farther-reaching. That it is intended principally for the rebels of Yunnan and Kueichow is obvious, and to their notice, to any spark of true patriotism in them, it is most earnestly to be commended. In this connection we would refer to the two letters we have received from Chinese readers under the heading "The True Voice of the Nation." That which we publish to-day (somewhat on the principle adopted at the Odéon Theatre in Paris "where pieces by young authors are occasionally played, to dissuade others from presenting themselves") is an almost perfect example of how not to achieve a settlement: between calling upon a man to resign and endeavoring to force him to do so, in other words civil war, the veil is very thin. The writer of Thursday's letter at least commands attention by his recognition of weakness on both sides: "if our people were really patriotic and disinterested, could it have been possible for the President to have taken such steps?" His method of settling disputes, by means of a league of peace, may be a little Utopian, but it is based on the sound and thoroughly Chinese principle of mutual concession. Here, then, let us emphasize that President Yuan, regardless of "loss of face," has made the concession which devolved on him. The present Mandate may or may not mean relinquishment of the monarchy for good and all; quite possibly it does. Certain it is that no attempt will be made to force a monarchy upon the country while certain factions are violently opposed to it, or at least, which comes to the same thing, to the idea of President Yuan's wearing a crown. What, now, will General Tsai Ao and his colleagues do? Their enemy has shown himself ready to meet them half-way, and by their response they will be judged. Will they put country before personal interest? Or will they carry their mistrust of the President so far as to plunge the nation into needless strife? A fair chance has been offered for Peking and Yunnan to settle their differences by negotiation; the latter will incur a heavy responsibility indeed if it reject the olive branch.—*N. C. Daily News*.

THE CHINESE MIDDLEMAN AND TRADE IN CHINA

The prospect of intensified competition in the commercial field of China after the war has caused considerable attention to be paid to the methods by which business has been conducted in the past. The British, officially and unofficially, have been particularly energetic in seeking out the faults in their own methods and the strong points in those of their rivals, with the object of correcting the one and adopting the other. In this connection much valuable work has been done by Mr. T. M. Ainscough who, in the capacity of Special Commissioner to the

British Board of Trade, traveled over most of the great trade routes in China investigating conditions and studying the methods by which business is carried on, particularly in relation to foreign trade. A similar service has been performed for America by Mr. Arnold, but he was more directly interested in trade possibilities than methods, though he has made many excellent suggestions in regard to the latter. To his work Mr. Ainscough brought a trained mercantile mind, that is to say, he has himself been a merchant, and was consequently thoroughly competent to offer practical suggestions after completing personal investigations. The recommendations that he makes for the promotion of British trade in China deserve careful study by every nation that is interested in the field.

Great stress is laid by Mr. Ainscough upon the elimination of the Chinese middleman. Under existing conditions this is the counsel of perfection. The Chinese middleman cannot be at once eliminated simply because there is no one to fill his place. The number of foreigners who possess a knowledge of the Chinese language and who understand the intricacies of Chinese trading methods and of inter-provincial transport and other dues is extremely small. Until that number be considerably increased the Chinese middleman will continue to be an essential if any business at all is to be done. It is true that the system of indirect trade is costly and an undoubted impediment to business expansion. Though the foreign merchant and the Chinese middleman are working together, their interests are not identical, in fact, they are not infrequently in conflict. Cases have been known of the middleman buying for himself from the foreign merchant at a low figure in order to sell at a much higher rate to a waiting customer. In existing circumstances that sort of thing cannot be checked, and it should be said in justice to the middlemen that there have been but few recorded cases of direct spoliation by middlemen of their foreign partners—it is to be understood that the word partners is only used in the restricted sense applicable to the association between the foreign merchant and the middleman. The fact that the interests of the parties are not identical is, however, calculated to prevent trade from being pushed with the vigor and determination that can be shown when direct contact with purchasers or sellers can be established.

Another important suggestion is the organization of buying and selling in the interior. This is obviously highly desirable, but again the lack of a sufficient staff acquainted with the language, customs and business methods of the Chinese is a bar to its immediate adoption. That more business and better business would result from its being sought at the fountain-head, so to speak, is certain. The German is the only business community in China that realized from the outset that trade could only be satisfactorily developed by getting into direct touch with principals and by organizing marketing in the interior. That fact having been realized, the German firms took the indispensable preliminary step of compelling their foreign staffs to learn the Chinese language and to study the character and customs of the people. It may safely be asserted that a larger proportion of German commercial men in

China have a knowledge of the language and the tastes of the people than those of any other nationality, though it must not be forgotten that the staffs of the British-American Tobacco Company and the Standard Oil Company also include many members who have qualified themselves for direct trading. But, although the Germans have achieved a considerable degree of success in their efforts to emancipate themselves from the thralldom of the Chinese middleman, they have not been able to dispense entirely with his services.

A consideration of the situation in the light of the known facts compels the conclusion that it will be a long time before direct trade can become general. Although there is reason to believe that the difficulty of learning the language has been magnified, and that faster progress will be made by the new and improved methods of teaching that have been evolved, the creation of a large staff of qualified foreigners will take many years. The steps that are being taken to establish schools for the exclusive use of foreigners engaged in commerce will undoubtedly be of ultimate benefit, but it must be recognized that for a considerable time to come indirect trading must continue. In such circumstances it might be worth while to cast about for some means whereby closer association and identification of interests of foreign merchant and Chinese middleman could be devised. The formation of Sino-foreign companies and partnerships immediately suggests itself. In the past the difficulty created by the extra-territorial status of the foreign merchant has been a serious obstacle and moreover, there has been no satisfactory Chinese company law. This latter deficiency has been largely rectified since the present Minister of Commerce, Mr. Chow Tze-chi, took office, and the reform of the judiciary that is being carried out should soon render it possible for Sino-foreign companies and partnerships to carry on business successfully. If this is found to be feasible the elimination of the middleman will be quickly accomplished by transforming him from an intermediary to a partner.

BRITISH TRADE IN CHINA AFTER THE WAR

British merchants in the Far East fully realize that nowhere will *post-bellum* trade competition with Germany be more severe than in China. Hence the keenest interest is being taken in the movement to secure a Ministry of Commerce in London, and in the report of a Sub-Committee of the Advisory Committee to the Board of Trade on Commercial Intelligence which recommends tariff protection for the manufacturers of certain articles. These matters have not been taken in hand a moment too soon. There are some "after the war" problems that may well be postponed, but the question of our future trade is not one of them. Proper machinery must be set up to remedy past deficiencies, to carry the war into the enemy's markets, lest when peace comes British trade should be unprepared and the economic war begin with every advantage on the side of Germany. Thus it will be noted with approval that in the discussions and recommendations of Chambers of Commerce and Special Committees a new

note, that of peremptoriness, is being sounded: there is a prevailing disposition not merely to ask attention from the Government, but to demand it. Hitherto merchants have patiently listened to the advice of Government officials; now they demand that the Government shall listen to them and that the commercial utility of the Consular Service be increased. At the recent great meeting of commercial men at the Guildhall, Sir Algernon Firth showed what little effect the recommendations of business men to the Government had had in the past. He stated that the Associated Chambers of Commerce had been passing a resolution in favor of the creation of a Ministry of Commerce for 45 years. It would not be true to say that no notice has been taken of it. Twice the House of Commons has passed a resolution in its favor—in 1879, against the declared wishes of the Government—and in 1905 it was actually promised in the King's speech. But nothing more was heard of it at Westminster until the present war.

Two principal demands are now made by British business men: they require the establishment of a Ministry of Commerce and the erection of a tariff wall against our present enemies. To take the latter first: there has been nothing peaceful in Germany's trade policy in the past—we have abundant evidence now, if we had not previously, that she set out to seize British trade by fair means or by foul—and one of the most effective means of meeting her in the future is by a tariff. In the report of the Sub-Committee of the Advisory Committee to the Board of Trade on Commercial Intelligence, it is stated:

"We are of opinion that where the national supply of certain manufactured articles, which are of real importance to the national safety, or are essential to other industries, has fallen into the hands of manufacturers and traders outside this country, British manufacturers ready to undertake the manufacture of such articles in this country should be afforded sufficient tariff protection to enable them to maintain such production after the war.

"With reference to the strongly-expressed opinion of many of the witnesses that the enactment of protective duties on the industries other than those referred to in the preceding paragraph, which have formed the subject of our inquiry, is essential to their maintenance, we wish to report that in view of the following considerations: (a) That there exists a strong desire to respond to the feeling in our Dominions in favor of an Imperial preference in trade, and that there is also a strong desire to arrange preferential trading with those who are our Allies in the present war, and (b) that the present high direct taxation tends to raise the rate of interest on money, and cheap and abundant capital for the employment of their labor is of the greatest importance to the working classes, it will be necessary to impose some widely spread import duties, and we are therefore prepared to recommend that a large proportion of the revenue should be raised by reasonable import duties. We are of opinion that such import duties would go a long way towards satisfying the requests for special protective treatment for the industries which we have had under consideration.

"In view of the threatened dumping of stocks which may be accumulated in enemy countries, the Government should take such steps as would prevent the position of industries, likely to be affected, being endangered after the war or during the period required for a wider consideration of the whole question."

Sir Albert Spicer, the Chairman of the Sub-Committee, makes a reservation with regard to this recommendation, not founded on Free Trade, but on caution: "All parties are agreed that if the British Government adopts a tariff, policy must be settled on broad scientific lines, after a full investigation covering the whole field of British industry." And again: "I feel that the consideration of a tariff for these special industries should wait until after the war, unless it can be undertaken earlier, when the whole issue can be again considered in the light of what, I hope, will be an agreed policy with our Dominions overseas and our present Allies." Sir Albert Spicer, therefore, does not oppose the majority on the principle of a protective tariff, but desires delay only to make the tariff broader and more scientific.

With reference to the demand for a Ministry of Commerce, the Associated Chambers of Commerce at the conference in London urged the Government to take immediate steps to create such a Ministry, with a seat in the cabinet, to be aided by a permanent advisory council, with the Dominions and the India Office represented. Further, a deputation of the Chambers of Commerce of the Empire waited upon the Premier a week ago, and as a result Mr. Asquith promised to consider the establishment of the new Ministry. The Government, however, it is evident, is unwilling to take such an important step at the moment. And the reasons are not far to seek. In the first place, it is hoped that the Allies' Trade Conference on the subject of German trade will reach very important and satisfactory conclusions. Secondly, the British Government desires to consult the Premiers of all the Dominions. The Hon. W. M. Hughes, Premier of Australia, who has already arrived in London, left no one in doubt as to what are Australia's intentions: They are to eradicate German trade root and branch. That the other Dominions concur in this, there is no question whatever. But difficulties are bound to arise when the Government gets down to details, unless a conference is held of all the parties concerned. In some quarters, however, even these considerations are held not to justify delay in making a beginning: why not have a tentative official? It is known that Germany is still endeavoring to export articles of the cheap and gaudy variety and therefore it may be regarded as certain that as soon as peace is declared the economic war will begin, and, if we are not prepared, merchants who are now undertaking war work will be swamped by the deluge of German competition. British merchants must hustle, and if the newly-formed British Chamber of Commerce in Shanghai is to render really effective aid in the trade war in China, there must be no justification for the complaints of lethargy that are beginning to circulate in the Settlement.—*N. C. Daily News*.

CHINA'S INLAND WATERWAYS

[EXTRACTS FROM PRESIDENTIAL ADDRESS OF H. VON HEIDEN-
STAM, ROYAL SWEDISH CORPS OF ENGINEERS, BEFORE
THE ENGINEERING SOCIETY OF CHINA.]

In these days of keen competition between nations and individuals—in all parts of the world and on all fields of human activities—every nation who wishes to live her own life in freedom and strength is compelled to work with all her energy on a rational utilization and development of the material resources of the country as the only means to form the necessary economic basis for national existence and general progress and development. The Chinese people with a history, philosophy and character so different from the Western nations, may not find this task to their liking, but necessity will soon be knocking at her door and the sooner the nation prepares herself for this work, the greater are the chances that she will succeed.

With her great wealth in agricultural land, in minerals and natural resources and possibilities, China possesses the most promising qualifications for a sound economic development. Modern competition and material culture have, however, reached such an advanced stage that organization, system and efficient scientific methods are required to achieve that end.

A recognized necessary factor in our Western scheme of material development is the care and furtherance of communications and transport facilities. Amongst the different means of transport in China, the inland waterways, rivers and canals can with safety be supposed always to show a larger amount of traffic, i.e., a larger aggregate number of ton miles, than any other. Thanks to nature and the energy of generations gone by, the traffic on waterways early reached a high degree of development. So much so that even now, after centuries of neglect, in many districts the facilities offered by the waterways seem to be fully sufficient for the present demand. While admittedly the immediate needs of China lie on the general administrative and financial fields, commercial and industrial development has to go hand in hand with the administrative improvement, and although the question of inland waterways as a whole cannot be solved to-day or to-morrow, particular instances of waterway problems will soon present themselves, and in order to avoid the usual mistakes of haphazard methods, an investigation with a view of establishing a method and an authority for the handling of such problems appears profitable.

It may be interesting first to review the general question of waterways as compared with other means of transport, particularly railways. The historical order of development or lines of transport has been: rivers—roads—canals—railways. With the coming of the railway in the last century, the inland water communications suffered a serious setback. The reason therefor was that the waterways in the early days enjoyed an absolute monopoly for transport of certain classes of goods, and, like most monopolies, the water-transport monopoly was misused by the imposition of

exorbitant freights and tolls. The advent of railways revolutionized the transport world, showed the canal freights to be exorbitant, compelled a general reduction in freight charges, and this caused a temporary stagnation in waterway development the world over. In England the new private railway companies were compelled, in many cases, to buy out the canals, so as to overcome opposition from vested interests, and a large percentage of English canals remain in the hands of the private railways; but on the European continent where rivers and canals are more naturally adapted for and predominate as means of transport, a resuscitation of inland navigation has lately taken place.

Even in topographically favorable country, without inclines and plenty of water available, the average cost of construction of a canal is quite equal to that of a railway carrying the same traffic, but the cost of maintenance and working, i.e., staff, stock and traction, is less on waterways than on railways. The wear and tear on the cargo-carrying stock is smaller and the life of plant longer. And generally speaking a unit of motive power can haul a greater weight on water than on rail if the most favorable conditions for water hauling have been obtained. In any fair comparison between rail or water, one must of course presume that in both cases the methods of handling traffic, loading and unloading, and general organization are full developed and rational. It is not difficult to show that for intense slow traffic, transport on navigable rivers is cheaper than any railway transport, but in broken, undulating country, where a canal may possibly be constructed, but the traffic is not highly developed, the railway will prove more economical.

The last 255 years have seen not only the European but also the American continent very busy in settling its canals and rivers in order for inland navigation, generally by initiative and under management of the state. In the face of much opposition it has there been found that when constructed on truly economical lines, railways and waterways supplement each other and mutually increase each other's traffic and economic value.

It is well to keep in mind that from the point of view of national economy, the question of cheap transport is a vital one, because all expenditure on transport is of necessity an unproductive one, as it neither improves nor creates new values or products. and the bringing down of the transport cost to a minimum thus means advantage both to producer and consumer.

On account of the varied objects served by waterways. the handling of the waterway problem on pure business principles—i.e., with a view to returns on capital—is by no means possible and a qualified opinion on the point, whether the advantages accruing from a waterway are worth the

expenditure, is often difficult to form. But as I am here limiting myself exclusively to the transport side of the general problem of waterways I think I am right in saying that a waterway for cheap transport of goods (or such part of percentage thereof as may be considered performing transport duty) should be always judged also from the business point of view, with all allowances made for the peculiarities of each case. For instance, in cases where waterways are free from tolls it may throw an interesting light on the value of such a waterway, if a calculation were made to show what tolls would have to be collected per ton (or ton mile) in order to make the canal a self-supporting concern.

Further, it should be understood that it is in regard to the mode of working where the improvement and development of waterways has to be found nowadays, which ought to be specially remembered when the question is applied to China. The first and most important step of improvement on natural waterways is to ensure the safety and continuity of navigation by establishment of navigational aids, by signals and buoys, by removing of obstacles, by control and supervision. The next step would be to rationalize the handling of cargo, the general organization and management and the size of vessels and mode of traction, and first after or simultaneously with those reforms, the problems of regulation of rivers and large canal works can be successfully tackled.

Reverting to the conditions in China, the present state of her navigable inland waterways is all but creditable to her. Chaos and neglect are supreme everywhere. The only light spots in the picture are the places where the Maritime Customs have succeeded in reforming and improving things. I hold, however, that the time is soon approaching when the problems of inland navigation as part of the great problem of cheap transport should be given full attention in this country and the reasons which speak therefor, I shall now briefly put before you:

The railway system will soon be comparatively well developed and by the completion of the lines now under construction, the Hankow-Canton, the Hankow-Szechuen, the Nanking-Changsha, the Pukow-Singyang and certain other proposed lines, the Government will, as far as trunk-lines go, have accomplished the majority of the main commercial, strategical and political lines, which in any case would be required in order to bind together, politically and strategically, this vast empire.

Considering that in the rational development of the communications of any country, a stage will soon be reached when a proposed further railway development should always be compared with possible waterway development and *vice versa*, it is clear that the sooner the data for such comparisons are collected and made available, the better it is for the harmonious development of transport facilities.

Due to the great war, foreign capital, whereupon so far railway development has been largely dependent, is during the next decades not likely to be available for railway loans to the same extent as before, and China may now be more left to her own resources.

The capital spent on labor, construction and materials

and even floating plant for improvement of rivers and canals remains all, with very few exceptions, in the country, while in the case of railways the money spent outside China on foreign imports of bridges, rails, sleepers, locomotives and rolling stock is considerable.

In very many cases the improvement of an existing waterway can be done gradually with small yearly capital outlay, so as to give direct and immediate advantages to both through and local traffic. The large capital expenditure during five or ten years required to complete a longer railway for through traffic is not essential. In the case of China this is an important point in favor of waterway development.

The mere existence of an excellent nucleus of waterways and possibilities of development speak for their rational utilization. Compared with other countries the cost of construction and amortization and interest on capital required for present improvement of waterways will be small, counted per unit of length.

Generally speaking, for construction and improvement of canals, there exists no more favorable ground than the great plain of China, stretching from the Gulf of Pei Chi Li to the Chien Tang River. Further, China has her widely spread, large, navigable river systems, which are often cheaper to improve than to build canals, and here lays one of her greatest assets on the transportation field.

The whole history of China is bound up with her rivers and waterways and a continuation of her waterways development would come natural to her and her people and need comparatively little foreign assistance both in construction work and traffic.

This assistance technically, if I leave out the delicate question of administration altogether, need only take the form of investigating and controlling engineers. The Chinese, who with due training and under proper directions, soon serve their apprenticeship, will undoubtedly be able to cope with the work and show their natural ability therefor.

The small cost of establishing loading and unloading facilities along a waterway make its banks at any point a fine site for all kinds of industries and factories. The existence of an efficient waterway transport service thus stands for decentralization of industrial and factory districts and has a great importance for the social conditions of the country, by avoiding the overcrowded, unhealthy conditions of large manufacturing centers. Further, the agricultural interests along a waterway derive great benefits from the ease whereby at any point certain cheap goods such as stone, sand, timber, agricultural products, etc., can be shipped. In China the whole industrial development is still in its infancy, but it will, as in every country, greatly depend on whether the large producing districts are able to send their products to the consuming centers (for refining industries, re-distribution, export, etc.) at comparatively small cost or not; with other words, on cheap transport for raw products.

The mere enumeration of some of the problems confronting China in the future development of her waterway problem shows how large the task is. The data available,

both in topographical, technical, economical, traffic-statistical and other respects, are so scant that reliable conclusions are impossible to arrive at at the present time.

But one thing is certain: If the present policy of all rail and no water development is continued indefinitely, this country may run the risk of not having its primary natural means of transportation properly utilized and other means developed at their expense, which would ultimately mean an indirect but large national loss.

The remarks above made only view the inland waterway problem from the point of view of transport chiefly of raw or refined products for agricultural and industrial interests. Naturally in dealing with the rivers of China there are other and even more important issues involved, such as flood prevention, drainage irrigation, water power, timber floating, etc., etc. Further, part of the traffic on several of China's inland waterways comes under the heading of ocean navigation, which in these cases of course puts another color on the problem.

Thus it is clear that the general problem of waterways and all that it involves in different fields and activities has to be approached with a very open mind and on the basis of most careful preliminary studies on many different fields, one of the most important of which undoubtedly is that of transportation.

The relative importance and economic value, as compared with other means of transport, and general character of the inland waterways varies considerably in different countries and the results from one cannot be applied to another.

The first step to ensure the right development of the transport problem in China would therefore be an investigation of the conditions of the waterways—carried on for a certain length of time on broad and comprehensive lines—and collection of the data required to form an opinion on the main inland navigation improvement scheme and possibilities, as a preliminary to the formulation and enactment of a definite government policy in waterway matters.

EXPERIMENTS IN HIGH FINANCE IN MANCHURIA

From a Correspondent.

A most interesting series of experiments in high finance has been proceeding in parts of Manchuria of late years.

While the Chinese, like the German Government, is short of funds, it has not been able to turn its currency to account in the same fashion as the Germans, for the Chinese Government currency is still largely silver. This, however, has enabled many to carry on quite a profitable business on borrowed capital, and many a wonderful combination has been made to bring public grist to private mills.

Right through the whole west Liao district (with, I think, the exception of Chiuchowfu alone), the printing presses have been kept at high pressure, e.g., one village of

1,500 inhabitants has 13 firms issuing notes, and in most places there is no guarantee of any kind behind the issue, a shop counter and a clerk or two representing available assets, and the liabilities are just as many notes as the firms can issue. To be sure in order to get their notes into other people's hands, trade of some sort must be engaged in, very often export trade, purchase of grain, wood, etc., etc. And not all the issuers have any intention of not eventually honoring their notes.

But it is remarkable that none of them promise current coin, as used to be the case, on presentation of notes. Some do go so far as to promise 20 silver cents in each dollar (outside Mukden that is, for I speak of country notes, including those of many Hsien cities) and these notes only promise on presentation 20 cents to each dollar of Mukden notes. Some customers tried to get around this by presenting several times in a day, but there was a combination made against this, and an agreement made by issuers that holders could only exchange once per day; even this did not always afford a sufficient barrier, for combinations could be made and notes changing hands outside could be re-presented by different clients. Of course it was troublesome, but it could be managed, and several men with, say, 10 dollars of notes each by laying themselves out, could by spending a day or two, get possession of suitable exchange, even though the bankers at each presentation gave notes of people at far away and divergent points of cities.

A new plan had therefore in some cases to be made to prevent unduly rapid efflux, and so it came to be that a firm issuing notes in a village or city "A" would only promise this 20 per cent. of face value at a village or city "B" 10, 20 or 30 miles (not li) away, and that gave time to get matters arranged.

As to credit, it was about the same all around, though there were notes that were less desirable than others, and last year some magistrates insisted on some guarantees—in particular places, but as a rule it is an irresponsible and unlimited issue.

Occasionally a man would get a lot of notes printed and purchase goods quickly at various places far from the office of issue, and when in a few days some of these notes came home to roost the address even could not be found, but that was rare.

A "FAILURE" THAT MEANT RICHES.

I mention these because yesterday moving near a hsien city called Heishanhsien, about 50 miles from Mukden, a city of about 25,000 people, I heard details of one strange method of obtaining wealth through a note issue. Three note-issuing banks there, I hear, have failed, one has issue of \$1,000,000, another is said to have \$800,000 and the third \$500,000. Others are expected to "sympathize." I will only speak of one, as the head of the first firm is a remarkable man. China and Britain are in treaty concerning growing opium, and this treaty in all West Liao has been obeyed, but this man the year before last sowed, grew and reaped several acres quite openly, with none to say

him nay. It is commonly reported that he is a wholesale trader in opium and morphia, with no one to hold him in check. These articles are at present better than British silver mints so far as money-making is concerned. But even these quick returns did not pile up quickly enough to please this man.

A few nights ago, he reported, five men paid a visit to his establishment; the next morning the office did not open, as they had been "robbed." Now it is a well-armed citadel and no sound of guns or violence of any sort had been heard, but all said they had been robbed. Questioned, they put the amount of the robbery at over \$10,000, and "a big lot of opium." Much sympathy was expressed, but they were urged to keep open and some arrangement would be made; but no, the thieves must be caught or they would keep closed. The merchants' guild, foreseeing a crisis, offered to recoup the firm by about \$6,000, but it was indignantly refused, and their losses were at the same time magnified.

Now no one can deal with this man, who is a law unto himself. The Hsien magistrate tried but failed, and that although he said he would even sacrifice his office to get matters put straight—but the head of the firm has more power somehow than the magistrate and goes his own way. People holding his notes endeavored to purchase grain at his own shop with them. Yes, there was grain, but its price was several times the local rates. Finally it was allowed to transpire that his notes, notwithstanding the "robbery," would be received and 30 per cent. paid for them in final settlement.

Of the group discussing this, one had \$80, and another \$2, both apparently small farmers; the \$2 man was making most moan, as he had almost paid them out, but considering the issuer was a man of vast property he retained his notes in preference to others paid out.

As the local magistrate can do nothing, an attempt is to be made to get the Viceroy to deal with the matter, but somehow hopes are not brilliant. Now surely a government, with advisers from every nation under the sun, could adopt some method to retire these thousands of irresponsible note issuers, who first secure their capital for trade free (and that when money is worth two per cent. per month), and then if "powerful enough" shut shop and appropriate vast sums.

A government borrowing a few millions from adventurous nations, when even single individuals in obscure villages can issue \$1,000,000! In South Fengtien, excluding Mukden, there must be close on \$100,000,000 issued by local banks. Why should the people, i.e. (I presume), the interest paying government not have this advantage? And its notes would be acceptable everywhere, whereas now at a distance of 30 miles from the place of payment (not necessarily of issue) of these notes a discount of 10 per cent. is frequently deducted by exchanges.

One wonders why these things are permitted and robbers-by-law encouraged, while the nation is at its wits' end for domestic expenditure.

THE STRINGS THAT ARE PULLED.

Two men control Fengtien province,—Chang Tso-lin, General of 27th Army Division, whose headquarters are in Mukden, and Feng Lin-kè, General of 28th Division, whose headquarters (nobody knows why) are in Kuangning.

Viceroy has come and gone, each has been expected in some way to get control of these two men, but hitherto none has succeeded. Now both of them were 12 or 15 years ago "gentlemen of the road." General Chang was more a blackmailer, protecting certain districts for payment. He had a big following—thousands. He carried out his arrangements quite honorably, I understand. The other man—well, he was different. Chang and he were both taken over by the Government; it was about the only thing that could be done. Chang since that has, I hear, "after his lights," been a reformed man and keeps his troops in strict and honorable discipline and their name is good, but that certificate is by common consent withheld from the other.

You will have seen by the telegrams that it is reported Chang has offered his services against the southern rebels. What is reported here is that he is going to Jehol (Chanchiakou). Well, possibly so. Many attempts have been made to get him to move, but all hitherto have been unsuccessful. He does not trust the Government; his past prevents him doing so. Even a Vice-royalty is said to have been offered him, but it may be that by taking his own men (who are strongly attached) with him, he will feel safe. Then, if he goes, it is reported that the other will move part of his troops to Mukden. That may be the saving of him and his troops.

Now Tu, the principal of the shop issuing notes for a million dollars, is a friend of both these men, and so are the chiefs of the other two shops. "Hence these tears." I think Chang would not support them in what they have done, and the other man will not "appear" for them.

It seems to me ridiculous that China is gasping for money, and yet here it is lying inside her doors. As long as she is not required to redeem her own notes she can have unlimited credit in her own country, instead of this credit being exploited by natives and foreigners, for the Japanese have several banks issuing notes, which will increase. It is for them a ripe cherry.

Why can China not "preserve" this and give out her own national issue and forbid all local issues.

Germany has increased her ability to go on just by her issue of paper money at home. I need not elaborate this point, but for China it is tenfold more advantageous, for it would be the same currency everywhere. Going around a little district here I have to carry several sorts of notes, or lose 10 to 20 per cent. Now honest issuers of notes gain 25 per cent. per annum on their free capital (the interest they would otherwise pay for it) and every time these notes are exchanged at a distance from home 10 per cent. is lost. If this happens ten times a year, that note is a loss to the public, but has doubled itself in the exchanger's tills.

CHINA'S CLAIMS TO PARTICIPATION IN THE PEACE SETTLEMENT AFTER THE WAR

By F. CHANG (Harvard Law School)

The need for a settlement after war is proof that war itself is no settlement, whatever its effect on that settlement might be. Of the problems arising out of war, some concern only the belligerents, others the belligerents and neutrals. Between the belligerent and belligerent the settlement naturally follows, whether just or unjust, more or less the arbitrary will of the victor, though it probably has to make amends for any illegal conduct in the operation of the war. Between the belligerent and the neutral, however, the settlement in reason has to follow either international law or some other rules of law. The problems that have been set loose by the European War fall into five groups:

- (1) Territorial.
- (2) Political.
- (3) Those that relate to the payment of indemnity.
- (4) Those that relate to the violation of recognized rules of international law.
- (5) Those that relate to rules of international law about which there has not been any consensus of opinion.

The right of a nation to participation in the settlement after the war does not depend on its being a belligerent. It depends on whether its rights and interests have been adversely affected. The deprivation or impairment of its rights and interests gives a nation a claim and, hence, a right to participation in the settlement of that claim. Viewed in this light, how has the war affected China's rights and interests?

The declaration of war, in pursuance of the Anglo-Japanese Alliance by Japan on Germany and her subsequent agreement with the Allies not to make separate peace with Germany have brought Japan into alliance with the allied Powers and made her a party to the war in general. The problems that arise out of her operations against Germany become, then, a part of the general problems of the war, and can be properly settled in the general settlement after the war. One of the results of the declaration of war by Japan on Germany was the capture of Kiaochow, the leased territory of Germany in China. Though the sovereignty over the territory resides in China, yet being fortified and amenable to being used as a naval base by Germany, the place is rightly subject to capture by the enemy. The capture of Kiaochow involves, then, no breach of neutrality on the part of China or of China's neutrality by Japan. But before the formal transfer of the lease by Germany to Japan, the place is not legally Japan's, and in that transfer, China as the owner of the territory is a proper and necessary party, since the lease is not assignable. However, by Article 1 of the Treaty respecting the Province of Shantung, "The Chinese Government agrees to give assent to all matters upon which the Japanese Government may hereafter agree with the German Government relating to the disposition of all rights, interests and concessions which Germany, by virtue of treaties or otherwise, possesses in relation to the Province of Shantung." This provision may preclude China from refusing her assent to the transfer; it does not preclude her from being a party

to that transfer. In fact, the assent makes China *ipso facto* a party to the transaction.

The future transfer of Kiaochow to Japan by Germany naturally assumes the defeat of Germany in the war. The defeat of Germany would enable Japan not only to retain Kiaochow but also to demand the transfer of other interests Germany possesses by virtue of "treaties or otherwise" in relation to the Province of Shantung. The interests granted to Germany by treaties are easy of transfer to Japan, in which only the formal assent of China is necessary. But the transfer of interests Germany possesses by "otherwise" than treaties is something of which she alone cannot be the arbiter. Left to Germany alone to determine what these latter interests are, and to Japan to say what interests she wants, the one may transfer to the other what she does not have and what it may be to her advantage, but not to her detriment, to give. China being the nation under which Germany claims these interests, they cannot be determined by one party alone. In any adjustment of these interests China is a necessary party. Here again though China has agreed to give her assent to the disposition of these interests by Germany, that does not preclude her from participation in the determination of what they are.

The transfer of German interests in Shantung to Japan entitles China to participation in their settlement so far as their determination and the assent to the transfer are concerned. The operations conducted by Japan in the reduction of Kiaochow, however, have entailed consequences which not only are violations of international law, but also encroachments on the sovereignty of China. Under the justification of "military necessity" Japan forcibly landed troops in the port of Lungkou against the protest of the Chinese Government. If the troops were landed merely for the occupation of Lungkou, it would be a matter which concerns only China and Japan. But they took possession of the customs and post offices, established military telegraph and railway across the country, and moved both troops and military supplies towards the capture of Kiaochow. The latter acts it was that constituted the violation of China's neutrality. Articles 1 and 2 of the Hague Convention Respecting the Rights and Duties of Neutral Powers respectively says: "The territory of neutral Powers is inviolable" and "Belligerents are forbidden to move troops or convoys of either munitions of war or supplies across the territory of a neutral Power." For the violation of China's neutrality and the damages which Japan's illegal acts have caused after the landing of her troops, Japan is both responsible and legally liable. The determination of the legality of the violation under the justification of "military necessity" as well as the amount of the damages done to both public and private property is a proper subject for settlement after the war as one of the results of the war, in which China has a right to participate.

The violation of China's neutrality by Japan has also caused China to violate her own neutrality. China's breach of neutrality consists in her omission or rather inability to prevent by force the violation of her neutral-

ity by Japan. Article 5 of the Hague Convention referred to above provides that a neutral Power must not allow belligerent acts of the belligerents to occur on its territory. Just to what extent it is obligatory on a neutral to prevent by force the occurrence of such acts on its territory may be an open question. However, the German minister in Peking has notified the Chinese Board of Foreign Affairs that China would be held liable for her breach of neutrality. How such language should come from the official mouth of the German Minister, in view of the violation of the neutrality of Belgium by Germany, may indeed be strange. But if each case is to be considered separately, and if China be found liable to Germany, it is Japan which should bear the ultimate liability, and China should be able to recoup from Japan for what she is liable to Germany. To decide the case directly, or even in relation to the violation of Belgium's neutrality, it is a proper subject for settlement among at least the three parties concerned, in which case China necessarily has a right to participate.

Another act of Japan's which was not only a violation of the sovereignty of China, but also a seizure of enemy property in neutral territory was, the taking possession of the Kiaochow-Tsinanfu Railway. This railway is a German and Chinese private corporation, situated in neutral territory, and guarded by Chinese railway guards. The Japanese troops have taken possession of the whole line, taken its management into their own hands, and replaced the Chinese guards with Japanese soldiers. Kiaochow was subject to attack and capture because it was fortified, might be used as a naval base, and was public in character. The railway was the private property of Chinese and German citizens, was not fortified or guarded by German soldiers, and was not leased to Germany. Even if it were leased to and the public property of the German Government, it would not be subject to capture, there being no such rule of international law as sanctions the seizure of enemy property situated in neutral territory simply because it belongs to the enemy. Japan, however, justified her taking possession of the railway by alleging it was used by the Germans for the transport of troops and munitions of war to Kiaochow. It is hard to believe there were German troops and munitions of war to transport from Tsinanfu to Kiaochow. Even if there were, the act took place before the declaration of war by Japan. However, these are questions of fact. Japan has not only taken what German interest there was in the railway, but also ousted China from her possession of it. To the settlement of the status of the line and the legality of the Japanese possession China has a right.

A more general problem as a result of the war than that which concerns particular nations is the validity of international law. Not only are the recognized rules of international law and solemn treaties trodden under earth and so distorted or interpreted as to suit the exigencies of each belligerent, but there seems to be no recognized principles governing the use of new weapons of war. The depth to which the respect that is due to these rules has sunk and the ease with which they have been treated as "scraps of paper" coupled with the official justification of illegal acts indicates rather a temporary reversion to barbarity than a development of the human race towards the worship of and acquiescence in brute force as the governing code of international relations. The trend of history seems to indicate an ever increasing growth of the authority of law over all phases of human relations. It is reasonable, then, to expect that when the revision ends by spending its force, some attempt will be made to secure both the future observance of the recognized rules of international law and the formulation of new rules governing new conditions and their modification of the old rules. In such a task every independent nation, whether belligerent or not, is entitled to a share as it concerns the rights and duties of both

the belligerents and neutrals. China is entitled to a voice in the task unless she is disqualified on some specific grounds. Being a signatory Power to the Hague Conventions of 1907, she has full right to a voice in the formulation of any future rules of international law.

Both in connection with the formulation of new principles of international law and with the settlement of all problems arising out of the war, China can also claim a recognition of the principle of "open door" in her international relations. By the "open door" is meant no nation shall press China for privileges and concessions which she cannot legally and equally grant to every other nation, and China shall not withhold from other nations privileges which it is not inconsistent with her sovereignty and public policies in agreement with those generally recognized of other nations to grant. This principle, indeed, is not new; it is deducible from the recognized rules of international law and in accordance with the practice among independent states. The formal recognition of the principle by the general Powers, however, serves to revivify it and give it a new sanction. The need for such a recognition is created by the demands made by Japan on China and the new treaties with their appending votes with Japan. The new treaties granting special privileges to Japanese subjects may be made the basis for similar demands by the other Power, though legally it is within the right of China to grant them or not. But as a matter of fact China may not have the force to defend her right. The demands not embodied in the treaties were in the official language of Japan not even withdrawn, but merely suspended for future discussion. Since all the Powers claim they have interests in China and wish to be treated equally, China has a right to claim that the whole matter of their interests in China be regulated by some principle of international law to be agreed upon and recognized by all parties concerned. No more fitting occasion for the recognition of such a principle can be found than in the peace settlement after the war.

China's claims arising out of the war fully entitle her to participation in their settlement. The way or means by which that participation is exercised, however, will depend on the nature and constitution of the congress or conference in or by which those claims are to be settled. As the problems to be settled after the war concern not only the belligerents but also neutrals, it is conceivable the settlement may take two forms: the form in which the winning Powers will constitute themselves the "effective cabinet" which decides on the terms of peace to be imposed on the defeated, giving the defeated only the right to a hearing and the making of suggestions; and the form in which all the parties interested reach a settlement by mutual agreement and consent. The congress may take one form for the settlement of one set of questions, and another for the settlement of another set of questions; or it may take the latter form for the settlement of all questions. China, being a neutral, cannot participate, except so far as her formal assent is necessary, in a settlement which takes the "effective cabinet" form. But her claims being mostly of such a nature as are susceptible of settlement properly by mutual negotiation and consent, China must claim and demand, and she rightly and legally is entitled to a voice in the settlement of all her claims as well as other questions that directly or even remotely affect her rights and interests.

The recent expression of the popular will in favor of a change of the form of China's government from a republic into a monarchy may be examined in its bearing on China's right to participation in the settlement after the war. President Yuan accepted the vote only on condition that the coronation be postponed till some time in the indefinite future. No public proclamation has been made, nor official representation to the foreign governments that the change is effected. So legally China is still the Republic she used to be. Even if the change has been proclaimed, it was

legally affected by the consent and choice of the representatives of the people, and was in no essential way different from the change of the President in a republic. No more need the change of the form of a government by legal means be recognized by other nations than the change of the President himself by election. However, those that hold the view that China is precluded from participation in the settlement by reason of her change of government only admit and recognize China's right to such participation, and merely contend she is disqualified by the change. If that is the case, the question is not whether China is entitled to participation, but whether the new form of government should be recognized. As the change is not yet legally affected, it needs no recognition. If it were affected, there is either no need for or no reason to withhold its recognition.—*The Chinese Students' Monthly*.

PROSPECTS OF CHINESE TRADE

It is difficult to tell how far the disturbances have affected China's trade. China, of course, is always more or less hampered by chaotic currency conditions and sporadic attempts at rebellion; but, apart from this, commerce there is in a much sounder state than it was a year or two ago. For years past European manufacturers seem to have shipped their wares to China much faster than the rate of absorption demanded, with the result that markets were generally overstocked; the war has altered that state of affairs. Scarcity of tonnage has pulled down China's imports, which has given breathing time, so to speak, to dealers to clear off the accumulation of years, and with smaller stocks and restricted supplies the position is much better than it has been for many a long day. The export trade of China was in a very satisfactory condition when the year opened. Chinese exporters have been able to take their share of orders for war material at good prices, and although they have been debarred by the shortage of ships from taking full advantage of the opportunities which presented themselves, the exporters have had a very fair proportion of the lucrative business offering. Latterly, however, the Shanghai piece goods markets have been depressed. The tone of the auction markets (as reported in the *North China Herald* for March 11th) is "one of depression and weakness," with "a general decline in auction values for nearly all lines, and prices have gone down to the level of before Chinese New Year. The present heavy depression is generally attributed to a feeling of uncertainty owing to the Yunnan rebellion, and that the merchants are afraid to hold stocks in view of the present troubles."

A Reuter telegram of April 4th states that the Japanese are opposing the handing over to the Chinese Government of the surplus salt revenue, on the ground that the critical situation in China endangers the Salt Customs revenue. The surplus salt revenue is usually handed over every four months by the banks of the quintuple group upon the authorization of the directors of the salt inspectorate. On April 4th the latter authorized the release of approximately \$5,500,000. The British, French, Russian and German banks agreed to comply, but the Yokohama Bank, acting on instructions from a high authority, decided to withhold the amount deposited with them, approximately a million dollars.

The coinage requirements of the Allies, writes a correspondent, are having an effect on the silver market, the demand for silver from the various mints having come at a time when supplies are unusually small. As a general rule, the market looks to the Eastern demand for its support, and any additional call on the market is sure to set prices moving, especially when, as in the present instance, the shortage of supplies happens to coincide with smaller

stocks in the East. The price for bar silver on the London market on March 1st was 26½d per standard ounce, which also has been the lowest point touched during the month; on Thursday last the quotation closed steady at 29½d. The average price for March was 27.952d per ounce, as against 23.71d a year ago, and for the first six days of April the average works out at 29.343d. As might be expected, these movements have been reflected in the principal Eastern exchange quotations, which are now considerably higher than they have been for a good many months. At the beginning of March the Shanghai tael was quoted at 2s 7¼d; by the end of the month it had reached 2s 9½d, the average quotation for March being 2s 8.368d, as compared with an average of 2s 3.594d for the corresponding month of 1915. The quotation for the Hongkong dollar is also on the upward grade, having moved from 1s 11½d to 2s 0½d, with an average rate for the month of 1s 11.351d, against 1s 9.462d for March of last year. If, as there is every reason to anticipate, silver continues to rise, we shall expect to see the Eastern exchange quotations follow suit. They have, in fact, already kept pace with silver during the first week in April, the average price for Hongkong dollars being 2s 0.105d, and for Shanghai taels 2s 9.528d. In ordinary circumstances a rising silver exchange benefits the Chinese importer more than it does the exporter, but, mainly owing to the war, the exporters have been in rather a better position of late; they have been able to offset what to them is an unfavorable exchange by a participation in the orders for war material, though it is to be regretted that shortage of tonnage has prevented their obtaining a larger proportion of the lucrative business offering.

An agreement, as reported by the Peking correspondent of *The Times*, has been reached between the Chinese Government and the Russo-Asiatic Bank, providing for the construction of a railway from Kharbin to Blagoveschensk. To meet the cost of its construction, a five million sterling loan is to be floated in Europe—after the war.—*The Economist*.

JAPAN'S TRADE SINCE THE WAR

(Correspondence of the London Economist.)

Kobe, January 24.

Japan is one of the fortunate countries which have made profits out of the war. The summary figures for the year 1915 show exports worth 708 million yen (roughly, 10 yen equals £1), the highest figure ever attained in Japan, the previous high-water mark having been reached in 1913, with a total of 632 millions; imports worth 532 millions, against 595 millions in 1914, 729 millions in 1913, and 618 millions in 1912. As a consequence, exports show an excess of 175 millions over the value of imports, which is a record for Japan, and in marked contrast to the results for 1905, when imports exceeded exports to the tune of 167 millions.

Analysis of the Customs returns shows a falling off in value of imports of more than 35 million yen as compared with the figures for 1914, due to the cessation of imports from Germany and Austria-Hungary owing to the war, and to a lessening in imports from England as the result of high prices, high freights, and concentration of industry in the making of munitions. There is a falling off in the value of machinery (minus 15 million yen); petroleum (minus 193,652 yen); woollen cloths and serges (minus 6 million yen), the result in large measure of the inability of English houses to execute orders owing to the factories being employed on army contracts, while imports from Germany have disappeared; paper (minus 1¼ million yen), owing mainly to disappearance of the import from Ger-

many, the supplies from Great Britain and the United States having somewhat increased. Raw cotton shows a slight falling off, but wool an increase of 15 millions, prices having risen in the latter case as well as quantities. While the import of wool shows so remarkable an increase, woollen and worsted yarns, like woollen cloths and serges, show a heavy decline, from 4,111,225 yen for 1914 to 392,417 yen for 1915. This trade was very largely in the hands of Germany, and the failure of imports from this source chiefly accounts for the slump. Aniline dyes, on the other hand, though chiefly imported from Germany, show a slight increase in value as compared with 1914—a surprising fact which is said to be accounted for by purchases from China, where the market was overstocked. Like machinery and locomotives, iron of all descriptions shows a heavy falling off in arrivals, its export from most of the belligerent countries being virtually prohibited. The most striking falling off on the import side, however, is under the head of food and drink, where the decline, as compared with 1914, amounts to over 40 million yen, of which the falling off in the import of rice represents close on 20 millions, the result of Japan's abundant harvests in 1914 and 1915.

The great expansion in exports is chiefly under the head of manufactured articles, where the increase as compared with 1914 amounts to close on 75 million yen. Raw silk, despite the recent boom, shows a falling off in the value of exports for the year of $3\frac{3}{4}$ millions, while the export of straw plaits has declined by 223,545 yen on a total trade exceeding 14 million yen. The export of food and drink shows a total expansion of almost 28 million yen, of which rice is responsible for some $3\frac{3}{4}$ millions and tea for $2\frac{1}{2}$ millions, the balance of the increase being chiefly accounted for under the item "others." Generally speaking, the expansion in the exports is therefore attributable to the great increase in the sale abroad of commodities hitherto not regarded as staples. These include oats, green peas and beans, boots and shoes, woollen cloth and serges, mousseline, steel, iron and brass goods, rubber tyres, toys, glassware and glass manufactures, and even spinning and weaving machinery, an item (reaching a value for 11 months of 800,000 yen) that will perhaps astonish the makers in England who were so recently supplying Japan. In addition, Japan has done extraordinarily well in the carrying trade, owing to the disappearance of German and Austrian vessels, and the diminution in the number of British ships calling at Japanese ports as the result of so many vessels being taken up by the Admiralty. Freights have soared higher than could have been believed a few years ago, and the shares of shipping companies are quoted at remarkable figures on the Stock Exchange. During the five years 1910-14 the average annual total tonnage of ships built in Japan was 48,221. The orders now in the hands of builders total 289,450 tons for 65 vessels, all of which are expected to be finished in the course of next year, so that the tonnage for 1915 and 1916 will be about 150,000 each year, or more than three times the average of the preceding five. This is entirely due to the war, which has greatly increased the demand for cargo space, while it has stopped the import of ships. During the years 1910-14 the steamers imported annually averaged 43 ships and 111,400 tons—considerably more than the tonnage built in Japan.

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Another correspondent, writing from Tokyo on February 11th, describes the present condition of Japanese politics, finance and trade. He says:

The economic and commercial prosperity brought to Japan by the war in Europe continues unabated, in spite of considerable disturbance in political circles and the uncertain attitude of the Government toward China. For a time dissatisfaction with the policy of the Imperial Cabinet ran so high that its downfall was predicted by all parties,

but the Genro, or Elder Statesmen, have managed to reconcile the Cabinet and the Peers, and now a new lease of life is promised the Ministry. The chief allegations against the Cabinet were its refusal to restore the national sinking fund, for the reduction of national debt, to the original 50,000,000 yen a year, some 20,000,000 having been taken for railway purposes, and also the attitude of the Cabinet in permitting the War Department to carry on a trade in munitions with Russia without rendering due account to the Imperial Diet. The War Department claims the right to sell war supplies to Russia and use the profits for improvement of the Department, while the Peers and the Diet claim that the revenue from this source should be turned over to the Treasury and accounted for in the usual way, as national increment. For days the fate of the Cabinet hung in the balance over these questions, but through the instrumentality of Prince Yamagata, now the leader of the Elder Statesmen, peace was secured and the Peers agreed to pass the annual Budget. Just what is to be done about restoring the sinking fund to the former amount seems uncertain; but the Peers are afraid that if the fund is allowed to depreciate it will have an unfavorable effect on Japanese finance abroad.

The suspension of dyestuffs from Germany has hit Japanese industry severely, prices being from 15 to 20 times higher than before the war; but the Government is encouraging the formation of dyeing companies and the manufacture of dyes, advancing capital and guaranteeing 8 per cent. dividends in order to improve the situation. Indigo is now sought from India instead of Germany, while some progress is being made in the growing of indigo at home. The new dyestuff companies will not be able to show any output before the autumn; and in the meantime the dyeing industry will suffer seriously from shortage.

The unwonted activity of the Japanese shipbuilding yards goes on, though there is some delay for lack of sufficient construction material. At first there were grave doubts as to the possibility of obtaining any adequate quantity of steel plate from America, but hopes in this direction are now reported brighter. A bill has been brought before the Imperial Diet for permission to make important extensions to the Government ironworks at a cost of some 36 million yen, so as to do more to meet the national demand for iron and steel; but even with this assistance Japan will have still to depend on imports for nearly two-thirds of her supplies. Japan now demands about $1\frac{1}{2}$ million tons of construction iron a year; and the domestic supply cannot nearly approach this amount. The shipbuilding yards are, of course, reaping an unprecedented harvest. One yard turns out nine new steamers next week, most of them below 5,000 tons, however, and there are nearly 200,000 tons still on the stocks to be completed within the next 15 or 18 months. Rates of charter are phenomenal, some companies clearing over 600 per cent.

Money in Japan still remains unusually easy; and Russia has taken advantage of the market to float a loan of 50,000,000 yen to pay for munitions purchased in Japan. The banks have taken up the flotation, issuing bonds of 5 per cent. at 95, to be redeemed in one year, the banks to have 1 per cent. for their trouble, which makes it a 6 per cent. loan for Russia. The loan is on the market for three days this week; but there is no concern as to subscriptions, the banks having undertaken to take over the whole amount. The total value of munitions supplied to Russia cover nearly 200,000,000 yen, so that the rest of the bill is being paid in other ways. Japanese warships recently brought a heavy consignment of gold from Vladivostok to Japan, some of which—about 20,000,000, it is said—remains in Japan toward payment of war bills, and the rest to proceed by warship to America for a similar purpose. At the beginning of the month the amount of gold specie held by the Bank of Japan reached 511,000,000 yen, but of that amount only 144,000,000 was on hand, 46,000,000 yen

in the United States, and 321,000,000 yen in London, the rest being held in France. Orders for army goods still come in considerable numbers from Russia, chiefly for khaki cloth, boots and fuses. These are, for the most part, direct from the Russian Government, but there are numerous smaller orders through agents. Payment for these miscellaneous orders is now coming to be a question of importance. Russia does not desire to send more gold out of the country; so there is a proposal from her that the Japanese form a syndicate to advance the funds until after the war, and the scheme is considered practicable by such financiers as Baron Okura, who may himself take part in effecting it. As the proceeds of the Russian 50,000,000 loan are to be left in Japan, the effect on finance is expected to be considerable.

Japan is making very satisfactory headway in the race to secure the markets formerly held by Germany, more especially in India, Australia and the South Seas. Owing to lack of freight facilities, her supplies of wool from Australia have been deficient, and imports of tops from North China are on the increase to enable the Japanese mills to complete their enormous Russian orders for army cloth. As the annual output of wool from Mongolia and North China amounts to only about 40,000,000 pounds, Japan must depend for the most part on Australia, the import from which is of superior quality to the Chinese tops. There is some hope of obtaining further supplies from South Africa now that the Nippon Yusen Kaisha lines have been driven to take the Cape route on account of submarine attacks; but it will be some time before the market is affected by imports from this source. There has been a very satisfactory increase of exports to India, England and France in Japanese knitted goods, and the Japanese manufacturers are making plans to try and hold these markets after the war.

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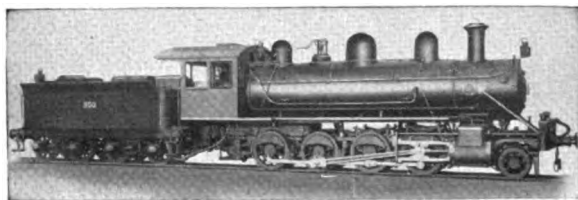
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CHINA is still in a state of "becoming"—precisely what, is matter for conjecture. It was rather an ominous conjunction of events that the Province of Shensi should have declared its independence on the very day that the Associated Press announced the decision of the conference "consisting of one delegate from each of the ten loyal Provinces of China," that Yuan Shih-kai must remain President of the Republic until a properly elected parliament chooses his successor. Special significance has been attached here to the news that a Japanese firm has lent China 3,000,000 yen on the security of iron mines in the Province of Hunan. But the relation of this transaction to the control of the Hanyehping properties has yet to be made apparent. These are situated at Hanyang at the intersection of the Han and Yangtze Rivers in the Province of Hupeh, which adjoins Hunan, and the development of nearby iron mines by Japanese capital need not necessarily affect the control which the Chinese Government has struggled so desperately to attain. The persistent reports that another effort is to be made to saddle China with some sort of international debt commission also belongs to the region of surmise. They rest mainly on the conviction that even should peace in China be immediately assured, the national treasury will have very large bills to pay. It has been estimated that the cost of the troops enrolled on the side of Yuan is as high as \$500,000 U. S. currency per day, while those opposing them are costing a great deal of money which will have to be paid largely in the shape of drafts in favor of Japanese firms dealing in military supplies. All of which may have a solid basis of fact, without materially affecting the prospects of the era of prosperity which, with the return of settled government, should open for China.

MEANWHILE, there seems no reason to doubt that the economic position of China is sound. Progress has unquestionably been checked by the absence of foreign capital, since much important railway construction has had to be postponed and other work of a productive character temporarily abandoned. Moreover, to carry out the reforms which China most urgently needs, loans will have to be provided from the outside. While China has demonstrated her ability to pay her own way, she is not able to

finance the reform of the currency, the reorganization of the system of land taxation, and similar undertakings calculated greatly to improve her financial position. From figures that will be found elsewhere it will be perceived that on the whole the Chinese Government Railways have been doing uncommonly well. The actual receipts for 1915 of the fifteen lines tabulated amounted to \$56,067,149, being \$2,698,450 in excess of the estimate and \$8,149,959 in excess of all expenses. Of the ten lines operated at a loss, the most important is the Tientsin-Pukow and the excess here of \$2,753,000 in expenditure over income, accounts for nearly one-half of the deficit of the whole group of ten. The chief roads, like the Peking-Mukden and the Peking-Hankow, have paid very handsomely, and the non-paying position of the Tientsin-Pukow is due to purely temporary conditions that will disappear with the end of the European War, leaving a favorable balance under normal conditions of very respectable proportions.

JAPAN's era of prosperity is well under way. We quoted last month the figures of her foreign trade for 1915. The returns for the first three months of the present year set a new record in the history of the country. The exports for that quarter amount to 217,400,000 yen, while the imports are valued at 175,152,000 yen, making a total of 392,552,000 yen. The figures for the corresponding months of the last five years show that at no time did the total of Japan's foreign trade for the first quarter of the year amount to over 353,230,000 yen, while the average has been very considerably under that figure. The maximum figure for exports was 154,257,000 yen in 1914, or 63,000,000 yen less than for the first quarter of 1916. Industrial enterprise in Japan has been growing rapidly since last autumn, and by October a monthly total of industrial investments for new enterprises or the extension of existing ones was recorded at 32,003,000 yen. By December the monthly figure reached 51,230,000 yen, and in February a still higher total was reached, amounting to 64,995,000 yen. An interesting feature of Japan's foreign trade for the last three years is to be found in the change from large imports of manufactured goods ready for consumption accompanied by the exports almost solely of raw material to imports with the larger proportion of raw or half-manufactured materials and the sales abroad of Japanese products in a much more advanced stage of manufacture. Side by side with this process there has gone on a steady decline in the percentage of customs duties ad valorem. For example, the duties collected in January and February of the present year on imports aggregated only 4.5 per cent. of the total value of all imports, as against 6 per cent. in the same period of 1915, and 8.5 per cent. in January-February of 1914. A similar drop is recorded also on the dutiable imports alone, the duties assessed upon these having been 12.6 per cent. for the first two months of this year as against 20 per cent. in 1915 and 19.3 in 1914.

For the eight months ending with February our exports to China reached the amount of \$14,614,439, being \$5,000,000 more than for the same period of last fiscal year and about the same amount as in the corresponding period of 1914. But our imports from China have increased from a total of \$26,000,000 in 1914 and \$24,000,000 in 1915 to the amount of \$42,022,333 in 1916. This increase in imports is noticeable in all our Asiatic trade, British India showing up with a total of \$93,930,735 against \$69,500,000 in 1914, which may be regarded as the last normal year. Japan, too, figures on the import side of the returns with the total of \$88,549,168 for 1916 against \$75,513,870 in 1914. Fortunately our exports to Japan have come up to \$40,501,691 for the eight months against a similar total in 1914. Of course, with the continuance of munitions exports by way of Vladivostok to Russia, the exports to Russia in Asia show for the eight months ending with February abnormal proportions, and actually represent the highest single item of exports to any Asiatic country. It is mainly due to this influence that the total of our Asiatic exports is \$132,724,217 against \$81,521,063 for the same period of 1914. The total import values for the eight months reach the quite unusual amount of \$242,968,424, or \$55,000,000 in excess of the total of 1914. Philippine trade remains about stationary, the exports for the eight months being a trifle less than those for the corresponding period of 1915, and a larger amount less than those for 1914. But our imports from the Philippine Islands, chiefly owing to our purchases of sugar, are very considerably over those of 1914, and even in excess of the unusual total of the eight months of the fiscal year 1915. It may be of interest to note that our Philippine exports are still slightly in excess of those to China, and that in the matter of cotton cloths the Filipino demands are still easily in the lead, with a total of \$3,499,073.

THE response made to the appeal for subscriptions in aid of St. Luke's International Hospital, Tokyo, has been prompt and satisfactory on the part of the members of the Association. The hospital will profit to the extent of \$18,235 by the subscriptions so far pledged by our members for its construction and maintenance, as will be seen by the record on another page. As has been already urged in these columns, no more appropriate method could be adopted by liberal-minded Americans to evince their genuine friendship for Japan than in contributing to this urgently needed endowment fund. The effort is to establish in Tokyo a thoroughly equipped modern hospital under American control and ownership, and the Executive Committee of the Association have lent all the weight they could to the appeal to our members to aid this worthy cause. On their behalf, the hope is expressed that the process of subscription may continue and that the Chairman and Treasurer of the special committee, Mr. James R. Moore, 25 Broad Street, New York, may be the recipient of a new series of contributions.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the eight months, ending Feb. 28-29, 1915 and 1916.

EXPORTS TO CHINA.

Months. 1914	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
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
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
October.....	2,408,026	155,457	3,741,675	210,376	386	1,736
November.....	1,182,579	69,055	.....	.....	995	4,850
December.....	13,280	3,757	4,893,057	306,515	2,739	13,323
1916						
January.....	17,284	3,457	6,763,296	332,568	313	1,623
February.....	84,992	10,021	7,853,697	450,753	131	652
Total.....	10,716,412	\$774,255	52,930,772	\$2,924,503	6,217	\$31,715

EXPORTS TO HONGKONG.

1914						
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	1,863	.....	.....	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
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
October.....	35,963	5,387	800,000	63,234	58,801	250,332
November.....	45,961	4,137	409,750	31,070	63,909	305,676
December.....	38,457	4,810	1,000	100	3,821	15,994
1916						
January.....	400	70	2,020,948	164,410	2,413	10,954
February.....	76,834	16,059	4,135,028	335,180	53,832	244,198
Total.....	326,915	\$54,874	11,158,431	\$795,509	283,284	\$1,292,157

DEPARTMENT OF COMMERCE,

Bureau of Foreign and Domestic Commerce.

WASHINGTON, D. C., May 6, 1916.

**Imports of Tea and Silk into the United States for the eight months, ending
February 28-29, 1914, 1915 and 1916.**

Imported from	1914.		TEA.		1915.		1916.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	9,668,531	2,604,029	8,422,481	2,280,151	11,178,963	2,682,928		
Canada.....	1,864,935	528,115	2,091,057	584,959	1,746,434	588,260		
China.....	18,223,912	2,527,981	21,959,336	3,005,398	17,919,307	2,660,315		
East Indies.....	6,745,351	1,159,302	9,403,776	1,564,400	10,054,494	2,054,866		
Japan.....	36,660,549	6,103,628	39,130,296	6,679,357	48,933,088	8,284,028		
Other countries.....	799,506	155,687	838,313	122,717	387,806	64,519		
Total.....	73,962,784	13,078,742	81,845,259	14,236,982	90,220,092	16,334,916		

Imported from	RAW, IN SKINS REELED FROM THE COCOON OR REELED		SILK.					
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	32,553	115,729	29,219	113,546	64,688	203,457		
Italy.....	1,136,777	4,917,451	1,048,862	4,289,770	1,771,988	7,421,260		
China.....	4,196,669	10,988,185	3,236,519	7,562,573	5,886,483	13,321,407		
Japan.....	14,459,495	49,381,227	12,766,047	42,281,244	15,324,659	52,763,133		
Other countries.....	271,069	1,000,382	12,024	55,029	21,570	95,480		
Waste.....	4,012,529	2,097,696	3,285,480	1,744,246	4,665,614	2,392,597		
Total unmanufactured	24,109,092	68,500,670	20,378,151	56,073,482	27,735,002	76,331,728		

ST. LUKE'S INTERNATIONAL HOSPITAL, TOKYO

The following are the subscriptions which have been received for St. Luke's International Hospital, Tokyo, in answer to the appeal recently sent to the members of the American Asiatic Association by the Executive Committee, up to May 31:

The General Electric Company.....	\$2,500.00
The Standard Oil Company.....	3,000.00
The American Trading Company.....	3,000.00
The International Banking Corp.....	3,000.00
The U. S. Steel Company.....	3,000.00
Geo. H. Morrill & Company.....	500.00
Mr. and Mrs. Martin Egan.....	100.00
An Importer, anonymous.....	1,000.00
Barber & Company.....	1,000.00
Otis Elevator Company.....	500.00
Mr. Alba B. Johnson.....	250.00
Mr. J. C. White.....	100.00
Smith, Hogg & Co.....	100.00
Rockhill & Vietor.....	100.00
Arnold, Karberg & Company.....	25.00
Mr. H. D. B. B. Moore.....	25.00
Total to date received through the Ameri- can Asiatic Association.....	\$18,235.00

RECEIVED PREVIOUSLY.

From His Majesty the Emperor of Japan.....	\$25,000.00
Premier Count Okuma and representa- tive Japanese.....	50,000.00
Cash and pledges from other sources.....	288,000.00
Total to date.....	\$363,000.00

The list will remain open for the present and subscriptions may be sent to the Chairman of the Committee, Mr. James R. Morse, care of The American Trading Company, 25 Broad Street, New York City.

This effort to establish in Tokyo a thorough and modern hospital under American control and ownership should appeal to the members of this Association and it deserves their interest and support. The hospital is not only an urgent necessity affecting the welfare of every foreigner resident in or passing through Japan, but it will prove a convincing and clear-cut demonstration of the practical methods adopted by liberal-minded Americans in evincing their genuine friendship for Japan. Like other nations, the Japanese believe a thing when they see it, and here is offered an opportunity to prove to them in a most practical and concrete way the sincerity of our oft-repeated assurances of friendship.

The recent work of the American Ambulance and other American hospital organizations in France have drawn these two countries together as nothing else could. Exactly the same kind of thing can be done in Japan through the work of St. Luke's International Hospital. The value of a demonstration of friendship of this kind goes far beyond any computation in dollars and cents, and no people are more susceptible to friendly advances than the Japanese.

DEVELOPMENT OF THE CHINESE RAILWAY SYSTEM

In an article on China's railways which appeared recently in our columns attention was mainly directed to administrative matters and operating results, and a brief description was given of the different phases of development from 1878, when the first rail was laid, until 1914. Only passing reference was made to the national railway policy, chiefly because it was in process of evolution. It is possible now to explain the fundamental basis of the policy, although details have not yet been completely worked out.

It has been definitely decided that the trunk lines must be entirely owned, managed, and operated by the State. This decision is of the very first importance, as concurrently with the realization of the financial possibilities of railways there arose a demand that each province should own and operate the railways, or sections of railways, within its boundaries. The narrow provincialism that had so long been the curse of China and the heaviest drag upon the progress of the country prevented the national aspect of the question from being considered.

NATIONALISM AND PROVINCIALISM.

The provincial authorities and people noted that the construction of railways was lucrative, and they immediately decided that lines should be built under their own direction, irrespective of what was being done in adjoining provinces. It is obvious that if the provinces had been permitted to maintain this attitude a comprehensive national railway policy would have been impossible. The construction of strategic railways to defend the frontiers, for example, would have had to be subordinated to the desire of the provinces to construct local lines from which they might obtain the speediest returns. Even in the days of the Manchus the danger was recognized, but not until some of the provinces had already formed organizations (they could hardly be called companies) to construct lines that seemed most desirable from a provincial point of view.

It will be remembered that one of the causes of the Revolution was the endeavor of the then Board of Communications to nationalize the projected Szechuan-Hupeh Railway. Since the Revolution the sentiment of nationalism has vastly gained ground; it has been possible for the Government to pursue the policy of railway nationalization without meeting with any pronounced opposition, and, practically speaking, there are no concessions for the construction of sections of trunk lines by provinces or private companies outstanding at the present time. The provincial and privately owned lines or concessions for lines that answer this description were nationalized at considerable cost. That the heavy expenditure involved was quite justified is, however, generally admitted.

CONSTRUCTION WORK.

Having decided that the trunk lines were to be nationalized, the next step was to consider which trunk lines should first be constructed. Some were already under construction, and, naturally, it was resolved to push on with these as rapidly as the circumstances permitted. Progress in construction work was not only checked by the practical cessation of financial supplies from Europe, but also by the recalling to the colors of a large number of the foreign engineers who were subjects of the belligerent Powers. The Ministry of Communications looked further ahead than the immediate future, and took steps to secure the best suggestions for the location of the lines which would constitute the national system of the country in later days.

It must be remembered that after nationalizing the existing lines the Government was still without a cut-and-dried plan for a national system. That such a plan was urgently necessary was long ago recognized, and its preparation was entrusted to Dr. Sun Yat-sen. A scheme of a kind was drawn up, and if Dr. Sun could have refrained from mixing himself up with dubious politics it is probable that it might have been carried out, at least in part. With his flight from China the duties with which he had been entrusted reverted to the Ministry of Communications.

During last year the Ministry spent a considerable sum of money in obtaining expert views as to the trunk lines which could with the greatest advantage to the country be proceeded with as soon as normal conditions were restored in the world's money markets. The plans and suggestions secured have been very carefully considered, and, while the construction policy of no particular one is likely to be adopted, they will prove of service when the national construction policy is finally decided upon. Most of these plans and suggestions, if not all of them, are based upon information obtained from books written by persons who have travelled in the interior of China, few of whom possessed expert railway knowledge. Moreover, no survey of the country has ever been made, and suggested locations were therefore largely guesswork. Advantage has been taken of the partial cessation of construction work, owing to financial stringency, to send out into the field several locating parties, headed by experienced engineers. These reconnaissance parties for the past eight or nine months have been doing valuable work surveying proposed routes for trunk lines and collecting information about the resources, trade, population, and so forth of the districts that would be traversed.

THE SURVEYS.

The surveys have covered a very large field; one party was actually working in Yunnan, the remotest province from the capital, when the revolt broke out. In view of

the valuable work that the location parties have done and are doing, the temporary cessation of the construction work on which they would otherwise be engaged is not altogether an unmixed evil, as in normal times these experienced engineers could not be spared. It is interesting to note that the men conducting these surveys are all Chinese engineers.

While the Government is to have entire control of the trunk lines, there is no intention of monopolizing railway construction and operation in China. The Government will map out feeders to the main lines, and the provincial authorities or private companies will be at liberty to construct and operate them. In granting charters or franchises, however, the Government will retain supervisory power, and the greatest care will be taken to prevent the recurrence of evils that prevailed in the past. Those to whom charters are granted will be required to conform to Government standards in regard to material, and will have to keep proper accounts.

PROGRESS OF THE LINES.

For some time to come the Government will be compelled to confine its attention to the lines which are already under construction. These are the Hukuang, Hankow-Canton, Lung-tsing-U-Hai, and Hangchow-Ningpo lines. Good progress is being made on the Hankow-Canton line, and it is hoped that the line will be completed as far as Changsha, the capital of Hunan, in a few months. This line is regarded as one of the most important in the whole system, and construction work south of Changsha will be pushed ahead towards the Kwang-tung border, as quickly as possible. In spite of the withdrawal of most of the Belgian engineers who were engaged on the Lung-tsing-U-Hai line, which will eventually link up Lanchow, in Kansu, with Haichow or some other seaport in that neighborhood on the coast of Kiangsu, and of difficulties resulting from the inability of those financing the undertaking to supply funds from Europe, construction work has been continued with Chinese engineers. The money has been obtained by raising local loans. A successful loan of \$7,000,000 was raised last winter, thus enabling this line to continue its work during 1916.

The extension of the Peking-Kalgan line to Shuiyuan has also been proceeded with, local loans having been floated to provide the necessary funds. The Shanghai-Hangchow line is being steadily pushed towards Ningpo, over two million dollars having been set aside for this purpose. This line is now being linked at the Shanghai end with the Shanghai-Nanking Railway, and the loop line will be completed before the summer. The capital of Chekiang, Hangchow, will be then in direct touch with Peking, and consequently with Europe. Another useful bit of linking work has been carried out in the connecting of the Peking-Kalgan line with the Peking-Mukden Railway by a single track running round the walls of Peking.

THE OLD ROADS.

On the old roads—that is to say, those that have been in operation for some years—much attention has been devoted of late to bringing them up to date by improving the per-

manent way, extending the station facilities, and renewing the rolling stock. Many of these lines were hurriedly built, the object being to push the work of construction to a conclusion as rapidly as possible, leaving the provision of sidings and so forth until later. Numerous new sidings were built last year, and in several instances heavy rails were substituted for those originally laid. Much of this relaying was done by the Peking-Mukden Railway, where from the Tong-Shang coal mines to Chingwantao, the seaport, 85-pound rails were substituted for the light rails of 75 pounds. The sleepers along this line have also been relaid. The management of the Peking-Mukden line is now engaged in building a number of small branch lines to the coal mines east of the Great Wall. Work of a similar character has been carried out on the Peking-Kalgan-Shuiyuan line.

It would be interesting, if it were practicable, to give some idea of the probable development of the national railway system after the lines now under construction or contracted for are completed. Unfortunately it is impossible to do this with any confidence. As lines that would involve any large expenditure of money would have to be constructed out of the proceeds of foreign loans, political considerations will necessarily affect the adoption of any programme. By the Sino-Japanese treaty of May, 1915, the Japanese obtained the exclusive right to construct lines in South Manchuria and Eastern Inner Mongolia. In view of that fact, and for reasons that it is unnecessary to explore, there is unlikely to be any fervent anxiety on the part of the Chinese Government to undertake construction in this direction.

POLITICAL CONSIDERATIONS.

Political considerations also affect the construction of the much-needed line from Nanchang to the coast. Between Kowloon and Shanghai there is not a single line of rail reaching the coast from the central provinces, and the impending completion of the extension from Hangchow to Ningpo will not materially improve matters. The disadvantage of having about 1,000 miles of coast on which were several good ports unserved by a railway has long been recognized, and tentative proposals have been made from time to time to link up Nanchang with either Swatow or Foochow. The latter line would run for the greater part of the way through Fukien, which is claimed by Japan as one of her spheres of influence. Consequently the Chinese regarded with more favor the line to Swatow, and in August, 1914, an engagement was signed by the Government giving preference to British firms for the line from Nanchang to Chaochow (there is a short line already in operation between Chaochow and Swatow). Notwithstanding the existence of the agreement and another agreement giving a British firm the right to construct a line between Nanchang and Hangchow, Japan demanded, in January last year, that she should be given the right to construct these lines. China naturally refused, and the demand was withdrawn, but Japan gave it to be understood that the withdrawal was temporary, and that the demand might be raised later on.

This incident furnishes an excellent example of the difficulties that confront China in connection with railway construction. If she had been able to determine her railway policy irrespective of international complications, she might long ago have had the main lines most necessary for her development in operation. Further north the position is still more complicated. Germany secured the right to build lines from Kaomi on the Shantung Railway to Hanchwang on the Tientsin-Pukow Railway, and from Tsinanfu to Shuntchfu, or Chengting, to connect with the Peking-Hankow Railway. Both these lines are of importance, and China would probably like, on general grounds, to see them built with as little delay as possible. But Germany has been driven out of Shantung, and the question upon whom her rights to the construction of these lines devolve will not be cleared up until after the war.

THE FUTURE.

At a moment like this, when Europe is racked with war, it may seem absurd to speak of experiments in internationalism, but a great many Chinese and not a few foreigners resident in China believe that the surest method of securing for China the main lines that she really needs would be for her to raise the money from an international financial combination. Something of this sort was done in regard to the Hukuang lines, but the policy was not carried to its logical extreme, and certain sections of the lines were given national earmarks. This was but a slight improvement upon the old system of each country struggling to obtain concessions for itself and doing its utmost to frustrate attempts by rivals to infringe upon what it was pleased to consider its "rights." The logical effect of such a system is seen in the definite closing of South Manchuria and Eastern Inner Mongolia—and probably Shantung and Fukien—to all but Japanese.

INTERNATIONAL COMBINATION.

If China were left free to devise, with the best foreign expert assistance, a comprehensive scheme of national railways, with the knowledge that she could borrow the necessary money from an international combination, and consequently would not be sacrificing any of her political rights, it is probable that development would be much more rapid, and the railways infinitely more advantageous to the people. Possibly after the war there will not be much capital available for railway construction in China, but the race for concessions is still likely to continue unless some kind of an international financial combination be formed.

There is also the plan of building lines by contract on a fixed percentage of profit basis, which was adopted in regard to the Shasi-Singyifu Railway, the construction of which was undertaken by Messrs. Pauling & Co. This method has much to commend it, but by many the international system is held to be better. The subject is one of such importance that our Parliamentarians and statesmen should devote to it the fullest study.—*Manchester Guardian*.

CHINA'S RAILWAYS IN 1915.

From the Far Eastern Review.

From the following tables it is possible to gain an accurate idea of the financial situation at the end of 1915 of the Chinese railways now operating. This is rendered possible owing to the adoption of the unified system of accounting recently introduced by the Ministry of Communications—a system which is perhaps the most complete of any in use in the world. Before the system was elaborated by the special commission appointed for the purpose

accounts varied as did the railways, and it was never possible to make even an approximately accurate comparison of the working of the various lines. Each line had its own method of accounting, and when it is remembered that some of the lines are British, others Belgian, others French, others German and a few Chinese, it may be realized how great a variety of systems were used. This has all been done away with now, and the new unified system is employed on all lines to the distinct advantage of the country and the satisfaction of the public who may wish to make comparisons. The tables given below are the first issued under the new system and the figures given are derived from reports based on headings which permit of no juggling of figures to swell receipts or diminish expenses or in any way to confound the investigator. An interesting development of the introduction of the system is the application by private railway companies for the forms so that they may be adopted, it being recognized that their employment will in the long run diminish the irregularities that have prevailed in the past.

In connection with the tables given below it must be mentioned that the estimates were prepared in 1914, before the war, which accounts for the estimate of receipts being high and expenses low. It is more gratifying, therefore, that the receipts still show an increase, despite the disabilities caused by the war, particularly as the cost of all kinds of materials rose greatly in price.

Statement of the approximate totals of revenues and incomes of the Chinese Government Railways during 1915 as compared with the estimates:

Lines	Estimated figures	Actual receipts	In excess of the estimate	Less than the estimate
Peking-Mukden	\$12,672,400.00	\$14,768,000.00	\$2,095,600.00	
Peking-Hankow	16,681,100.00	16,560,000.00		\$121,100.00
Peking-Kalgan	2,668,566.00	2,721,500.00	52,934.00	
Kalgan-Suiyuan	905,084.00	880,940.00		24,144.00
Tientsin-Pukow	8,063,006.00	8,298,000.00	234,994.00	
Cheng-tai	2,416,125.00	2,116,549.71		299,575.29
Taokow-Chinghwa	593,335.00	633,000.00	39,665.00	
Shanghai-Nanking	3,484,500.00	3,436,800.00		47,700.00
Shanghai-Hangchow-Ningpo	1,878,000.00	2,070,000.00	192,000.00	
Canton-Kowloon	917,380.00	874,000.00		43,380.00
Kirin-Changchun	634,857.00	970,912.00	336,055.00	
Chuchow-Ping-siang	726,489.00	690,200.00		36,289.00
Canton-Samsui	530,325.00	851,568.00	321,243.00	
Kaifeng-Honan	1,160,502.00	1,154,600.00		5,902.00
Changchow-Amoy	38,030.00	41,080.00	4,050.00	
Total	53,368,699.00	56,067,149.71	3,276,541.00	578,090.29
Balance			2,698,450.71	

Statement of operating and interest charges of Chinese Government Railways for 1915 as compared with the estimates:

Lines	Estimated Figures	Actual Expenses	Balance less than the estimates	In excess of the estimates
Peking-Mukden	\$6,779,368.00	\$7,735,000.00		\$955,632.00
Peking-Hankow	10,252,681.00	10,700,000.00		447,319.00
Peking-Kalgan	2,318,858.50	2,052,700.00	\$266,158.50	
Kalgan-Suiyuan	1,441,022.20	999,806.20	441,216.00	
Tientsin-Pukow	9,824,124.00	11,051,000.00		1,226,876.00
Chengtai	2,091,434.00	2,021,336.00	70,098.00	
Taokow-Chinghwa	917,816.00	882,000.00	35,816.00	
Shanghai-Nanking	3,962,500.00	3,928,600.00	33,900.00	
Shanghai-Hangchow-Ningpo	3,006,000.00	2,371,000.00	635,000.00	
Canton-Kowloon	1,775,430.00	1,739,582.39	35,847.61	
Kirin-Changchun	1,374,534.00	1,447,999.00		73,465.00
Chuchow-Ping-siang	647,638.00	764,400.00		116,762.00
Canton-Samsui	305,416.00	579,067.00		273,651.00
Kaifeng-Honan	1,502,384.00	1,442,700.00	59,684.00	13,742.00
Changchow-Amoy	188,258.00	202,000.00		
Total	46,387,463.70	47,917,190.59	1,577,720.11	3,107,447.00
Balance				1,529,726.89

Statement of the approximate balances between receipts and expenses (including interest and all other charges) of Chinese Government Railways for 1915:

Lines	Receipts	Expenses	Balance	
			Profit	Loss
Peking-Mukden.....	\$14,768,000.00	\$7,735,000.00	\$7,033,000.00	
Peking-Hankow	16,560,000.00	10,700,000.00	5,860,000.00	
Peking-Kalgan	2,721,500.00	2,052,700.00	668,800.00	
Kalgan-Suiyuan	880,940.00	999,806.20		\$118,866.20
Tientsin-Pukow	8,298,000.00	11,051,000.00		2,753,000.00
Chengtai	2,116,549.71	2,021,336.00	95,213.71	
Taokow-Chang-hwa	633,000.00	882,000.00		249,000.00
Shanghai-Nanking	3,436,800.00	3,928,600.00		491,800.00
Shanghai-Hangchow-Ningpo.	2,070,000.00	2,371,000.00		301,000.00
Canton-Kowloon	874,000.00	1,739,582.39		865,582.39
Kirin-Changchun	970,912.00	1,447,999.00		477,087.00
Chuchow-Ping-siang	690,200.00	764,400.00		74,200.00
Canton-Samsui	851,568.00	579,067.00	272,501.00	
Kaifeng-Honan	1,154,600.00	1,442,700.00		288,100.00
Changchow-Amoy	41,080.00	202,000.00		160,920.00
Total	56,067,149.71	47,917,190.59	13,929,514.71	5,779,555.59
Net Profit			8,149,959.11	

So far reports for the individual railways for the year 1915 have not been completed and the only reports available that have been produced in accordance with the regulations for the unification of accounts are for the half year ending June 30, 1915. At that date the Government Railways in operation in China totalled 5,701.47 kilometers, in addition to which there were 241.83 kilometers and 2,399 kilometers or what are described as Concession Railways.

The rolling stock in operation at that period was 627 locomotives, of which 162 were passenger, 330 freight and 140 shunting. There were 823 passenger carriages, 103 being first-class, 214 second-class, and 576 third-class.

Passengers to the number of 13,000,000 were carried during the six months, the bulk of these being third-class, the percentage being 96.54, while the second-class passengers amounted to 2.76 per cent. and the first-class 0.7 per cent. The revenue from this source was \$11,120,059.

THE GENERAL ECONOMIC POSITION IN CHINA.

In regard to most countries at least a general idea of economic conditions can be obtained by studying Budget statements and returns prepared by the Board of Trade, the Ministry of Commerce, or whatever the department may be called that is charged with the duty. In China this is not so. Of late years financial estimates have been prepared, but, except in regard to such services as the Customs and Sakt departments, the figures have been mostly guess-work. The economic disturbance caused by the revolution and by the rebellion in 1913 has not entirely subsided, and for various reasons it has been found impracticable to make much progress in regularizing the system of tax collection and in insuring that the proceeds of taxation reach their proper destination. Consequently it is extremely difficult to obtain reliable data upon which to base a comparison of the existing economic position with that which prevailed at any given time in the past. However, it is possible from the few definite facts that are available to gain an impression of the situation which can be regarded as trustworthy, though it is necessarily general.

AGRICULTURE CHINA'S MAINSTAY.

It must never be forgotten that China is essentially an agricultural country. While Europe and America, and to some extent Japan, rely upon their industrial activities for national livelihood and advancement, the Chinese are entirely dependent upon the cultivation of the soil. Probably no country in the world is so independent of outside assist-

ance in feeding, clothing and housing its people as China. Everything that is necessary for the existence of man is found in the country, and its area is so vast that adverse weather conditions are seldom so extended as to cause national disaster. During 1915 there was an absence of floods and droughts, and in consequence good crops of rice, tea and seed were obtained. In Manchuria, however, the bean crop was not so good as expected. Generally speaking, the season throughout China was a good one, and this was beneficial for the country not only in the direct sense. A bad season in a country such as China is usually followed by depredations by bands of robbers in the districts affected. Owing to the poor communications the excess of fortunate localities can only be transferred to the places where distress exists with difficulty, and consequently those who are without food are driven to attempt to obtain it by robbing others whose circumstances have enabled them to make provision for times of stress. If the distress be widespread the operations of these robbers assume considerable magnitude, and their suppression is a slow and costly business. Fortunately, in 1915 there was very little trouble of this kind, and consequently trade and commerce were undisturbed, while the country was saved the expense of financing punitive expeditions.

It is said on good authority that the exports from China during last year exceeded those of any previous year. Export was encouraged by the exchanges, and the war favorably affected some lines, notably tea. On the other hand, the German market was closed against Chinese products, and the high freights were a serious handicap. If freights had been lower it is certain that the improvement in exports would have been still greater. It is hardly necessary to point out that betterment of the export trade involves a corresponding improvement of the trade in imports, owing to the increased purchasing power of the producers.

ALL OBLIGATIONS MET.

Some apprehension was felt when the war broke out that China would not be able to meet the service of her foreign loans. During the first two years of the Republic the country lived on borrowed money, and some doubt was expressed whether inability to get foreign financial assistance might not lead to embarrassment and even to repudiation. Fortunately these fears were unfounded. The revenue derived from Customs duties fell off very little; that obtained from the Salt Monopoly increased to a surprising extent, and the returns from land taxation were satisfactory. As a result China was able to meet all her foreign obligations promptly. In addition it was found possible to float successfully domestic loans, the proceeds from which were used to redeem certain local obligations, and to extinguish some minor foreign loans carrying high interest. As the Chinese people had hitherto, and with good reason, shown great reluctance to invest in national bonds, the successful flotation of these loans was of the utmost significance. The fact that the Hong Kong and Shanghai Banking Corporation co-operated with the two leading Chinese banking institutions in floating the latest of these loans is of importance, as it was the first occasion that a foreign bank had associated itself with a national loan raised in China itself. That a British bank should have thus established a more intimate association with the finances of China is certainly a matter for congratulation. China not only met all her foreign and domestic obligations, she set aside regularly an amount sufficient for the service of the domestic loans in advance.

It is clear that China has shown that she is able to preserve her solvency without foreign financial assistance. At the same time it must be admitted that her economic progress has been checked by the absence of foreign capital. Much important railway construction has had to be postponed and other work of a reproductive nature tempo-

rarily abandoned. To carry out some of the most needed reforms a considerable sum of money is required, and, although China can pay her way, she is not able to finance the reform of the currency, the reorganization of the land taxation, and similar undertakings which, when effected, will vastly improve her financial position. But, although progress has been checked, these reforms have not been lost sight of, and preliminary work is being carried on steadily if slowly.

ENCOURAGEMENT OF INDUSTRY.

Recognition has been given to the fact that if China continues to rely exclusively upon agriculture she can never hope to obtain any considerable position among the nations. A determined effort is therefore being made to direct the attention of the people to the advantages of industrialism. With this object in view a Commission of Industry and Commerce has been instituted. Much useful preliminary work has already been done, and a commercial and industrial exhibition which was held in Peking last October was one of the first fruits. The Commission is accumulating data in regard to the resources and industries of the various provinces, something which has never previously been attempted in China, and when this work is completed the Government will have an inventory of its assets and will be able to see in what directions assistance and encouragement can most usefully be given. In the memorial submitted to the President the object of the Commission was thus described: "It shall be the duty of the Commission to collect from all quarters of the country such information and knowledge as will assist in the promotion of home industry. There shall be established divisions to undertake the collection of information, to make experiments, and build up a permanent commercial and industrial exhibition." The members of the Commission have been chosen solely for their intimate knowledge of the matters to be dealt with, and the wise step of appointing a thoroughly qualified foreigner to the Commission with wide administrative powers, has been taken. This gentleman, Mr. Roy S. Anderson, has brought to his labors a knowledge of the most modern business methods and a life-long acquaintance with the Chinese and their language.

THE TAXATION PROBLEM.

That there must be a reorganization of the system of taxation in China has long been recognized, but for reasons which have already been indicated it has not yet been possible to deal with the matter comprehensively. It has been said, and probably with truth, that the revenue derived from taxation would be doubled if the full proceeds were paid into the Treasury free from irregular deductions made by the collectors. The experience gained since the administration of the Salt Gabelle or Monopoly was placed, virtually, under foreign supervision seems to bear this out. Under Sir Richard Dane's direction it has been found possible to increase the revenue from salt to such an extent that in 1915 the proceeds were actually greater than those obtained from the Customs. And this result, it must be remarked, was achieved by a scientific adjustment of the charges rather than their increase, and by efficient administration. The success that has attended the engagement of a foreign expert of acknowledged capacity to whom was given a large measure of administrative authority has so impressed the Chinese that the Government insisted upon Sir Richard Dane renewing his agreement.

Attention is now being directed to the reformation of the land taxation. From this source it is estimated that the Government will receive in 1916 approximately \$9,500,000. When it is recalled that the area of the country exceeds 4,000,000 square miles, it will be seen that this revenue is ridiculously inadequate. Without going so far as to agree with the late Sir Robert Hart's estimate that a

scientific land tax would produce over \$50,000,000, it is a safe assumption that at least \$20,000,000 could be obtained from this source with capable and honest administration. The difficulties in the path of reform are many, as there are numerous "vested interests" which may be expected to put up a stiff fight in the endeavor to retain their privileges.

CHINA'S FINANCIAL STRENGTH.

When it is considered that the total estimated revenue for 1916 is only, in round figures, \$47,200,000, it will be realized that if this represented the full incidence of the taxation the Chinese taxpayer might well be congratulated upon the lightness of the burden that he is called upon to bear. It has to be remembered, however, that there is municipal and provincial taxation, the extent of which is undiscoverable, and that the tax collectors extort a great deal more than is legally due. Though this latter fact is lamentable, it is from one point of view a valuable reassurance of the ability of China to bear any increase of her financial burden that the future may involve. If the assumption be warranted that the national revenue can be doubled by administrative reform, without any increase of taxation, then it is obvious that China's ability to meet obligations on future loans for development purposes is much greater than it would appear to be from a superficial study of the estimates.—*Manchester Guardian*.

THE CRISIS IN CHINA.

SHANGHAI, April 14.

Since the Manchus were told to go, it has never been more difficult for outsiders to form any opinion of the political situation in China than it is to-day. No information obtainable appears to be worth the paper it is printed on for the length of time that it takes to put into type. The apparently certain expectations of one day are entirely reversed by the events of the next. And while we ironically tell each other that things will always turn out differently in China from what they would in any other country in the world, we have an uncomfortable feeling as if something great were going on beneath the surface of which no foreigner is able to catch the smallest glimpse. Southwards of the Yangtze the greater part of China is united against President Yuan. Neither Hunan, Kiangsi or Fukien have actually declared their independence, but, short of a miracle or a compromise, they can hardly be expected to hold back for long. For a day or two the theory was held by some that Lung Chi-kuang had purposely proclaimed the independence of Canton in order to ease the situation and prevent fighting. But this notion is quite inconsistent with subsequent news that the army in Canton is controlling Lung and not Lung the army; and with the report of a meeting of representatives of army, navy, officials, gentry and merchants, at which the Two Kuangs, Yunnan and Kueichow, bound themselves in a solemn alliance, resolved to be content with nothing less than Yuan's abdication and decided on special measures to safeguard the country against public disorder. After this the turning over of Chékiang appeared the crowning blow. For President Yuan has had no more resolute or able supporter in the past than Chiangchun Chu Jui.

But still the Yangtze draws a dividing line across the political feeling of China. Northwards of the Great River people may not be in love with the present régime in

Peking, but they still appear to be far enough from declaring themselves on the other side. And herein lies the great difficulty of the Southern Republicans. It is just as far to Peking to-day as it was in 1913. If all the provinces proclaimed their independence one after another, it would of course be simple enough to declare such a boycott of President Yuan that he would have to abdicate for the sheer want of anyone left to rule over. But apart from rumor there is no tangible evidence as yet that the northern provinces have any intention of taking such a course. Meanwhile the Southerners do appear to be lacking in arms and ammunition. Nothing else, at least according to Chinese information, is the cause of the failure hitherto to materialize of that demonstration against the Kiangnan Arsenal which was planned for last Sunday night. To their credit be it said we believe the more responsible Southern leaders are most averse to any resort to arms, for the sake of the misery caused to innocent people. Nor do we imagine that the Northern troops are particularly keen to fight in this quarrel. But so far as money, men and munitions go, the odds appear to be on President Yuan's side. This is the weakness of the South, as far as outside observers can see. Its strength lies in the quality of its leaders as a whole and the cause for which they work; as our Peking correspondent recently expressed it, "The present movement is not a revolutionary one organized by extremists, but a protest against a reversion to despotism in which many sober and responsible men have joined." There can be no question that the *régime* of Peking has been growing oppressive; taxes have been raised inordinately; in many ways, notably educationally, the clock has been put back; and "Palace rule" and the extravagances of the President's own sons have raised bitter complaints. Up to a certain point, then, not a few foreigners sympathize with the Southern cause.

But this point falls short of forcing Yuan to abdicate; in which matter, having regard not only to China's internal position but to her place in world politics, foreigners believe that they see a little farther than the Southern leaders. To what extent President Yuan is personally responsible for the misdeeds laid so thickly at his door is a very open question. Admitting that he is ambitious and does not easily brook control, there is no question but that he sincerely loves his country, and for the rest he would not be the first ruler of China, or other countries, who had been badly served and purposely misinformed by those about him. Let us take one example of the sort of thing that is now universally believed by the average Chinese. It is said that Yuan sent down the two men who murdered Admiral Tseng, and that, when they were handed over to the Arsenal, they were not shot but were secretly sent back to Peking. Now we are in a position to state that this story is absolutely untrue, that Admiral Tseng's assassins were shot at the Arsenal and that their bodies now lie in the usual criminal burial ground. How we know this we are not at liberty to say, but the fact can be relied upon implicitly; an excellent illustration of the reserve with which other stories against the President should be accepted, and an additional argument even at the eleventh hour for compromise. If our Chinese correspondent in Peking may be believed, and he is well in touch with official circles, the Government is willing to meet the South in all demands except the abdication of Yuan himself. That is a fair offer, certainly no more than was in the mind of Yunnan when it opened the revolutionary ball. The alternative, that Yuan should go, opens the way to faction discord such as was seen in 1911 when the binding force of opposition to the Manchus was removed and innumerable conflicting parties sprang into existence. We venture earnestly to press on the Southern leaders the need of accepting the compromise.—*N. C. Daily News*.

THE CHINESE NATIONAL ASSEMBLY.

The decision of the Chinese Government to hasten the assembling of a more or less representative body at Peking to undertake legislative work is undoubtedly a wise step. At this late date, when much of the bitterness that prevailed in 1913 has disappeared, it is neither necessary nor desirable to consider too closely the causes which prevented the National Assembly of that year from accomplishing anything conducive to the advancement of the country. But it is as well to recall that during the elections the menacing tone adopted by the Kuomintang press inspired little hope of a working compromise being arrived at between members of the party and the supporters of President Yuan Shih-kai. The unfortunate murder of one of the Kuomintang leaders upon the eve of the assembling of Parliament added fuel to the fire. The Kuomintang included many of the brightest and most promising of young Chinese publicists, but the party as a whole lacked balance, and was unable to recognize that the condition of the country and the necessities of the times imperatively demanded the cultivation of a spirit of compromise. Convinced as they were that the immediate application of the principles they professed would at once transform the social and economic life of the country, they were impatient with those who held the belief that reform should only be effected slowly and cautiously. Good-will and a mutual desire to understand the point of view of the opponent, would probably have led to the adoption of a course that was neither revolutionary nor reactionary. Unhappily, the spirit of conciliation was not manifested, and the breach deepened daily after the Parliament had met. As a result the business of the country was neglected in order to wage futile partisan battles, and when, as an indirect result of the rebellion in the middle of 1913, the Kuomintang members of the National Assembly were unseated and that body's active existence terminated, the loss to the country was more moral than material. That there was a moral loss is undeniable. Inevitably, in spite of the Revolution, there were still many men of standing and influence who were either openly or secretly opposed to reform and innovation, and these were enabled to strengthen their position by representing the failure of young and inexperienced politicians to envisage realities as a failure of constitutional methods. There was also some material loss, as the services of many of the ablest men in the country were lost to the Government, at least temporarily.

In 1914 and 1915 the system of government was republican in name, but there was nothing republican in its character. The people of a republic are, at least in theory, supreme, but in China during these two years the people had no more to do with the Government than they had had under the Manchu dynasty. This is not written in a spirit of condemnation; the fact is simply recorded so that the situation may be clearly understood. It was probably necessary in the conditions that prevailed that the Government should temporarily be autocratic. It was recognized, however, that though the first phases of consolidation might be better effected under autocratic rule, progress was only possible under a constitutional government. Consequently a Constitutional Compact was formulated confirming the right of the people to self-government and a Commission was appointed to frame a permanent Constitution, which was later to be submitted to a National Convention. Arrangements were also made for the convocation of an elected National Assembly as soon as the permanent Constitution was promulgated. If there had been no modification of these arrangements, the National Assembly would have met in September next.

A new situation was created in the latter half of 1915 by the inception and development of the monarchical movement. A record of the progress of this movement has been given in former issues of the *Far Eastern Review*

and need not be repeated here. Necessarily the labors of the Constitution Commission were suspended until the verdict of the people on the question of the form of government was given. After that verdict had been recorded, and H. E. Yuan Shih-kai had accepted the throne, the insurrection broke out in Yunnan, the ostensible object of the leaders being to maintain the republic. Although the Government was confident of its ability ultimately to quell the insurrection, it was obvious, as the scene of operations was remote from the center of military power and facilities for the transport of a punitive expedition poor, early success could not be hoped for. In the meantime, while the military plans were being developed, the Government very wisely took into consideration means of hastening the establishment of the constitutional *régime*. Owing to the advice proffered by certain of the Powers at the instance of Japan, the formal enthronement of the Emperor-elect was postponed, but it was felt that even the anxious solicitude of Japan for the welfare of the country would hardly prompt it to try to prevent the earlier assembling of a Parliament.

By singular good fortune the Government, having decided that a Parliament in being was necessary, found one to its hand, ready-made, so to speak. It had originally been intended that a National Convention should be elected for the sole purpose of considering the draft Constitution. In order to give full authority and weight to this body, the election law regulating its creation was made practically identical with that for the National Assembly. Most of the members had already been elected when it

was decided to hasten the convocation of the National Assembly, and the happy expedient of investing the members of the National Convention with full legislative powers was adopted. A mandate, that is published elsewhere, gave legal effect to a recommendation by the acting National Assembly that this course should be taken, and it will, therefore, be possible for a legislature to assemble four months in advance of the date originally fixed.

For many reasons it may be anticipated that the new National Assembly will avoid the mistakes of its predecessor. It will be much more conservative in character, the franchise being such that both electors and candidates were men whose age and antecedents practically guaranteed sobriety of thought. While a wide franchise would be more in accordance with the tendencies of the times, in the special conditions that prevail in China it is essential that its legislature should consist of men practical rather than idealistic. A characteristic of youth is impatience with slow progress, and Young China has already shown that it wished to hustle the country along at a speed that left it so breathless that it sullenly determined that the snail-like movement of the past was better for its constitution. In that, of course, it was in error, but obviously a moderate pace will be advisable until the country becomes accustomed to the rarer air of the higher level along which its path lies. The new National Assembly, therefore, if it should prove to lack brilliance will, perhaps, be the better fitted to perform the important preliminary work of consolidation which is essential before real progress can be made.—*The Far Eastern Review*.

PUBLIC OPINION AND POLITICAL PARTIES IN CHINA

Contemporary Review for May.

On the 10th of October, 1911, the first Revolution broke out in China, and not long after the Republic was established and Yuan Shi K'ai was elected as President. In July, 1913, another revolution broke out. The object of this revolution was to "punish" Yuan for having plotted against the safety of the Republic, and involving himself in the assassination of the leader of the Republican party. This second revolution failed, and Yuan was firmly established in his Presidential office. About August last year the monarchical movement almost suddenly assumed its present form and importance, and after a few months of well-staged official disavowal and expression of disinterestedness, Yuan declared his intention of bowing to "public opinion." In spite of his scruple about his oath, and his constant assurance of loyalty to the Republic, he decided to accept the crown in the name of "the will of the people." But, unfortunately for him, before the picturesque coronation could take place in Peking, the provinces of Yunan and Kwei-Chau declared their independence, and the neighboring provinces began to waiver in their allegiance. It will not be uninteresting, therefore (1) to examine what is the real state of public opinion in China; and (2) to inquire into the condition of its political parties which are in mortal conflict at the present moment.

I.

"Great communities," says Bagehot, "are like great mountains—they have in them the primary, secondary, and tertiary strata of human progress; the characteristics of the lower regions resemble the life of old times rather than the present life of the higher regions." The great community of China has its three strata: the people, the educated class, and the leaders of the political parties. Let us explore first the lowest stratum.

This stratum consists of the masses of the people. Its elements are "the hewers of wood and drawers of water," agriculturalists, artisans, and shopkeepers. Their economic condition is such that they only live from hand to mouth. At the same time they are by no means without interest in public life. In the villages they have their ancestral halls and temples, which are centers of social and political activity rather than religious life; in the towns they have their guilds and societies; in some villages and towns they have also public schools; they have a highly organized system of police; there are organizations for the relief of the distressed, and for the safety of public health; public funds are provided for public works, and they have popularly elected officials. In short, Chinese villages and towns are entirely self-governed, and the Central Government does

nothing save the collecting of a nominal tax. Were it not for this super-structure of the Central Government, one could almost identify them with the city-states of ancient Greece. The attitude of the masses towards this central super-structure is one of indifference as long as it pursues a policy of *laissez-faire*. They submit to a nominal tax as long as their local life and organizations are not encroached upon. It is much more accurate to say that "they don't mind" than to say that "they want" a monarchy or a republic. Therefore, when the Monarchists say that the majority of the people want a monarchy, they cannot mean the majority of this primary stratum—the masses of the people.

The elements of the secondary stratum, namely, the educated class, may be roughly divided into two groups: (1) the group of young men who have returned from the foreign Universities, and (2) the group of elderly scholars educated in the old school and deeply sunk in the "Six Classics." The students educated abroad have taken back with them the refreshing ideas of the West, the ideas of democracy, republicanism, change, and progress: ideas which were not new to China, but which had been stifled by the confined atmosphere of the Confucian school, and had lain neglected beneath the dust of two thousand years—ideas now awakened into life again by intercourse with the West. The old scholars, on the other hand, have firmly adhered to the teaching of the Confucian school, which instils into the minds of its devotees the spirit of order, permanence, and security. The key-stone of their political theory is absolute loyalty to the king. They set their face against the new ideas as dangerous doctrines, which cannot but create discontent and unrest, and thus undermine the foundations of the Manchu dynasty. At the same time, powerful influences have been at work during the last quarter of the nineteenth century, which have made great inroads upon the sacred tenets of their school. So that the spirit of nationality and the passion for reform have gradually permeated nearly the whole mass of this secondary stratum of Chinese society. This accounts for the rapid overthrow of the Manchu *régime*, and the seeming sudden conversion of the educated class to Western thought, so bewildering and inexplicable to the foreign observer. In matters of central government effective public opinion is to be sought in this educated class, and we shall see presently that an overwhelming majority of them is in favor of the Republic, and not a monarchy with Yuan as Emperor.

But let us first examine the tertiary stratum: the political leaders. This stratum is composed of two schools of thought, the Republicans and the Constitutional Monarchists. Having imbibed the free air of the universities and institutions of the West, both have been inspired by similar ideas of reform and progress. Their ideals have been identical, namely, a rejuvenated and progressive China, but their means greatly differed. The attitude of the Constitutional Monarchists was that only constitutional government was needed to save China, and a monarchy was not antagonistic to it. Therefore the constitution for China should be modelled on that of Prussia or Japan.

The reform should come from above, and not from below. The Republicans, on the other hand, replied that monarchy might not be antagonistic to constitutional government, but the Manchu monarchy was incompatible with it. For the Manchus were a foreign race and could not trust the people, and certainly were not willing to share with them the government of the country. Therefore reform must emanate from below, and the Manchu dynasty must be overthrown. The Constitutional Monarchists rejoined that the Manchus had become Chinese, and their interests were bound up with the interests of their subjects, and furthermore they had already promised a constitution; that reforms without bloodshed would be infinitely better than all the doubtful blessings of a revolution. The Republicans retorted that the promise of a constitution would never be kept, that reform from the hands of the Manchus was an illusion, and, as a proof, they pointed to the fact that the Constitutional Monarchists were expelled from the country and some of them were even executed.

These two schools of political thought were in conflict for many years before the revolution. The Republicans had the majority of the students of the new school on their side, while the Constitutional Monarchists won over most of the enlightened bureaucrats. Had the Manchus been a little wiser and granted some concessions of political power to the people, the Constitutional Monarchists might have held their position, the dynasty might have been saved, and the Republicans conciliated. But the Manchus adopted an uncompromising attitude, and set their face against all concessions. When the Revolution broke out in 1911, they recalled Yuan Shi K'ai who, they thought, was still their faithful and loyal servant. Yuan returned to power, but he was not sincerely working for the Manchu cause. On the other hand, he was neither favorable to the Republicans nor to the Constitutional Monarchists. He had an ambition of his own. He was schooled in the old corrupt bureaucracy. He had a powerful army behind him, an army, be it noted, organized and officered by men who were trained according to German methods. The army is the key to all Yuan's actions; it is the secret of his power; it is the lever by which he hoisted himself to the Presidency; and we shall presently see it is the mainstay of the present monarchical movement. The Constitutional Monarchists, in spite of the fact that he betrayed them in 1898, now supported him, because they wanted a stable government to carry out constitutional reforms, and Yuan had a powerful army to ensure it. They at last realized that the majority of the educated class could no longer be reconciled to the Manchu *régime*, and that a Republic was the only workable alternative to the Manchu Monarchy. On the other hand, the Republicans, who had public opinion on their side, could not trust Yuan; but he was too powerful to be opposed, and they, too, gave him their qualified support with the hope of restraining him by constitutional means. In this manner Yuan was elected President. The Republicans immediately set to work to make a constitution, with the object of curbing his power.

The provisional constitution was therefore based on the French model, and Yuan accepted it. It was thought at the time that constitutionalism had won the day. The Manchus were removed without bloodshed. A strong man was placed at the head of affairs and he, to all intents and purposes, patriotically accepted all the constitutional safeguards and devices which limited his power. Yuan, however, was not the man to have any scruple about his oath or word of honor, much less about a paper constitution.

II.

Before the revolution there were no organized political parties in China, although the nuclei of the two great parties, the Republicans and the Constitutional Monarchists, were already in existence. The former became the Kow Min Tang—that is, the party of the people, or national party, and the latter the Kung Ho Tang, or Republican party. For the sake of convenience, we may still call the former the Republicans and the latter Constitutionalists. Neither was properly organized. Kang Yu Wei, who was betrayed by Yuan in the *coup d'état* of 1898, was the real leader and moving spirit of the Constitutionalists; but he was not leading his party. Dr. Sun Yat Sen and Hwang Hsing, leaders of the Republicans, were not leading their party, and left the responsibility to a young politician, Sun Chow Jen, who was practically unknown before the revolution. The political programme of the Constitutionalists was that of order and centralization. The Republicans stood for decentralization and social reform.

Yuan had no party of his own. His followers were military generals and corrupt bureaucrats. Some of the latter and a few of the Republicans he asked to form a Cabinet. But when he attempted to make the Cabinet responsible to him personally instead of to the Assembly of Provincial Delegates which formed the provisional Parliament, the Republican Ministers resigned *en bloc*. Yuan then acted independently of the Provincial Delegates pending the General Election for the National Assembly. When the first General Election came, Sun Chow Jen, the leader of the Republicans, fought a successful electioneering campaign, and his party was returned with an overwhelming majority. Sun Chow Jen was then foully assassinated while he was on his way to Peking to lead his party in the National Assembly. The evidence gathered by the law courts from the conspirators proved clearly that Yuan was involved in the crime. Indignation at this dastardly act, and a cry for revenge, arose from the rank and file of the Republican party, and the second revolution was launched, without preparation and without forethought. A punitive expedition was hastily sent against Yuan. But the Constitutionalists remained faithful to him, and many of the Republicans took no active part in it. So the movement collapsed, and the Republican party perished with it.

As soon as the Republican party was completely destroyed and the southern provinces fell into the hands of his military governors, the unscrupulous methods of Yuan began to be felt, even by the Constitutionalists. First, he interfered in the drafting of the Constitution, then he acted independently of it altogether, and finally he abolished it for good. But still they continued to support him. They wanted order; the people, too, wanted order, for they had suffered much from the two revolutions; the foreign merchants wanted order for reasons of trade. So they all supported Yuan, and foreign loans poured into his coffers to aid him in keeping order. In this way an artificial order was established for more than two years—and one may ask with what result? All the schools established in the South by the Republicans were closed by Yuan's military governors. All the students sent abroad by the southern provincial Governments were recalled, and some of them even executed on their return. The Constitutionalists were

one by one removed from office. A thorough and efficient system of political espionage was established. Political assassination became a common occurrence. No man's life was secure, not even the lives of the spies themselves, for Yuan set spies to watch his own spies. But he has a still more subtle method of dealing with his political opponents. I wonder if any foreigners have observed that there are now many political prisoners in Peking, who, though they are free to walk about the streets of the capital, yet dare not step beyond its gates. They have been enticed by Yuan to Peking, and have been "requested" to remain there. When such a "request" comes it means that one must either choose to remain a perpetual prisoner within the four walls of Peking awaiting the pleasure of the President, or be assassinated by an unknown hand. There are, however, a few cases where the prisoners managed to escape, and General Tsai Ao is one. He is now leading the revolt in Yunnan. He is not a Republican, but a Constitutionalists, and "a well-trained and exceedingly popular soldier."

When Yuan's supporters, though entirely ignorant of German defeat on the sea, learned of their success on land, they wanted to transplant all the German institutions into China, and the keystone of these institutions, they argued, was the monarchy. So we read in the Japanese paper *Asahi* that Yang Shi Chi, one of Yuan's Ministers of State, declared that one great result of the war in Europe was to prove the worthlessness of all forms of democratic government as compared with the autocratic Prussian system, and that this was the chief reason which prompted the monarchist movement in China.

But since the Monarchist movement began the Constitutionalists have all withdrawn their support from Yuan. Thus Liang Chi Chao, the famous writer and leader of the Constitutionalists, is now convinced that a republic is the only compromise which will ensure peace and order in China. Therefore he determined to support the present Republic in order to avert yet another revolution, which was bound to take place should Yuan succeed in his unscrupulous machinations.

The Republicans are naturally against Yuan. They rightly suspected him when he first appeared on the scene, they consistently opposed his unconstitutional acts, they fought him in the second revolution, and ever since they have been working for his overthrow. But this is not all, for even the Legitimists, who formerly opposed the Republicans, have now declared themselves in favor of it. These Legitimists are faithful bureaucrats, who served under the Manchus. For a long time they advocated the restoration of the Manchu dynasty, and Yuan in his zeal to safeguard the Republic executed some of them for treason. The leaders of this group are men like Loo Nai Hsuan, Sun Yu Jen, Tsen Chun Hsuan—all scholars of the old school. For them to serve a new master is considered most dishonorable and treasonable. They prefer the return of the Manchus, and as that is now plainly impossible, they accept the Republic as a compromise, for in it no one is master. They can serve under it without incurring a disgrace too great to be borne even by the thickest-faced of Chinese bureaucrats. On the other hand, were Yuan to be Emperor, they would have to serve a new master or to retire from public life for ever. Hence it is that all the legitimists are against him, either openly as in the South, or secretly as in the North.

Now let us see who are the Monarchists. Amongst the most prominent we find men like Tang Chi Kwei, who insinuated himself into the good grace of Prince Chung by sacrificing his favorite slave to the latter's son; Wong Shi Ching, the present War Minister, a *protégé* of Yuan from the day when he first entered official life; Liang Shi Yi, who was put under chains by Tsen Chun Hsuan when

the latter was Minister of Communications, for corruption, bribery, and embezzlement. They also include a host of generals and military governors who were educated either in Germany or in the old corrupt school of Manchu bureaucracy, and who are tumbling over one another in order to do honor to Yuan. Amongst the monarchists we do not find a single man who is beyond reproach, who is not guided by self interest, whose sole aim is the good of his country.

The so-called scheme for ascertaining "the decision by the people" was a farce too ridiculous to be looked upon seriously. How farcical the scheme was we may judge from the secret instructions issued by Yuan's Government to the Provincial Governors. They are now published by the Yunnan and Kwei-Chau authorities. Here we can only select a few of these interesting documents. They prove beyond doubt that the monarchical movement was not prompted by the desire of the people, but solely engineered by Yuan and his supporters.

The first instruction issued by the Peking Government on the monarchical question is a telegram dated August 30, 1915, and signed by Tang Chi Kwei, Governor of Mukden, Liang Shi Yi, Director-General of the Customs Department, and others:

"As to the proposed change of the form of government and the restoration of a monarchy, we presume all the provinces will give their consent thereto. Now, the first step we intend to take is this: We shall use an organ of voting by which the people's will will not be formally ignored and at the same time no opportunity will be given to the opposition for finding fault. We therefore ask you to present first a petition in the name of the citizens of each province to the Tsan Chen Yuan, in which you should state that the people desire a monarchy. The Tsan Chen Yuan will then design the procedure to be adopted for carrying out our great scheme and probably will ask each province to present more petitions. Should this be necessary, we shall, for the sake of convenience, present the petitions on your behalf without further troubling you."

The procedure adopted by the Tsan Chen Yuan for carrying out the great scheme is given in a telegram dated September 29, 1915:

"Having received the third petition of the provinces, the Tsan Chen Yuan now resolve to create an organ called the Citizens' Electoral College, which will be held at the capital of each province to elect representatives for the National Assembly. The Tsan Chen Yuan will shortly pass an act governing the constitution of the College, but the spirit of its working will be entrusted to the free guidance of the individual governors. Nominally each hsien (district) should nominate and send one citizen to the college. But you should nominate as many officials as practicable from the administrative board under your control, lest, otherwise, the members of the college may not understand the object of our scheme."

A telegram of October 7, 1915, gave instructions as to the steps to be taken after the voting by the National Assembly for the restoration of a monarchy.

" * * * 1. You will ask the National Assembly to report the result of the voting directly to the Chief and the Tsan Chen Yuan. 2. The report should be worded as follows: 'The Assembly unanimously elects Yuan as Emperor of the Chinese Empire.' 3. You will ask the National Assembly to entrust the Tsan Chen Yuan with full powers as its Agent. * * *"

The following telegram gives further instructions for ensuring a successful voting. It is dated October 10, 1915, and sent by the Director of the Bureau for the management of the National Assembly:

"As the members of the Electoral College are the true electors of the representatives for the National Assembly, you should be careful to nominate only such persons as you can control. If you find that in some cases this is not practicable, you must adopt such methods (forcible or otherwise) as are necessary for carrying out our intention. * * *"

The following telegram is interesting as it relates to the representation made by the Allies. It is the final instruction issued to the governors, and dated November 7, 1915:

"A certain foreign country, together with England and Russia, recently advised us to stop the present movement. Their reason was that they feared this sudden change would cause some unforeseen trouble in the country. To this the Government could never agree. But if all the provinces should appear to support the change unanimously and frequently appeal to the Chief to be Emperor, and the Chief should formally refuse to accept the offer a few times, the foreigners, believing that the movement is really coming from the people and not organized by the Central Government, will not be able to find further excuse for interfering with our scheme, and will be obliged to recognize the new Government. * * * All these plans you must keep strictly in secret, lest they might be known, and trouble come upon us at home and abroad, and future historians blame and dishonor us. * * *"

Such are the methods of Yuan and his supporters. An English journalist has humorously but truly observed in *The Times* that it was more difficult to register an anti-monarchist vote than to pass a hippopotamus through the barrel of a small-bore rifle. The fact is, Yuan rules China solely by military force, and he tramples ruthlessly upon the unanimous public opinion of all good and educated people. It may be truly said of him that "after he has taken away from the citizens their right * * * he gives the slaves their liberty and makes of them guards about his person * * * only such companions admire him; the worthy and virtuous men hate and flee from him." While his unscrupulousness estranges all good men from his cause, his German-inspired ambition and military spirit will sooner or later endanger the friendly relations of China with the outer world. Should such a man be firmly established on the throne, the future of China would be dark indeed.

Y. K. LEONG, LL.B., B.Sc. (Econ.)

POSTSCRIPT.

Since the above was written—more than two months ago—the following provinces have also declared their independence: Kwangtung, Kwangsi, Fukien, Hunan, and Chekiang. This means all the provinces south of the Yangtze River; most probably one or two more provinces of the North will follow their example in the course of a few days. Many more of Yuan's former friends have also publicly dissociated themselves from his ambitious plot, such as Tang-shao-yi, ex-Premier, and Fen-Kwo-Chan, Military Governor of Nanking.

It is becoming more and more evident to foreign observers that the Monarchist movement has nothing behind it but the machinations of a handful of Yuan's sycophantic followers. Foreign loans have put a powerful weapon into Yuan's hands, but he has wantonly abused it. Most foreign journalists and diplomatists believe that Yuan is the only strong man in China. They, however, forget that it is only foreign loans that have made him strong. The time has now come when even foreign loans will not avail him against the just and unanimous demand that he must go.

TANG SHAO YI ON THE SITUATION

From an Interview Published in The New York Times

"The President has lost face completely and he will have to resign," he answered without hesitation. "In your American expression he has squealed, and we have not half begun to put the screws on. For the sake of my old friendship with the President I have sent him a long telegram, urging him to accept the inevitable and resign. I have told him that he has violated his oath of office, and that now he can never again win the confidence of his people. They see that he has neither the courage nor strength that have been attributed to him. However we may dislike the head of the State, we are sorry that he has put himself in this position where he will become the laughing stock of foreign countries and China.

"I feel very deeply interested in the outcome of the present situation, because of my relations with the President and the Government in the old days. Perhaps I am the oldest friend he has. When I left Peking to study in America I was 22 and he was 24. Ever since that time I have been in close relationship with him. But since I resigned my post in June, 1912, there is no one who dares to pound the table with him, no one who dares criticize him, or offer him real advice. But it is the will of the thinking people that Yuan resign. Even if we have 100 revolutions, the republic must stay."

"What about the 'will of the people'?" we asked him. "Is it true that the great mass of people in China do not care what kind of government China has, so long as they are unmolested?"

"The mass of the people may not care, but there are several hundred thousand people, including the merchants and business men, who are acutely interested in the future of China. In every country the Government is in the hands of the few, even in your own democratic America. We Chinese have no tangible religion, no Church, no one God. Ask a Chinese what his religion is, and 95 per cent. of my countrymen will answer 'my conscience.' Our people are against Yuan not only because he has tried to establish a monarchy, but because he has broken his oath to the State.

"A republic is the best form of government for China. The Chinese spirit from the time of Confucius and Mencius has been democratic. We are self-governing in all our districts and towns. Often people never see a Magistrate in their towns for ten years. In my own village we haven't seen a Magistrate for forty years. I think we are the most democratic country in the world. We never ask 'Who are you? Who was your father?' like the Englishmen. In China the son of the lowest coolie, if he has education, can rise to the highest position of State. Ninety per cent. of the students who pass the examinations are from poor families.

"When Yuan is forced to resign the Vice President will become the President automatically. We will have confidence in the Constitution and the Vice President until the two houses are reformed. He is not a brilliant man, but he is a man of good moral character, and he can be trusted to uphold the bulwark of the republic. It will be two or three years yet before the republic can be put on a good working basis. According to the first Constitution, the term of the President is five years. If Yuan is unseated, the Vice President who becomes his successor will have

two and a half years to serve. In that time a new Constitution can be drafted. The present one is too bulky, and the House has too many members and should be reduced by half. The new Constitution will probably be modeled after the French system, with a responsible Cabinet formed by the Premier, subject to the veto power of the President."

When we asked Mr. Tang how it was that in Peking no one seemed to have any idea ten days before the abandonment of the monarchy plan that such a thing was going to occur, an amused expression passed over his face.

"The intelligence bureaus of the legations are not good," he remarked. "Their consular people do not mix with our people. Their business people deal entirely through compradores. The Europeans are jealous because the Japanese are the first to be acquainted with the facts of the political situation, but that is because the Japanese consular staff and legation are clever enough to mingle with our people. It would be better if the other legations did this, instead of learning the news from their houseboys and underling clerks. Even your own Minister, Dr. Reinsch, does not understand our people. Dr. Goodnow was used simply as a tool. He is a great scholar, a professor, a citizen of a great republic, but he was duped by the monarchist faction, because he did not have a real insight into the situation.

"My foreign friends are constantly saying to me that Yuan Shih-kai is the only man who can rule China. Then I tell them that I feel very sorry for my country. If Yuan Shih-kai were to die to-morrow, what would become of China?"

"But perhaps it would be better to have Yuan than Japan," we ventured. "Japan certainly wants to get a strong foothold in China, and it is Yuan that has stood in the way."

"It is true that Japan wants to depose Yuan," he answered. "But that is for personal reasons. In spite of all that is generally said, Japan wants a strong Government in China. We must both look forward. A strong continental neighbor is more desirable as a neighbor than a weak fifth-rate power. The Japanese have changed their point of view in the last nine months. They could easily have pressed the twenty-one demands, and the fifth clause as well.

"If Japan wanted to take China by force, she could do it within thirty-six hours. She has trained armies in Korea and Manchuria, on the very threshold of China, and has first-class transportation facilities by water and land for mobilizing her troops at a moment's notice on Chinese soil. She has large military hospitals in several strategic points, including three with the most up-to-date equipment, built at Foochow last year. She has supply armories and barracks, such as the large establishment at Hankow. Furthermore, many Japanese ostensibly in business are in China on Government service to collect facts and statistics for Tokio. The Japanese know more about the topography and population of China than we do ourselves. Recently the Japanese Imperial Government Railways published a guidebook to China that is a marvel of accuracy and minuteness in maps and statistical facts.

"But Japan cannot be so short-sighted as to think only of the present possibilities. How could Japan's 60,000,000 people hope ever to conquer in any ultimate sense China's 400,000,000? History shows that the Chinese have absorbed in turn Tatars, Mongols, Manchus, every alien people that has come to live on Chinese soil. What Japan must want is a strong, civilized power as a neighbor, a country with whom she can live on the best commercial and social relationship. In spite of the aggressive military party at present in power in Japan, it is to both Japan's and China's best interest that the two countries speedily develop and maintain a friendly intercourse.

"We have given Yuan four years to show what he can do for the country. He has not given the people any freedom of speech or action. He has dissolved Parliament by force, re-elected himself life President, and surrounded himself with men who promised to make him Emperor. He has inflated himself with the idea of becoming another Napoleon, but we do not want a Napoleon in Peking. We want a good man with a responsible Cabinet to assist him in governing the country.

"Yuan has done nothing during his term of office. The salt revenue has been increased, but instead of going into private pockets it has gone to the Government to be squandered. The poorest Chinese are still poorer. The taxes have been increased enormously, and 78 per cent. of the taxes have gone into the army. The President is always talking about his interest in education, but he does nothing to promote progress. In my own province 600,000 taels have always been allowed per annum by the Government, but since Yuan has been in power the education budget has been decreased to 200,000 taels. The same state of things exists in every other province, and in some cases the Government is appropriating absolutely nothing for educational work.

"If 78 per cent. of the revenue had been devoted to education instead of being squandered for military purposes, I venture to say there would have been no revolution, and Yuan to-day would be in power. The same condition exists in every department. The reforms are all paper reforms, a house of cards that has just tumbled to the ground. He has made no substantial advance in revising the budget, improving waterways, establishing international communication, or developing mines and other resources of the country. Nor has he taken any real steps in a direction that would indicate the wisdom and health of a good administration.

"It is impossible for a good man to work with the President. He trusts nobody and only has confidence in those whom he sends on his errands as far as he can see them. His policy is to set one party against another and use one as a check against the other. Sometimes he has set the same men to spy on each other and report to him the attitude of mind in regard to some scheme on foot. He is afraid of assassins and bombs and has shut himself in behind high walls. It is a most curious attitude for one who is supposed to be the chosen head of the people to be afraid to expose himself. He has not been outside his palace more than half a dozen times in four years. He should drive out in a victoria and show the people that he trusts them, or at least that he is not afraid of them.

"Of course, he is a very industrious man. He never relaxes during his working day, but unfortunately he does not read and acquaint himself with the real conditions. He knows very little of the western world, although he is continually promising to introduce western reforms. I always used to say to him in the old days of our friendship: 'You take your glasses and become acquainted with the outside world! You have never been out of China and

practically never out of this one province. You have seen nothing of China except for one trip down the Yang-tse from Hankow to Nanking. Your views are bound by a narrow circle, and you cannot see beyond.'

"One thing I want to impress on your people is the vital importance of the question of moral reforms. We want to uphold a President of high moral standing. The President's moral life is a disgrace to the country. Yuan is himself the son of a concubine, and consequently he cannot himself see that there is anything wrong in such a system. The President has twenty-eight children by different wives, and he has besides a number of concubines and dancing girls. All the children are fighting and wanting to cut each other's throats when he dies. Chinese history shows that in 400 years there has been only one Crown Prince who has not died a violent and unnatural death, and the reason is largely the absence of moral family life.

"The weakness of Chinese family life is polygamy. A family that has concubines is a home of misery, and we want to educate our boys and girls in the idea that concubinage is a crime.

"The weakness of the country is to pay too much attention to the dead. Yuan Shih-kai has encouraged this by spending thousands and thousands of dollars on his future grave, and he has just spent \$1,000,000 on his ancestors' graves in Hunan. The spirit is bad and the money wasted. Of course, I want our people to respect the dead, but it is not respect so much as fear that has led to the custom of paying far more attention to the dead than to the living. This is not right.

"There is another point. I do not believe that a single monarchist is patriotic and has the interests of the country unselfishly at heart. Every one of the six original promoters of the monarchy scheme is an opium smoker! I know what an opium smoker is; he has no ambition for anything but his pipe, and how can you expect him to care what becomes of his country? I am not abusing opium smokers, because members of my own family have smoked, but opium smoking is worse than drink. Drink makes a man a beast, but the laziness and inertia and deceit engendered by opium are worse. On the very face of it the ideas of government of these opium monarchists cannot be substantial. Yet the President has built his whole scheme on the advice of six of the worst opium smokers in the country."

We asked Tang Shao Yi if he himself would consider taking office again under a new *régime*. The story of how he refused to put his signature to the document issued by the President giving a different appointment to the man to whom he had promised the Governorship of Chi-li Province, in which Peking is situated—the condition upon which the southern party was willing to compromise in 1912—is well known. He refused to give his signature as Premier of the republic to an act which violated the very condition of the republic. When he remonstrated with Yuan Shih-kai on this breach of faith the President said to him:

"Well, young brother, you had better take my place, since you know so well what should be done."

Tang Shao Yi left Peking for Tien-tsin the next day, and resigned his post a week later.

"No, from a moral standpoint I could never accept office again," he answered, simply. "Of course I shall do all I can to help, from the point of view of a private citizen, but I am too old to serve in office. Younger men should step in and give their younger and more vigorous ideals to the country."

AN ARRAIGNMENT

BY LIANG CH'Y-CH'IAO,

Former Minister of Justice in the Cabinet of President
Yuan Shih-k'ai.

During the agitation for a change in the form of government the so-called discussion was but Yuan's own discussion, the so-called approval was but Yuan's own approval, the so-called petition was but Yuan's own petition, the so-called voting was but Yuan's own voting, the so-called nomination was but Yuan's own nomination. So much is obvious to both Chinese and foreign observers. Nevertheless Yuan flatters himself that the world can be easily imposed upon and has artfully disowned everything even to this day.

Happily the secret telegrams from the Pekin Government to the military and civil governors of the provinces have been divulged. They bear the dates of sending and the names and seals of the senders. Photographic copies of the same have been circulated by the Yunnan military government. Such being the case, it is impossible for Yuan and his cabal to suppress them, even if they had 10,000 hands, nor to plead "not guilty" even if they had 10,000 mouths. I beseech my fellow countrymen, young and old, and every member of the human race to open their eyes and see and close their eyes and think what wrongs have been done, what crimes have been perpetrated and why the culprit continues to go about arrogantly in broad daylight without let or hindrance.

In support of my assertion I will point out the important points in the secret telegrams. On September 26, 1915, Sun Yu-chun, a member of Yuan's Administrative Council, wired:

"A new method for obtaining the people's will has to be devised. The military and civil governors and the military commandants of the provinces are requested to call an extraordinary meeting of the General Convention of the Citizens, in which each district is to be represented by one person to be selected from among the gentry or common people of the district who are residing in the provincial capital."

On September 27 the Society for the Preservation of Peace and the Provincial Delegation at Peking wired:

"In order to clothe the proceedings with an appearance of regularity the representatives of the districts, though they are really appointed by the highest military and civil officials of the province, should still be nominally elected by the districts * * *"

A telegram from Tuan Chi-kwei, Military Governor of Mukden, dated August 30, reads:

"The first step to be taken has now to be decided. We propose that petitions be sent in the name of the citizens of the respective provinces to the Administrative Council, acting in the capacity of Legislative Council. * * * The drafts of the petitions will be made in Pekin and wired to the respective provinces in due course. You will insert your own name as well as those of the gentry and merchants of the province."

Now, who made use of the names of the citizens? The Government, of course, and that irrespective of any real consent on the part of those interested. Moreover, the citizens petitioning for a change in the form of government were one and all appointed by the military and civil governors and the military commandants of the provinces from among the officials in the provincial capitals. Are they, then, citizens or partisans? I leave my readers to answer.

Again, the text of the petitions from the provinces was drawn by Tuan Chi-kwei, Military Governor of Mukden,

and nine others. Whose petitions, then, were they? Even the names of the military and civil governors and those of the gentry and merchants in the twenty odd provinces were all inserted by the Pekin Government. Is this the will of the people, the will of the officials or the will of the would-be Emperor? I leave my readers to answer.

On September 29 Chu Chi-chun, Minister of the Interior, and others telegraphed as follows:

"The superintendents in chief of the election should, therefore, assume a controlling influence over the election proceedings and utilize them to the best advantage. The representatives of the citizens should be elected one for each district and wherever possible from among the officials who are connected with the various Government organs in the provincial capital, so that there may be no misunderstanding as to the real object of voting."

This telegram shows beyond a doubt that the representative organ of the citizens was entirely under the "controlling influence" of high officials and was "utilized" by them "to the best advantage."

On October 7 Chu Chi-chun and nine others wired:

"In the telegrams to be sent by the general convention of the citizens' representatives for nominating the Emperor the following words should be specifically used: 'We respectfully nominate the present President Yuan Shih-k'ai as Emperor of the Chinese Empire.' The telegrams investing the Administrative Council with general powers to act on behalf of the general convention of the citizens' representatives should be despatched in the name of the general convention of the citizens of the provinces. As for the telegrams to be sent by the commercial, military and political bodies they should bear as many signatures as possible. When the enthronement is promulgated by edict letters of congratulation from the general convention of the citizens' representatives, as well as from the commercial, military and political bodies, will also have to be sent in. You are therefore requested to draw up these letters in advance."

From this one can get a clear idea as to how the nomination of Yuan as Emperor originated, how the Administrative Council came to be invested with general powers to act on behalf of the citizens' representatives, and how Pekin came to be flooded with telegrams of nomination and letters of congratulation from all the provinces and from all classes of people.

A telegram from the national convention bureau, dated October 10, reads:

"We trust the superintendents of the primaries will thoroughly understand our implied meaning and utilize the proceedings to suit our purpose. They should, before the voting, carefully consider what sort of men are those who are qualified to be elected, and select those who are good natured and obsequious and of the same mind as ourselves. These are to be considered as the persons who should be elected. The superintendents will then judiciously assign their names to the several voters, and request them to vote as directed. If they find any difficulty in carrying out these instructions they should not hesitate to use measures which in effect are coercive, though not so in appearance."

From this telegram we may know how the members of the general convention of the citizens' representatives came to be "elected." "Thoroughly understand our implied meaning and utilize the proceedings to suit our purpose!" Select those who are "obsequious!" "Judiciously

assign their names to the several voters, and request them to vote as directed!" "Measures which are in effect coercive, though not so in appearance." What do these phrases mean? And how many evils were implied in them? Were the electors in any wise free to elect whom they liked? Had the representatives any freedom of opinion? Has such an election ever been heard of in any country at any age?

On October 11 Chu Chi-chun, Minister of the Interior, and nine others wired:

"When the electors of the districts have reported themselves at the provincial capital a reception committee will be appointed or special deputies sent to meet them and to exchange views with them. The superintendent of election should, then, under cover of inviting them to a social gathering or dinner party, request their presence at his official residence, and improve the occasion by explaining to them the fundamental principles of monarchical government, as well as the general situation in China, and by making known to them the names of those who are to be elected. No stone should be left unturned in attaining the object of the election."

A telegram from Chu Chi-chun and nine others, dated October 26, reads:

"After the form of the state has been put to a vote the nomination of Yuan Shih-k'ai as Emperor should be made forthwith without further voting. You should address the representatives and tell them that they should nominate Yuan Shih-k'ai as the great Emperor of the Chinese Empire and that if they are in favor of the proposal they should signify their assent by standing up. * * * As for the exact words to be inserted in the letter of nomination they have been communicated to you in our telegram on the 23d inst. These characters, forty-five in all, must on no account be altered."

Alas! Having copied the telegrams thus far I fail to find words to express what is in my mind. If you will read the text intelligently you will understand why out of a total number of 1,700 and odd votes there was not one dissenting vote, why all the provinces sent the letters of nomination on one and the same day, why all the provinces invested the Administrative Council with general powers to act on behalf of the citizens' representatives. And lastly, you will understand why in the letters of nomination from the provinces the very same forty-five characters were used: "Respectfully nominate the present President Yuan Shih-k'ai as Emperor of the Chinese Empire. He is appointed by Heaven to ascend the Throne and to transmit it to his heirs for 10,000 generations," etc. Is this the will of the people, the will of the officials or the will of the would-be Emperor? I leave my readers to answer.

On October 29 the National Convention Bureau wired:

"If, after receiving our last telegram, you have found any difficulty in raising money to defray the necessary expenditure (in connection with the elections), do not hesitate to inform this bureau privately, and we shall do our utmost to help you so as to enable you to have a free hand in the matter."

"To have a free hand!" In doing what? "We shall do our utmost to help you!" With what funds? I need say nothing beyond asking the foreign financiers who have made loans to us and those of our compatriots who have subscribed to the third and fourth year domestic loans, the savings lottery and the national salvation fund the following question: "Did you ever expect at the time of subscribing that your moneys would be devoted to such uses?"

On October 11 the National Convention Bureau telegraphed as follows:

"The future peace and safety of the nation depends upon the documents exchanged between the Government organs at Peking and those in the provinces. Should any of these come to the notice of the public the blame for

failure to keep official secrets will be laid upon us. Moreover, as these documents concern the very foundation of the State, they will in case they become known leave a dark spot on the political history of our country. Upon their secrecy depends our national honor and prestige in the eyes of both our own people and foreigners. We hope you will appoint one of your confidential subordinates to be specially responsible for the safe custody of the secret documents."

Again the National Convention Bureau wired under date of December 21:

"No matter how carefully their [meaning the documents] secrets may have been guarded, still they remain as permanent records which might compromise us, and in the event of their becoming known to foreigners, we shall not escape severe criticism and bitter attacks, and, what is worse, should they be handed down as part of the national records, they will stain the opening pages of the history of the new dynasty. The central Government after carefully considering the matter has concluded that it would be better to sort out and burn the documents. You will, we earnestly hope, lose no time in cautiously and secretly carrying out our request."

How my readers feel after reading these two telegrams I know not. For my own part what surprises me most is that Yuan and his partisans confessed that the secret documents would "leave a dark spot on the political history of our country," would "stain the opening pages of the history of the new dynasty," would compromise the dignity of the State and would not escape criticism on the part of foreigners.

Concerning the change in the form of government the National Convention Bureau wired under date of October 15:

"All formalities in connection with voting should whenever possible be carefully observed, so as to clothe the proceedings with an appearance of regularity and to furnish an excuse for suppressing internal discontent on the one hand and for stopping foreign interference on the other."

A telegram from Chu Chi-chun and nine others, dated November 7, reads:

"A certain foreign Power, under the pretext that the Chinese people are not of one mind and that troubles are to be apprehended, has lately forced England and Russia to take part in tendering advice to China. Action should under no circumstances be deferred. When all the votes of the provinces unanimously recommending the enthronement shall have reached Peking the Government will of course ostensibly assume a wavering and compromising attitude so as to give due regard to international relations. The people, on the other hand, should show their firm determination to proceed with the matter at all costs so as to let the foreign Powers know that our people are of one mind. The effects of the advice tendered by Japan will ipso facto come to naught. This matter should be treated as strictly confidential."

The Government had hoped that by making everything appear better than it really was foreign interference could be averted. When, however, advice actually came from the Five Powers it tried to rebut it by quoting the so-called people's will. I know not how the friendly nations will feel after reading the foregoing telegrams.

To sum up we might say that Yuan becomes Emperor by holding a sword in his right hand and a purse in his left and by drawing together some of the most unscrupulous men in the country to do at his bid and call. The whole thing may well be likened to a puppet show in which a man pulls a string from behind the curtain and the different puppets move. The President pulls the string and his ten or more favorites move. These ten or more favorites pull another string and the high officials of the provinces and the Administrative Council move. These in

turn pull a third string and the 1,700 and odd unprincipled men, the self-styled "citizens' representatives," move. The shameless and infamous acts of those concerned in the monarchical movement are innumerable. Only, as no tangible proof has yet been made public, Yuan is still able to cunningly deny them.

I conjecture that when at his wit's end he will diplomatically and shamelessly disown everything by saying that all the telegrams were sent by unscrupulous men on their own responsibility without the least knowledge on his part. If such were the case Yuan must have been indeed a puppet made of clay and wood, devoid of consciousness! Even if we grant the absurd argument that Yuan was entirely ignorant of what was going on still what about the numerous public acts in furtherance of the monarchical plot? Can Yuan deny all knowledge of them and shift the responsibility to others?

Take the case of the "Society for the Preservation of Peace." It is clearly an illegal body. No amount of argument can shield its members from the extreme penalties imposed by the law and the constitution of the land. Yet they were permitted to openly defy the law, and this even in the heart of the national capital. That Yuan should have been ignorant of the affair is out of the question. Why, then, did he not order the dissolution of the society and the arrest of its members?

Take another instance. Before the eleventh day of November last, when the votes for or against the change in the form of government were opened by the Administrative Council, the Government could not have known the result of the voting. Yet the so-called Bureau for the Preparation of Enthronement Ceremonies had already been created in the latter part of September last. Its office was established in the President's executive mansion and its chief, as well as its minor officials, was appointed by Yuan himself.

As for Tuan Chi-kwei, Chu Chi-chun, Chou Tse-chi, Liang Shih-yi, Yang Tu, Sun Yu-chun and the rest, they are indeed men of the lowest and meanest character. Their only ambition is position and money. Still, they are not audacious enough to commit such hideous crimes in an underhand way against the public sentiment of the world. They are like a tame dog who, without the command of the master, would not dare to bite.

For these reasons I say that Yuan, and Yuan alone, is responsible to the fullest extent for the vile intrigues against the republic. And the principal having been ascertained, I submit to my fellow countrymen, young and old, as well as to our intelligent and upright foreign friends, my opinion as to the charges that should be formulated against him.

From a legal point of view Yuan's guilt can be easily determined. But all this is idle talk. The law of the land, the weapon with which the State protects itself against crimes, has long since become a dead letter in the hands of none other than the culprit himself, so that the last and the only remedy—force—has to be resorted to in order that the law may be revived and become once more effective.

Who are revolutionaries? Who are rebels? Are those to be considered revolutionaries who are trying to preserve and protect the existing Government, or those who are scheming to overthrow it and to set up a diametrically opposite authority in its place? Are those to be considered rebels who are trying to obey the existing laws and Constitution of the land, or those who are trying to set them aside? These questions are so simple that they can be answered offhand by anybody.

If we read the secret telegrams carefully in the light of the events of the last few months we cannot doubt but that it is Yuan and his conspirators who are the revolutionaries and rebels. Such being the case, it is the duty of every public servant to put forth his utmost strength to

quell the rebellion and to bring home the crime to those involved in it.

Throughout his career Yuan never said what he meant, and never meant what he said, so that his words have always been inconsistent with his deeds. His fondness for perfidy and skill in carrying it out makes him the greatest hypocrite the world has ever seen.

Twice on assuming office he solemnly swore the oath of loyalty. Twice he broke it, treating it as if it were nothing. Alas! He has dared to deceive heaven. How much less will he hesitate to deceive men. It is therefore simply a waste of words to appeal to his moral sentiments. It is sad that there are still some foreign friends who are in the dark, willingly allowing themselves to be duped by him. That this kind of man should be at the head of the State is a disgrace to the Chinese nation; that this kind of a man should wield sway over one-fourth of the human race is a disgrace to the human race.

There remains something very disgraceful and heart-rending which I hesitate to say to our foreign friends, but for which I cannot help appealing to them. It is this: During the past four years our officials have been so morally depraved that in every ten we find at least seven or eight whose consciences have become petrified, so to speak. It is futile to conceal this, and without fear of contradiction I say that Yuan alone is responsible. Knowing the weaknesses of human nature, he fosters and takes advantage of them for his own aggrandizement. Those who can practice self-control and refuse to be used by him as a tool are either reduced to the most wretched circumstances, banished from hearth and home or foully done to death.

While he was in power during the last few years of the Manchu dynasty Yuan resorted to similar tactics to concentrate all the power in his own hands, and it was then that the seeds were sown whose fruit have since poisoned the whole political atmosphere. Since he became President he has made things still worse.

The reason why our citizens oppose Yuan is because we feel that being a part of the human race we should not allow ourselves and our posterity to sink to the level of brutes. This is what Gen. Tsai meant when he said that "we must fight to preserve the moral character of our people." Although the morality of our people is low, still it is only the corrupt officials that are really morally depraved, the greater part of the population being still upright and unsophisticated. Indeed, even a great majority of the officials are still in possession of their consciences, notwithstanding that these are more or less numbed.

Even Yuan's closest friends of thirty years standing have shown their strong disapproval of the monarchy. This is an open secret which cannot escape the notice of even the most casual observer of Chinese politics. I may also quote the case of my humble self as an illustration. I have been Yuan's colleague for several years and have helped him wholeheartedly. When the monarchical propaganda was first started I tried time and again to dissuade him from his policy, but all to no purpose. Do not imagine that I now find it a pleasure to denounce him. No! My conscience tells me that I should remain silent no longer. Though not a brilliant writer, I believe that every word of mine meets the sentiments of the nation.

In opposing Yuan our people are trying to get rid of one who is no more than a traitor according to the law of the land and an arch enemy of humanity according to the ethics of any moral code. We will not shirk our imperative duty so long as a drop of blood is left in our veins. For the restoration of peace and order two, and only two, courses are open to Yuan. One is for him to resign his present position, the other to slaughter the greater part of the people. Our fervent hope is that the friendly nations will not interfere in favor of either side, but will leave us to work out our own salvation.

MINISTER KOO'S INVITATION TO TRADE

That the United States, in the course of time, will have to increase her exports to China one hundred fold, is the prediction of Dr. V. K. Wellington Koo, the Chinese Minister, who talked the other day with a representative of *The New York Times* at the Legation in Washington. The European war, said his Excellency, in opening the interview, has created a new trade situation in the world and has dislocated business and industry in Europe. In consequence, the burden of supplying the markets in the Far East has largely fallen upon Americans.

"This new situation," said Dr. Koo, "serves as a stimulus to greater participation by Americans in the trade of the Orient. I am glad to note that already far-sighted American bankers and manufacturers have taken steps to avail themselves of the opportunity the war offers. It may be regarded as wanting in sentiment to speak of the disaster of one nation as an opportunity for another, and yet the fact must be faced.

"The enhanced interest of the United States in the trade of Asia, coupled with the great commercial and industrial awakening now sweeping over China, is an auspicious sign. In my opinion it indicates the vital part these two countries will play to unfold the future of the Pacific Ocean as the greatest commercial highway of the world.

"No two countries could be better qualified than the United States and China to co-operate with each other economically. The wise use of water and electric power and labor-saving machinery in the United States has ever increased the output of her farms, mills, factories, and foundries. To dispose of the goods made with such rapidity and ease, Americans not only need a big market, but they require a demand that will increase with their increasing output. China offers such a market.

"The growing taste of the Chinese people for Western culture demands a great number of Occidental articles from the United States. Think of the quantity of cloth to clothe 400,000,000 Chinese. Think of the number of pairs of boots and shoes to provide them with footwear. Think of the amount of kerosene oil for lighting their homes. Think of the cigarettes for men and the cosmetics for women. Think of the steel rails and electric appliances and machinery required for factories in a thoroughly awakened China.

"The compiler of the latest trade report in China observes that 'the houses of the wealthy are now made bright with window glass and kerosene lamps, furnished with clocks, enameled ware, and gramophones and made beautiful with elegant drawing room suites and radiant carpets.'

"Yet, to-day, the value of imports per capita is only 93 cents in United States currency. Of this amount the imports from the United States share to the extent of 8 cents. It means that to-day each Chinese spends only 8 cents for American goods. If China imports as much as Canada, which buys about \$90 worth of American goods per head of the population a year—and I believe she will in the course of time—the United States will have to send to China a hundred times as much as she is now sending.

"On the other hand China will have to depend upon the merchant of the United States to dispose of the increasing amount of her tea and silk, of carpets and rugs, of bean-cakes and walnuts, of porcelain and lacquer wares. These commodities are being rapidly turned out by improved methods and under new management.

"China further needs American capital and co-operation to develop her mineral, agricultural, and natural resources. Her resources are regarded as being among the richest of the world. The gold mines of North Manchuria, the silver deposits of Jehol, the copper of Yunnan, the iron of Hupeh, the antimony of Hunan, and the magnetites of Fukien are awaiting development. The southwestern and central provinces are particularly adapted to the cultivation of cotton. The mountain pastures of Kweichow, Szechuan, Tibet, Mongolia, and Kansu are suitable for raising wool-bearing animals by reason of their good climate and plenty of water, food, and space. The vast resources of water-power and the riverine means of communication, which make up what China lacks in railways, are found in almost every part of that country."

Dr. Koo then remarked that the more income the Chinese have, the more wants they will have.

"It is by increasing their income," he added, "through the development of their country's resources that they will extend their purchases from a few things of bare necessity to articles of luxury and comfort. The wages of the laborer in China, though they have risen three or four times in the last two decades, are still very low. The unskilled workingman gets no more than a few cents a day. The increase of his wages in the last twenty years has already enabled him to use matches instead of steel and flint. He now smokes cigarettes instead of his family 'water-pipe.' If his wages are further raised, he will be able to clothe his body with foreign fabrics and wear leather shoes and see motion pictures.

"What China needs is capital. Where money is adequately provided trained men can be found to do the work and do it cheaply and efficiently.

"The Americans will readily see what great possibilities there are for economic co-operation between China and the United States. Four significant features which have always characterized the Chinese-American trade intercourse constitute a sure guarantee for the success of such economic co-operation.

"One of these significant features is the purity of motive. There is no ulterior motive on one side and no suspicion on the other; as between them commerce is carried on in consideration of legitimate profits. It is not pursued for some other hidden purpose or some sinister design. The Chinese are strictly a business people possessing a keen business sense. They perceive and appreciate the purity of motive on the part of the American traders. They therefore do not hesitate to iterate and reiterate their desire for closer commercial relations with the United States.

THE NATURALIZATION OF THE JAPANESE

BY DR. DOREMUS SCUDDER OF HAWAII.

On January 13, 1915, a petition for admission to citizenship in this country was presented to the United States District Court by Mr. Takao Ozawa, a Japanese of high character employed by Davies & Company, one of our largest business houses, who had resided more than twenty years in America, had gained most of his education in our schools, part of it at Stanford University, had applied for his first papers a dozen or more years previous to petitioning for naturalization, had devoted the interim to fitting himself for the duties of American citizenship, had not sent to Japan for a wife, but had married a Japanese young lady educated in America, had trained his children to speak English as their native language with such faithfulness that they use their ancestral tongue with difficulty, and had become an honored member of a Christian church. Mr. Ozawa presented his own brief and later filed a second. The case was argued for the government by the Assistant District Attorney. Judge Dole withheld his decision, which was pending when his term of office expired last December, and Judge Clemons finally disposed of the case by ruling that under the law Mr. Ozawa as a Japanese is not eligible to naturalization. Both Judge Dole last year and Judge Clemons in rendering his decision went out of their way to characterize Mr. Ozawa as unusually well fitted for American citizenship, both by character and training in Americanism. Judge Clemons, however, felt that there was but one course open to the court. The statute as applied to all but negroes reads that only "free white persons" are eligible to naturalization. The courts have held with practical unanimity that Japanese are Mongolians, and that Mongolians are not "white." Judge Clemons was of opinion that the preponderance of ethnological authority amply supported the first of these propositions. Into the merits of the second dictum that Mongolians are not white, Judge Clemons did not go. He dissented from Judge Lowell's famous decision in the case of a Syrian petitioner for naturalization. He pointed out that as the question of the Mongolian origin of Finns and Magyars had never been raised in any case before the courts, the admission of persons of these races did not count as precedents classifying Mongolians as white. Nor did he find any precedent in the cases of the fifty or more Japanese admitted to American citizenship by our courts where the question of their being not white under the statute was not raised. He concluded by advising recourse to Congress, where alone the remedy lies.

While we hoped that Judge Clemons might decide this case in favor of Mr. Ozawa, especially because of the instructions given by the government at Washington to the local District Attorney to appeal to the higher courts in such a contingency, we were not sanguine that he would do so, and hence were not greatly disappointed at the outcome. The classical decision of Judge Lowell, however, had given ground for the hope of a different result, and this ground was buttressed on a number of considerations. The first of these is progress in civilization. We live in a larger day and a larger meaning must be given to words like "free white persons" embodied in laws passed way back in the eighteenth century. Judge Clemons argued that the retention of the word "white" by Congress in 1906, when the naturalization laws were overhauled, indicated that Congress did not wish to have it include more than the courts had read into it, yet he was also of opinion that the word "free" might well have been dropped. Is it not a fairer inference from the retention of the word "free"

that no particular attention was paid to this traditional wording? It had always been in the statute and was allowed to stand as many archaisms are in statute tinkering. The freedom with which Syrians and Jews, who are Semites; Magyars and Finns, who are Mongolians; Filipinos (whom Judge Clemons' decision admits), who are Malays, and Hindus, some of whom are now Aryans, have been admitted to American citizenship, shows that the courts have all along interpreted the word "white" not ethnologically, certainly not as a designation of color but civilizational. Under this interpretation present-day Japanese are certainly white men.

A second consideration inheres in the designation of Japanese as Mongolians, which is misleading. While ethnologists classify them as such, the recent authorities cited by Judge Clemons unanimously agree that the Japanese race is a mixture of Malayan, Mongolian and the primitive inhabitants of Japan, who are more akin to Europeans than to Mongolians, or are, as Dr. Griffis and other investigators claim, Aryan. Judged by language, also, as well as by racial origin, the Mongolians of Europe are of a far purer type than Japanese. In fact, the more study one gives to the ethnological side of this question the more impossible it becomes to run any sharp line of demarcation between non-Mongolian and Mongolian as would be necessary to debar Japanese from citizenship on this ground.

The third consideration concerns the *ipse dixit* that Mongolians are not white. That courts have esteemed thousands of Magyar and Finnish Mongolians white by naturalizing them is granted by Judge Clemons, but these cases and the fifty odd others in which Japanese have been by our courts admitted to citizenship do not in his opinion count, because no one objected to them as Mongolians. A European of this ethnological classification, who is far more purely Mongolian than a Japanese, is white, as are also Japanese in case neither Judge nor District Attorney thinks to raise the point that these applicants belong to the Mongolian race. But when such objection is presented, Japanese Mongolians must be ruled non-white, though what the courts would do with the European Mongolian in the face of such objection is problematical. Is such the meaning of Judge Clemons' decision? To a layman it all savors of discrimination inscrutable from the point of view of common sense. Who is it that defined law as common sense?

A fourth point of view regards the distinct provision of a law passed by Congress in 1882, which forbade courts to admit Chinese to citizenship. Before the passage of that law some Chinese had been naturalized by American courts. There was no question that these Chinese were Mongolians. The courts which admitted them did not distinctly rule that Mongolians were white under the statute; the question doubtless was not raised, but they held that Chinese were admissible under the statute and hence they included them in the term "white persons." The presumption is that Congress felt this to be true, and, desiring to exclude Chinese, recognized that the only way to do this was not to rest the case upon the interpretation of certain courts that Mongolians are not whites but clearly to forbid the admission of all Chinese. Inasmuch as no similar action was taken then and none has been subsequently taken to make other Mongolian people, including Japanese, ineligible to naturalization, the presumption is that they are admissible. The passage of the law of 1882

therefore is strong presumptive evidence that Congress did not endorse the dictum of some of the courts that all Mongolians are not whites and hence are ineligible to naturalization.

Whether the Ozawa case will rest where it now lies or an attempt will be made to appeal it to the Circuit Court of Appeals is not yet known. If it appears that the Circuit Court is likely to consent to entertain an appeal, one will doubtless be taken. Courts have decided this class of cases in such variant ways that a decision from the United States Supreme Court ought to be had. Then Congress would have an authoritative opinion as to the legal meaning of the term "free white persons" and the way would be open for any new legislation on the subject that is desired. The conduct of such a case would be watched with great interest and the popular discussion provoked might lead to an earlier enactment of some such statesmanlike handling of the question as that proposed by Dr. S. L. Gulick.

JAPANESE IMMIGRATION.

By K. K. KAWAKAMI.

With the Japanese government launching a protest against a certain wording of Representative John L. Burnett's immigration bill the question of Japanese immigration is once again attracting wide attention.

In reading the newspaper accounts of the Japanese protest two points must be kept in mind. First, the Burnett bill is in reality a Japanese exclusion bill directed particularly against the Japanese. Second, Japan's intention in protesting against it is not to seek, either immediately or eventually, the free immigration of her nationals into this country.

The first point calls for explanation. The Burnett bill does not name the Japanese among the races it wants to exclude, but proposes to exclude all aliens ineligible to citizenship. On its face the provision is applicable to all Asians. In reality, however, it hits especially the Japanese, because the existing Chinese exclusion law takes care of Chinese immigration, while the Hindu immigration is restricted by the voluntary action of the British government, which is always reluctant to permit Hindus to go abroad for fear that they may start seditious movement against British rule in India. The Burnett bill specifically names the Hindu as a race to be excluded and then goes on to add "aliens ineligible to citizenship" as another category of excluded Asians. At bottom and in its practical application, therefore, the phrase "aliens ineligible to citizenship" in this case means the Japanese. That is why Japan thinks the bill is a direct challenge to Japan's honor as well as to her sincerity in adhering to the "gentlemen's agreement."

The second point is equally important. Let no American think for a moment that the Japanese protest against the Burnett bill signifies Japan's intention to remove the bar put upon the immigration of her nationals. Japan is, of her own accord, willing to restrict the emigration of her subjects for these shores, and has faithfully adhered to the "gentlemen's agreement." If the United States approaches her in a manner that will not injure her susceptibilities, Japan will be glad to renew the gentlemen's agreement in 1923, when it terminates, and continue it indefinitely. What she resents is an unnecessary affront such as is implied in the immigration bill. The Japanese government thinks, and with good reason, that it has done everything to meet

America's wish in the matter of immigration. Naturally, she does not understand why it has to be made an object of such a thinly veiled insult at the hands of American legislators.

Statistical aspects of the actual working of the gentlemen's agreement are important. When that agreement began to work effectively in 1909 Japanese immigration to continental United States fell to 2,432 from 9,544 for the preceding year. Against 2,432 admitted in that year 5,000 Japanese departed from these shores. Again, in 1910 only 2,598 were admitted, while 5,024 returned to Japan. Since 1911 Japanese immigration gradually increased until in 1915 it reached 9,029. But it must be remembered that the increase is mainly due to the fact that those Japanese who had gone home on a visit in the preceding few years have gradually been coming back to this country, for the Japanese government has not been sending any new immigrants. That this statement is in the main correct can be judged from the fact that in the seven years from 1909 to 1915 38,932 Japanese entered continental United States, while 39,248 departed for Japan. It must also be kept in mind that the year 1915 was the exposition year, bringing many Japanese to San Francisco in connection with the Panama-Pacific International Exposition—an exposition to which Japan sent a magnificent exhibit in spite of California's ungenerous attitude towards her.

Japan would be neither logical nor consistent if she were to permit the Burnett bill to pass unchallenged after she had protested against California's land law which used exactly the same language as the bill in question in discriminating against the Japanese. Indeed, Governor Johnson intimated that Japan should first of all contest such bills as have been proposed by Representative Burnett, when he, in defending the anti-alien land bill, uttered these words: "May I venture to call to your attention the immigration law now pending in Congress where certain classes, who are excluded from our country, are described as persons who cannot become eligible to become citizens of the United States."

If the utterances of Japanese statesmen and publicists indicate anything they indicate that Japan is amenable to any friendly conference on the question of immigration. Their knowledge that the "gentlemen's agreement" is an unfair and discriminatory arrangement does not prevent them from abiding by it, for they are willing to concede that international relations cannot always be adjusted in perfect accord with justice and humanity. When San Francisco expelled innocent Japanese children from her public schools in 1906 Japan returned the "compliment" with a gift of \$246,000 to the earthquake-stricken city at the Golden Gate. When California again slapped her in the face by enacting the anti-Japanese land law she replied with an expenditure of \$1,500,000 for the exposition at San Francisco. It is to be hoped that Japan will in the future prove as patient and gracious as in the past. Asia, the cradle of Buddha, Christ and Confucius, should once against teach the militant, aggressive, egotistic world of the West lessons of patience and humanity.—*The Japanese American News*.

FOREIGN PROPAGANDA IN AMERICA.

(From the Japanese American News.)

Since the outbreak of the European war America has become a favorite rendezvous of foreign propagandists. Everybody knows that Germany has been conducting a vigorous campaign for the purpose of maintaining peaceful

relations with this country and of creating ill-feeling towards England, and incidentally towards Japan. There is also a British and French campaign, though its methods seem to be subtler and less obtrusive than that of Germany.

Then there is a Chinese propaganda and a Japanese propaganda. The last-named two are the campaigns in which we are here particularly interested. Judging from the methods employed on both sides, there is obviously a wide difference in the Chinese propaganda and the Japanese. The Japanese propaganda is instituted for the sole purpose of maintaining and promoting peace and friendship between this country and the Mikado's empire. The Chinese propaganda is being conducted for the purpose of creating hostility between America and Japan.

It was about four years ago that Professor Jeremiah W. Jenks of the University of New York established in New York City a publicity bureau called the Far Eastern Bureau, financed by the Chinese government, or more accurately the Yuan Shih-kai administration. The object of the bureau was to enlighten the American press and public on the affairs and conditions in China. To attain this end the bureau published bulletins and circulars of such a nature as would show China in favorable light. So far the movement was not only legitimate but laudable, and we had every reason to wish it godspeed.

When the war broke out resulting in the Japanese campaign against Kiau-chow the Far Eastern Bureau became very censorious in its attitude towards Japan. When, after the fall of Tsingtao, Japan presented the now historic demands to the Chinese government, the Bureau's attitude towards Japan became hostile. Even then we had no reason to complain, for we knew that it was the duty of the Bureau to defend China. The Bureau is at liberty to criticize Japanese activities in China. As far as the criticism is confined to relations between China and Japan we are ready and willing to listen to all it has to say, even though it may express itself in words not palatable to us.

Besides the Far Eastern Bureau there are obviously a number of propagandists for China. Mr. George Bronson Rea is the most prominent of these propagandists. We do not say that all of these men are employed by the Chinese government. Perhaps some of them have no connection with the Chinese government. That is immaterial. The important fact is that these propagandists are acting upon the conception—to us a mistaken idea—that the estrangement of Japan and the United States is conducive to the creation of sympathy among Americans for China. They seem to think that in order to arouse America's sympathy for China they must destroy the friendship which the Americans now entertain towards Japan. To attain this end they have been painting Japan in the blackest colors. They have been ferreting out every fault and defect about Japanese character, Japanese manners, Japanese civilization. They have been striving might and main to create a bogey of the Japanese invasion of California and Japan's sinister designs upon Mexico and South America. They have injected the immigration question and the California anti-alien land law controversy into the Chino-Japanese situation, and have been arguing that Japan's ambition is not only to dominate China but to force emigration upon the United States and Central and South America.

This method of campaign is more unmanly than unjust. It is criminal to sow seeds of discord and hostility between such friendly nations as Japan and the United States all for the purpose of serving and promoting the interests of a third power. And when these propagandists for China resort to mendacity in their zeal to serve China and to alienate American sympathy from Japan, their conduct is worse than criminal. With all our profound respect for Professor Jenks, director of the Far Eastern Bureau, we

must deeply regret that he is evidently in sympathy and even co-operating with this class of propagandists.

When we say that Japan and the United States are friendly, we use the term "friendly" in conventional or diplomatic sense. We reluctantly but frankly admit that the feeling of the Japanese towards the Americans and vice versa is to-day no longer so cordial and happy as it was up to a decade ago. If things are permitted to drift with no restraining influence, relations between the two countries will become perilous.

It is due to this unfortunate knowledge that efforts have been put forth by the Japanese leaders of thought and affairs both here and in Japan to conserve and promote what is left of the former cordial relationship with the United States. To this worthy movement it should be the duty of all public-spirited Japanese in America to extend a helping hand. We only wish that the campaign can be conducted on a scale commensurate to the importance of the situation. As it is, we doubt that it can really accomplish anything to counteract the propaganda undertaken by other countries expending money with liberal hand.

Had Japan's leading publicists and statesmen wanted to break away from the United States, they certainly would not have launched any propaganda, however slight, for the preservation of peace between the two countries, but would have left things drift as they may, regardless of consequence. Had the Japanese wanted to fight the United States why should they have contributed \$246,000 towards the relief of the earthquake stricken city of San Francisco when the city had just expelled innocent Japanese children from its public schools; extended a magnificent welcome to the American squadron which visited Japan in 1907; and expended \$1,500,000 for the Panama-Pacific International Exposition upon the heels of the enactment of the anti-Japanese land law of California? In our judgment, the Japanese propaganda in America is wholly justifiable because its purpose is laudable. It is to the credit of the Japanese that the methods of this propaganda have always been legitimate, no recourse having ever been made to mendacity and falsification.

What the Japanese want to accomplish in this country is simple.

First, they want to convince the American people that they have no intention to force emigration upon the United States.

Secondly, they want to assure America that Japan has no intention to encroach upon the Monroe Doctrine.

Thirdly, they want the American authorities, Federal, State or municipal, to accord the Japanese residents here the fair and just treatment that is accorded other nationals.

Fourthly, as the corollary of the foregoing, they want to see citizenship extended to the Japanese.

Fifthly, they want to prove that American interests in China will not be injured by the extension of Japanese influence in that country.

Underlying it all is the intense desire of the Japanese to preserve amicable relations with the United States. In a word, Japan's propaganda in America is a propaganda of peace and friendship. This is the vital point which all Americans must remember.

On the other hand, the Chinese propaganda is a propaganda of hate, discord and hostility. It aims to embroil Japan and the United States over issues which in reality do not exist or which can be amicably settled. Out of such a propaganda no good can come to any nation. China, in particular, has nothing to gain but much to lose by this so-called pro-Chinese campaign in this country. It is indeed regrettable that the American agents of China are, wittingly or unwittingly, leading her into a most dangerous path.

CO-OPERATION IN AMERICAN EXPORT TRADE

FEDERAL TRADE COMMISSION,
Washington, May 2, 1916.

To the President of the Senate of the United States.

Sir,—In accordance with the provisions of subsection (h) of section 6 of the Federal Trade Commission act, I have the honor to transmit herewith a brief summary of the facts and recommendations embodied in the detailed report of the Federal Trade Commission's investigation into trade conditions in and with foreign countries where associations, combinations, or other conditions may affect the foreign trade of the United States.

Respectfully,

JOSEPH E. DAVIES, *Chairman.*

SUMMARY.

Under the authority of its organic act the Federal Trade Commission has completed a comprehensive investigation of competitive conditions affecting Americans in international trade. The commission finds:

(1) That other nations enjoy marked advantages in foreign trade from superior facilities and more effective organizations.

(2) That doubt and fear as to legal restrictions prevent Americans from developing equally effective organizations for over-seas business and that the foreign trade of our manufacturers and producers, particularly the smaller concerns, suffers in consequence.

The Commission appreciates the importance of fostering foreign trade and realizes the urgent need of enabling our citizens to meet foreigners on equal terms in international commerce. It therefore recommends the immediate clarification of the law to permit co-operation among Americans for export trade.

ADVANTAGES ENJOYED BY FOREIGN EXPORTERS.

While the United States has been absorbed in domestic development other nations have followed definite policies for the expansion of their foreign trade and have perfected efficient organizations for the purpose in view.

Recognizing the vital influence of transportation facilities foreign nations have built up their ocean shipping, have granted low export railway rates, and have combined their land and ocean transportation facilities to give their shippers ready entrance into their over-seas markets. The United States on the contrary has neglected its merchant marine until it is dependent upon its commercial rivals to deliver its goods. In consequence the transportation of its products is now largely controlled by powerful international combinations of foreign shipowners who discriminate against American shippers.

Realizing the necessity of banking and credit facilities to finance their transactions foreign nations have not only established connections with banking houses in every land but have dotted the map of the world with foreign trade banks of their own. Banks with their main offices in London, Berlin, Paris, Rome, and Vienna operate hundreds of branches and agencies in South America, the Orient, Australasia, the Levant, all around the coast of Africa and far within the remote interior. They give the foreign exporter information, extend credit, finance his transactions, and constantly strive to increase the foreign business of the mother country. The few foreign branches of American banks have but recently been established, and in most markets our exporters must depend on alien bankers.

Though now increasing, American investments abroad are comparatively small. British, French, German, and other foreign traders, on the other hand, enjoy a peculiar advantage from the billions of dollars of investments made by their fellow nationals in foreign lands, frequently on the express condition that supplies and equipment should

be purchased in the country furnishing the funds. British and German investments in South American railways and public utilities, French investments in Turkey, and Japanese investments in China and Manchuria are typical examples. In consequence, time and again American manufacturers have found it impossible to sell their products abroad because the prospective customer was forced to purchase from or through interested investors.

Shipping facilities, banking and credit arrangements, and investment of capital abroad are thus of primary importance in international trade. Other branches of the Government have special jurisdiction of some of these matters and all of them will doubtless receive consideration from Congress. In accordance with its specific authorization, this commission has therefore directed its investigation to the effect of foreign combinations on the commerce of the United States.

FOREIGN COMBINATIONS COMPETING WITH AMERICAN EXPORTERS.

In seeking business abroad, American manufacturers and producers must meet aggressive competition from powerful foreign combinations, often international in character. In Germany, England, France, Italy, Austria-Hungary, Switzerland, Holland, Sweden, Belgium, Japan, and other countries business men are much freer to co-operate and combine than in the United States. They have developed numerous comprehensive combinations, often aided by their Governments, which effectually unite their activities both in domestic and foreign trade.

In Germany prior to the war there were 600 important cartels, i. e., combinations to control the market, embracing practically every industry in the Empire. Many dominated the export trade of their industries and carried on vigorous campaigns to extend their foreign business, to prevent competition among German producers in foreign markets, and to secure profitable prices. Thus the German dye-color industry operated as a unit in foreign trade under the leadership of two great groups of allied producers, the Badische group and the Höchst-Casella, which were working under agreement to avoid competition between themselves for 50 years. The manufacture and exportation of electrical equipment has been made one of the bulwarks of German foreign trade by two great companies, the Allgemeine Electricitäts Gesellschaft and the Siemens-Schuckert, with numerous subsidiaries at home and abroad working in harmony with each other. Half of the \$150,000,000 worth of coal and coke exported annually was sold by one central selling agency, maintained by the great Rheinisch-Westfälische coal syndicate, of which the Prussian Government mines are members, and which embraces the bulk of all the coal and coke production of the Empire. Practically all the rapidly increasing and highly valuable iron and steel export business was handled by the single selling agency of the Stahlwerks Verband, the aggressive union of German iron and steel manufacturers which has actively fostered foreign business through export bounties and other means.

In France and Belgium, syndicates of iron and steel, coal, glass, and other industries were strong factors in domestic and foreign trade. Silk-ribbon manufacturers of France and Germany conducted their export trade in accordance with a joint agreement. In Italy, Russia, Austria-Hungary, Switzerland, Sweden, Greece, Argentina, Chile, and Ecuador, central organizations unite the interests of producers in various industries such as coal, iron, and steel, agricultural machinery, oil, sulphur, superphosphates, cement, matches, chocolate, embroidery, silk goods, watches, cotton goods, condensed milk, canned fish, currants, quebracho, iodine, cacao, etc.

In Japan an export organization of textile manufacturers is rapidly obtaining the rich cotton goods trade of North China. The trade in tea is controlled by a nation-wide "tea council." One great Japanese firm, which in itself combines manufacturing, mining, shipping, and merchandising enterprises, is rapidly extending Japanese trade in all lines throughout the Far East, and the Japanese Government is directly assisting the development of shipping, banking, and trading for foreign business.

British manufacturers have relied more fully upon an unusually effective merchandising organization for foreign trade, long established in foreign markets and giving British products a superior representation there, but in various important industries they have gone much further. Thus most of the great coal export business is done by powerful organizations, combining mine operators, marketing companies, shipping lines, and foreign distributing companies. This gives British coal its grip on the rich South American market. British cement manufacturers are united in a strong and successful union for the extension of their overseas trade. Recently a number of large British manufacturers of machinery of all sorts have formed the Representation for British Manufacturers Ltd., an organization to handle their business in certain important foreign markets and to carry on an aggressive campaign for its extension. Similar organizations for foreign trade are in process of formation among other British manufacturers. In the electrical, cotton-textile, pottery, tobacco, wall paper, iron and steel, and various other industries, strong associations and combinations are important factors in foreign and domestic business.

It is against such organizations as these, uniting powerful groups of foreign concerns, backed by great banks, aided by railway and ship lines, and vigorously assisted by foreign Governments that hundreds of comparatively small American manufacturers and producers must compete for trade beyond our shores. Some of the foreign trade combinations, which enjoy overwhelming advantages in international trade, have established branches and plants here which compete with American manufacturers for the home trade. Moreover, in some industries our smaller manufacturers must compete abroad with great American companies having most efficient world-wide selling organizations.

In various manufacturing industries the lack of raw materials, higher manufacturing costs, and similar handicaps make it extremely difficult at best for Americans to compete with foreigners for trade abroad. Therefore, with Americans suffering rigorous competition from powerful foreign combinations, and forced to expose the secrets of their over-seas business to their foreign competitors and to risk effective discrimination against their trade through dependence on foreign cables, telegraphs, banks, and ships, our manufacturers, and especially our smaller producers, are frequently at a decisive disadvantage in foreign trade.

FOREIGN BUYING COMBINATIONS WHICH DEPRESS AMERICAN EXPORT PRICES.

In various markets American manufacturers and producers must deal with highly effective combinations of foreign buyers. Thus exporters of lumber find such combinations in Australia and on the Continent of Europe. Cottonseed products are handled by combinations of buyers in Holland, Denmark, and Germany; and Austrian cotton-textile manufacturers have a buying combination to import their raw cotton. The Wholesale Co-operative Societies Ltd., an astonishingly comprehensive wholesale buying organization maintained by 1,400 co-operative societies in Great Britain, has one buyer in New York who annually purchases millions of dollars' worth of American products. Combinations of British coal brokers fix the contract price for bunkering ships at Newport News. Four London firms, known as the Fixing Board, daily set the price of silver for the world, and American mining companies

must sell their silver for either the English or the great Indian market to one of these four houses. For years the copper trade of the world has been ruled by a vast German metal-buying organization centering in the Metallbank und Metallurgische Gesellschaft A. G. of Frankfurt on the Main. This combination has subsidiary and affiliated companies in Germany, England, France, Spain, Switzerland, Belgium, Africa, and Australia, controls copper and lead mines and smelters in the United States, Mexico, and other countries, and works in agreement with other German metal-buying concerns.

These combinations constantly make individual American producers bid against each other, and are thus able to buy at prices near or below the cost of production. By such tactics the present contract price for bunkering ships in Hampton Roads has been fixed at 5 to 7 cents per ton below the domestic price. By similar means and the manipulation of the foreign future markets the German metal-buying combination over a series of years has bought millions of tons of American copper at prices averaging nearly a cent a pound below the prices paid by American consumers.

SACRIFICING OUR NATURAL RESOURCES.

Our forests constitute a rich source of timber, our coal measures are among the greatest known, our phosphate-rock deposits parallel the potash beds of Germany, our copper mines produce more than half the world's output and are necessary for the world's demands. Other nations take measures to conserve their national resources. A combination of Chilean producers fixes export quotas and prices for iodine. The German Government promotes combination among German potash producers, with a Government board to determine output for domestic and export trade, and the law prohibits sales abroad below the prices fixed for domestic business. We, on the contrary, because our industrial organization is unsuited to international commerce, are favoring foreign above home consumers, and without present gain are wasting the priceless heritage of future generations. The mere statement of these conditions should be sufficient argument for their correction.

CO-OPERATION NEEDED IN AMERICAN FOREIGN TRADE.

If Americans are to enter the markets of the world on equal terms with their organized competitors and their organized customers; if they are to expand the foreign trade of the United States as they should, and if our small producers and manufacturers are to obtain their rightful share of foreign business on profitable terms, they must be free to unite their efforts. We are in danger of being misled into over-confidence and baseless self-assurance by the imposing totals of our present abnormal foreign trade. A great part of our present foreign trade is purely war business which will end with peace. Another part is enforced buying by parties cut off from former sources of supply, and unfortunately much of this business is being done on terms and by methods that are alienating the purchasers and that insure the diversion of their trade to other countries at the earliest opportunity. Moreover, the end of the war will doubtless see vigorous efforts by Europeans to recapture lost trade. Therefore, earnest thought should be given to measures for the improvement of our foreign business.

Our surplus foodstuffs and raw materials will sell themselves at some price, but to avoid needless expense in dissipation, to meet formidable foreign buying organizations, to insure reasonable export prices, and to prevent the profitless exhaustion of our natural resources, co-operation among American producers is imperative.

In the sale of our factory products, co-operation is equally necessary. Such goods must be advertised, demonstrated, and a market created among alien peoples, often in the face of determined and destructive competition from great combinations of foreign manufacturers. But if our

industrial development is to proceed as it should, the foreign business of our manufacturers must be expanded. Obviously only strong organizations can undertake the contest. If groups of American manufacturers and producers, either competing or noncompeting, can combine their efforts, they can share the cost of developing new markets, can establish themselves firmly, can assist in the financing of foreign enterprises, can more readily extend credit to foreign customers, and can compete more successfully with foreign syndicates and cartels. Precisely such action by our manufacturers is, therefore, one of the first requisites for the successful growth of our industries.

PREVENT DANGER OF MISUSE OF CO-OPERATIVE EXPORT ORGANIZATIONS.

Two chief dangers from co-operative export organizations of American manufacturers and producers are apparent. They may be used to exploit the home market and they may be used unfairly against individual American exporters in foreign trade. The dangers in co-operative action must be faced frankly and provided against fully.

The Commission is confident that this can be done without sacrificing the essential advantages of joint action and without altering the policy of the anti-trust laws or interfering with their enforcement. Thus specific extension of the law prohibiting unfair methods of competition to export trade and requirement of full reports to the Federal Trade Commission from co-operative export organizations will protect the individual exporter, while the enforcement of the anti-trust laws will prevent the use of such organizations to effect restraint of trade or monopoly in the domestic market.

The Commission does not believe that Congress intended by the anti-trust laws to prevent Americans from co-operating in export trade for the purpose of competing effectively with foreigners, where such co-operation does not restrain trade within the United States and where no

attempt is made to hinder American competitors from securing their due share of the trade. It is not reasonable to suppose that Congress meant to obstruct the development of our foreign commerce by forbidding the use, in export trade, of methods of organization which do not operate to the prejudice of the American public, are lawful in the countries where the trade is to be carried on, and are necessary if Americans are to meet competitors there on equal terms.

DECLARATORY LEGISLATION RECOMMENDED.

By its investigation the Commission, however, has established the fact that doubt as to the application of the anti-trust laws to export trade now prevents concerted action by American business men in export trade, even among producers of non-competing goods. In view of this fact and of the conviction that co-operation should be encouraged in export trade among competitors as well as non-competitors, the Commission respectfully recommends the enactment of declaratory and permissive legislation to remove this doubt.

The Commission feels that it would fail of its duty if it did not urge the pressing need of such action immediately. If American business men are to make the most of the great opportunities now before them, are to build securely in foreign trade, and are to avoid disaster in the shock of the stern and determined competition that will doubtless follow the war, they must at once perfect the organization demanded by the conditions of international trade.

Respectfully submitted,

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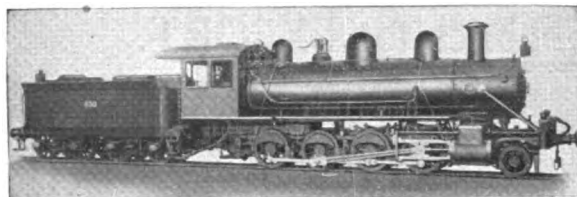
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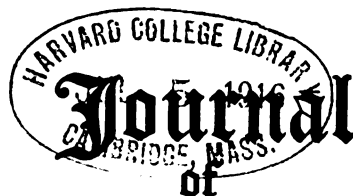
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It is too soon to anticipate the verdict of history on the career of Yuan Shih-kai. His bitterest enemies will concede that he was one of the greatest men that his country has produced in our time, and the gravamen of the indictment against him consists in the accusation that he sacrificed great qualities to the pursuit of base ends—that at the prompting of a vulgar ambition he missed the rare chance which fortune had placed in his hands of being the architect of a strong, well-organized and progressive China. Queen Katherine's trenchant summary of the career and character of Cardinal Wolsey fits very closely the verdict of the ardent Chinese reformer on Yuan Shih-kai. On the other hand, posterity will not deny to Yuan the distinction which is claimed for him to-day of having been, in every sense of the word, a constructive statesman, of having given a sincere support to great reforms in legislation, education and army organization, and of having earnestly and honestly co-operated in removing from his country the curse of opium. He unquestionably had an intuitive understanding of the soul of the Chinese people, and a very real sympathy with their dumb and inarticulate aspirations. Whether he was right or wrong in maintaining the impossibility of adjusting republican forms and institutions to the existing structure of the body politic in China, time alone can show. Friend and foe alike are agreed that in purely Oriental statecraft, and in the art of political intrigue, Yuan proved himself a past master. Self-reliant and silent, he left very little to his supporters and nothing to chance, and he gradually weakened the hands of every man in whom he saw the possibilities of danger. He was urbane, dignified and invariably courteous; his courage was of the cold-blooded kind which calculates the odds to a nicety and burns no boats behind it. He was a good judge of talent in his subordinates, and was able to inspire them with feelings of respect and loyalty not common in the public service of China. But, waiving any harsher criticism, he seems to us at this distance as a man who might have been his country's Washington, and ignominiously failed in the effort to become its Napoleon. Keen and subtle as he was, he allowed himself to be made the tool of a set of self-seeking intriguers, and, professedly desirous of furthering the cause of human freedom and popular enlightenment, he lent himself to one of the most grotesque travesties on popular election that history can show. When it can be said with sardonic truth of such a man that of all the great services he rendered to his coun-

try, perhaps the greatest was his taking leave of life, the tragic failure of his career needs no further characterization.

As a sequel to the passing of Yuan, the provinces of Szechuan, Hunan, Chekiang and Shensi, have recalled their declarations of independence and reasserted their loyalty to the government at Peking. President Li Yuan-hung has received from President Wilson a message of condolence with Madame Yuan Shih-kai and the Chinese people, also expressing wishes for the continued prosperity of China under the new régime. To this President Li replied in the following terms: "On behalf of the Government and people of China, I thank the Government and people of the United States and yourself for your message of sympathy on the occasion of the death of President Yuan Shih-kai. Madame Yuan desires me to express to Mrs. Wilson and yourself her heartfelt thanks for your kind expression of sympathy. Guided by the great ideals which have made the United States an enduring republic and a prosperous country, I hope to see realized your wishes for the prosperity of the Chinese people."

THE report of the Maritime Customs on the trade of China for 1915, which is elsewhere reproduced, contains at least the promise of better times. China reaped some profit from the war, particularly in the form of enhanced prices for her exports, but the scarcity of tonnage and the rise in freights adversely affected her general commerce. The value of the direct foreign trade for the year was Hk. Tls. 873,336,833, a falling off to the amount of Hk. Tls. 52,131,128 as compared with the value in 1914, but higher than in any year previous to 1913. The value of the direct foreign imports was less by Hk. Tls. 114,765,663, but exports increased by Hk. Tls. 62,634,535, and the total value of Hk. Tls. 418,861,164 was higher than any previous record. Translated into American money, at the average rate of exchange for the year, of 62 cents per haikwan tael, the imports reached the value of \$281,774,946 and the exports amounted to \$259,693,921—a total foreign trade equal to \$542,468,867. In 1914, the average rate of exchange was 67 cents to the tael, and the aggregate foreign trade was equal to \$604,601,247; in 1913, the average rate of exchange was 73 cents and the combined total of exports and imports reached the sum of \$710,631,715. Relatively small as the total for 1915 appears to be, it shows a gain over the figures of ten years ago equal to thirty per cent. Our own share of Chinese trade for the year, as recorded by our official returns, was a total of exports amounting to \$20,973,823 and of imports amounting to \$53,155,487. But, according to the figures of the Maritime Customs, the imports from the United States were valued at \$22,966,938 and the exports to the United States at \$37,559,139—a total of only \$60,526,077. Adding the figures of our trade with Hongkong, as supplied by the statistics of the Department of Commerce, and it appears that according to our own valuation our total trade with China and Hongkong reached a total of \$85,608,032. This is \$25,000,000 more than the amount credited in the returns of the Maritime Customs,

but the total is smaller, measured by the per capita standard, than our trade with any of the other great nations of the world.

For the nine months of our fiscal year ending with March the indications of a revival of the Asiatic trade of the United States are even stronger than they were a month ago. Putting aside the purely accidental total of \$58,090,373 of exports to Russia in Asia, our exports to China have risen from \$29,768,705 for the same period of last year to \$48,710,139. To the British East Indies the increase has been from \$11,000,508 to \$17,739,169, and to China and Hongkong from \$17,692,373 to \$24,959,928. The figures of imports are still more striking, even if we take the nine months of 1914 as the last normal period for comparison. This shows imports from Japan in the nine months ending with March, 1914, to the value of \$83,283,540 against \$102,145,770. For the British East Indies the comparison is between \$81,202,398 and \$114,508,491, and for China and Hongkong between \$32,395,657 and \$50,926,570. Trade with the Philippine Islands remains practically stationary, comparing unfavorably, except in imports, with the total for 1914. We are selling British Oceania fifty per cent. more than we did a year ago and buying from that part of the world nearly four times as much. As against a total export to South America for the nine months of close upon \$129,000,000, our Asiatic exports figure, for the same period, at \$157,000,000.

THERE is some reason to hope that the protest which has been sent on behalf of the Association against the Government ownership clauses of the Shipping Bill will contribute to their modification. The strong public sentiment, not by any means confined to business circles, against the proposal of a government-owned merchant marine, is better appreciated in the Senate than it seems to have been in the House of Representatives, and at the present writing it appears probable that there is enough opposition to it to compel some modification of that most objectionable part of the bill. The Executive Committee of the Association has deemed it best to confine its opposition to Bill H. R. 15455 to this particular feature, although there are other provisions which might properly be subjected to adverse criticism. The representatives of other interests, however, have taken in hand the opposition to provisions more immediately affecting their interests, and it will probably be recognized as a judicious policy to confine the protest of the members of this Association to points regarding which it will be freely conceded that they can speak with authority.

By one of those inexplicable and apparently unavoidable slips which occur in the process of correcting printers' copy, the subscription of Arnhold Karberg & Company to St. Luke's International Hospital, in Tokyo, was changed, in the process of rearranging the table, from its proper amount of \$50 to \$25. For the oversight which permitted this to pass into the May and June numbers of the JOURNAL unnoticed, the editor of the JOURNAL offers a most contrite apology.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the nine months, ending March 31, 1915 and 1916.

EXPORTS TO CHINA.

Months. 1914	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
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
Total.....	11,285,531	\$842,267	50,464,648	\$2,952,406	12,585	\$52,834
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
October.....	2,408,026	155,457	3,741,675	210,376	386	1,736
November.....	1,182,579	69,055	.....	.....	995	4,850
December.....	13,280	3,757	4,893,057	306,515	2,739	13,323
1916						
January.....	17,284	3,457	6,763,296	332,568	313	1,623
February.....	84,992	10,021	7,853,697	450,753	131	652
March.....	338,722	22,894	7,608,149	409,449	2,315	12,691
Total.....	11,255,134	\$797,149	60,538,921	\$3,333,952	8,532	\$44,406

EXPORTS TO HONGKONG.

1914						
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
Total.....	83,679	\$15,454	24,659,103	\$1,295,856	585,356	\$2,580,606
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
October.....	35,963	5,387	800,000	63,234	58,801	250,332
November.....	45,961	4,137	409,750	31,070	63,909	305,676
December.....	38,457	4,810	1,000	100	3,821	15,994
1916						
January.....	400	70	2,020,948	164,410	2,413	10,954
February.....	76,834	16,059	4,135,028	335,180	53,832	244,198
March.....	.....	.....	.....	.....	56,051	248,294
Total.....	326,915	\$54,874	11,158,431	\$795,509	339,335	\$1,540,451

DEPARTMENT OF COMMERCE,

Bureau of Foreign and Domestic Commerce.

WASHINGTON, D. C., June 6, 1916.

**Imports of Tea and Silk into the United States for the nine months ending
March 31, 1914, 1915 and 1916.**

Imported from	1914.		TEA.		1915.		1916.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	10,592,359	2,876,592	9,867,836	2,612,195	12,871,733	3,091,614		
Canada	2,145,467	611,560	2,528,219	705,189	1,908,084	640,300		
China.....	19,815,460	2,696,155	22,731,943	3,091,002	18,774,767	2,786,661		
East Indies.....	7,854,467	1,352,178	11,001,153	1,832,952	10,832,251	2,205,554		
Japan.....	37,276,321	6,191,168	39,554,683	6,754,846	49,073,693	8,303,898		
Other countries	928,981	178,562	890,743	131,554	406,105	67,437		
Total.....	78,613,055	13,906,215	86,574,577	15,127,738	93,866,633	17,095,464		

**RAW, IN SKEINS REELED FROM THE
COCOON OR RERELED**

SILK

Imported from	Pounds.		Dollars.		Pounds.		Dollars.		Pounds.		Dollars.	
France.....	45,917	156,144	32,568	124,087	93,240	253,321						
Italy.....	1,350,883	5,886,229	1,365,451	5,371,305	2,024,689	8,813,111						
China.....	4,490,002	11,851,807	3,621,841	8,357,886	6,305,459	14,912,151						
Japan.....	15,807,871	54,579,332	13,625,400	44,892,538	17,301,135	61,928,368						
Other countries	299,436	1,111,478	13,032	58,204	39,454	185,004						
Waste.....free	4,597,264	2,436,237	3,745,247	1,964,968	5,312,111	2,827,023						
Total unmanufactured	26,591,373	76,022,345	22,403,539	60,804,102	31,076,088	89,053,372						

A PROTEST AGAINST GOVERNMENT OWNERSHIP OF MERCHANT SHIPS

A sub-committee of which Mr. E. P. Cronkhite is Chairman, appointed to consider the Shipping Bill now pending in Congress, prepared the following communication in regard to the provisions, which was approved by the Executive Committee at a meeting on June 23, and duly transmitted to the Senate Committee on Commerce:

June 23, 1916.

HONORABLE JAMES P. CLARKE,
Chairman, Senate Committee on Commerce,
Washington, D. C.

SIR:—

The members of the American Asiatic Association, comprising all the manufacturers and merchants of the United States having business relations with Asiatic countries, beg, through the Executive Committee of the Association, to submit to you the following considerations in regard to Bill H. R. 15455, and they would respectfully request that this communication go on your record as their contribution to a hearing on the bill:

With the declared purpose of the bill we are in entire accord. We heartily favor the establishment of a United States Shipping Board for the purpose of encouraging, developing and creating a naval auxiliary and naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its territories and

possessions and with foreign countries. But we are compelled to take exception to some of the methods prescribed for accomplishing this eminently desirable end.

The interests of the manufacturing constituency for whom we speak, largely composed of those engaged in the cotton textile industry, are very closely identified with the provision of ocean transportation for our external trade at reasonable rates. For over eighteen months after the outbreak of the war in Europe the exports of American cotton cloth to Asia and Oceania were seriously curtailed, owing to the absence of shipping facilities and to the excessive rates of freight. While there is some promise of a much more favorable situation for the shipper of American products finding a market abroad, we are in full agreement with the advocates of the bill that it is in the highest degree undesirable to have the foreign commerce of the United States left virtually under alien control. Our chief ground of difference with them is that some of the provisions of the bill would prove detrimental to its declared purpose, and would arrest instead of aiding the development of an American mercantile marine of proportions at all adequate for the trade already existing. No claim is made that the Government-owned tonnage, expected to be forthcoming under the provisions of this bill, would do more than provide for a small fraction of this trade. But,

among those most conversant with the business of owning and operating merchant ships, the opinion is all but universal that the appearance of the Government in competition with private capital and enterprise would necessarily discourage the latter, and so interrupt the very promising beginning that has already been made in the creation of an American-owned merchant marine.

This is a conviction which we are compelled to recognize. So far as the purchasers of freight are concerned, there are evidences that the most acute phases of the shipping famine have passed and existing conditions cannot be said to be such as to demand exceptional remedies. The one obvious need is the adoption of a policy for the building up of our mercantile marine which will stand the test of time. To formulate such a policy careful study and deliberation on the part of the Shipping Board created by this bill will necessarily be required. If there ever existed an imperative demand to anticipate their conclusions, the exigency is already over and no good end can be served by the hurried adoption of a policy whose immediate result

would be the discouragement of private enterprise in a field which it is beginning to find attractive.

We, therefore, beg respectfully and earnestly to enter our protest against all of the provisions of the Bill H. R. 15455 which contemplates the construction, equipment, purchase, lease or charter, under the auspices of the proposed Shipping Board, of vessels intended to meet the commercial requirements of the marine trade of the United States. Even should the discretionary power which the bill confers on the Board not be used, its existence would act as a permanent discouragement to the employment of private capital. With the Government ownership clauses omitted, the bill seems to us, looking at the subject from the standpoint of the shipper, to be well fitted to accomplish its declared purpose.

We have the honor to be,

Yours respectfully,

(Signed) WILLARD STRAIGHT, *President*.
JOHN FOORD, *Secretary*.

THE PASSING OF YUAN SHIH-KAI

By the death of Yuan Shih-kai, China has lost the last of the statesmen associated with the prestige and power of the Empress Dowager Tzü Hsi, and the only man who, since her passing, had, in many respects, proved himself possessed of the qualities which the Chinese people expect and respect of their rulers.

Yuan Shih-kai was born at Hsiang Cheng, in Honan, on September 16, 1859. His family had long been distinguished in the service of the State. His grandfather, Yuan Chiasan, gained great distinction in the suppression of the Taiping Rebellion, and died, in 1864, with the rank of Imperial Commissioner and Provincial Commander-in-Chief. Early in life, after qualifying for the bachelor degree, Yuan Shih-kai devoted himself to the (then despised) military profession, and at the age of 20 became aide-de-camp to General Wu Chang-ching, then commanding in Eastern Shantung. His first notable opportunity came in July, 1882, when he became attached to the expeditionary force sent by Li Hung-chang to assist the King of Korea in quelling the rebellion which had broken out against him. In 1884 Yuan was given the command of the Chinese garrison of Korea. In the following year Yuan was appointed Imperial Resident. Thereafter, for nine years, he was the *de facto* ruler of Korea, loyally and ably assisted by Mr. (now Sir. J.) McLeavy Brown.

Yuan's autocratic methods and uncompromising attitude involved him in continual difficulties with the Japanese at Seoul. In 1893 came the Tonghak rebellion, followed by an organized movement of the Nationalist Party at Seoul. Again, China, appealed to by the King, sent troops to assist him. Then came the sinking of the Kowshing and the first

humiliating demonstration of China's military weakness. Yuan, protected by British blue-jackets, escaped from Seoul to the coast.

After the restoration of peace, influenced by his advice, Li Hung-chang entrusted him with the command of a new force of 5,000 men, to be trained experimentally by Western methods at a camp near Tientsin. This was the beginning of China's modern army. Yuan ruled his force with a rod of iron, and showed what could be achieved by regular and efficient training; yet, as events have since proved, even he could not instill into his troops the spirit of discipline and loyalty requisite for the making of a nation in arms.

Yuan's military reputation and forces became an all-important factor in the *coup d'état* of 1898, in the subsequent resumption of power by the Empress Dowager, and the humiliation of the unfortunate Emperor Kuang Hsü. By Yuan's own statement he failed the Emperor-reformer in his hour of need only because the Imperial orders brought to him secretly by T'an Tzu-tung were a copy, written with black, instead of the Imperial vermilion, ink. The reformers to a man asserted, and the Emperor himself declared to the last, that it was Yuan who betrayed the reformers' plot to Jung Lu; certainly the Emperor's brothers and family held the opinion, and acted upon it, when, after the death of Tzü Hsi, the Regent seized an early opportunity to strip Yuan of all his high offices and to drive him ignominiously into retirement. When all is said and done, Yuan knew the reformers' plans and could have saved the Emperor had he so desired. He preferred

to throw in his lot with the Old Buddha and his blood-brother, Jung Lu.

Whatever Yuan's part in the *coup d'état*, there is no doubt as to the courage and intelligent patriotism of the part which he subsequently played throughout the Boxer rising. His action in preventing the "midsummer madness" from spreading southwards and east from Chihli, and in co-operating with the Yangtze Viceroys for the maintenance of law and order, undoubtedly saved the Empire and countless lives. His subsequent appointment to the Viceroyalty of Chihli (November, 1901) was welcomed by Chinese and foreigners alike as the best guarantee for the restoration of stability and progress. In this high office, which he assumed in circumstances of unusual difficulty, he displayed statesmanship of the highest order, successfully maintaining China's sovereign rights in his relations with the Allied forces, then in garrison at Tientsin, and at the same time setting an example to the whole Empire in the matter of progressive administration. Recognizing the necessity for educational and administrative reform, he surrounded himself with the ablest of the foreign-educated Cantonese, and consistently advised the Throne to adopt a reasonably liberal policy in the direction of constitutional Government.

In September, 1907, he relinquished the post of Viceroy of Chihli to become the administrative head of the Foreign Office at Peking and a member of the Grand Council. When, after the death of the Empress Dowager, he was dismissed from office by the purblind folly of the Manchu cabal, he took with him the respect and sympathy of all who knew him. He retired to his home in Honan with the same philosophical dignity which distinguished his administration of affairs.

Recalled to office at the crisis of the Revolution in October, 1911, he was appointed President of the Council of Ministers on November 1, and became Prime Minister a fortnight later. He was elected Provisional President of the Chinese Republic on February 15, 1912, and on October 6, 1913, was elected President. Four days later he declared that China undertook to observe all the Treaties which had been entered into and all the obligations which China had incurred during the regimen of the Manchu

Dynasty. During the summer and autumn of 1913 the revolt which originated in the defection of the Tutuh of Kiangsi spread rapidly and was overcome, but the situation was not satisfactory, owing to the failure of the Government to take full advantage of its successes.

The President abolished the Kuo Ming Tang, or Democratic Opposition Party, and deprived its members of their seats in Parliament. Subsequently Parliament itself was suspended and an administrative council formed to act until it should be reconstituted. The Convention appointed to amend the Provisional Constitution had completed its task by the spring of 1914. Extensive powers were conferred upon the President; a new Cabinet was also formed, the members of which were described as merely departmental chiefs. Yuan Shih-kai appeared to be master of the situation, and the general outlook showed signs of improvement. In pursuance of his policy to obtain control of the Army the President abolished the military governors; he also created new finance departments under the direct control of Peking with the object of smoothing the way to a maintenance of his control over the country.

The late summer of 1915 was marked by a movement in Peking for the restoration of monarchical government, and the State Council passed a bill providing for the constitution of a special body to pronounce upon the question. By November most of the provinces had voted for a Monarchy with Yuan Shih-kai as Emperor. Yuan declared that while he regarded it as necessary to bow to the will of the people in regard to a change of government, he felt that in view of the oath taken at the inauguration of the Republic he must decline the invitation to ascend the Throne. Immediately afterwards, in spite of the advice of the Powers, he announced that he had been "forced to submit to the people's will." His coronation was fixed for February 9, 1916, but once more provincial dissatisfaction with the President's methods began to take serious shape and Yuan announced that he had abandoned the proposal for a Monarchy. This did not satisfy the South; the provinces which had revolted formed a Provisional Government at Canton, declared that Yuan had forfeited his position by his acceptance of the Throne, and proclaimed the Vice-President, General Li Yuan-hung, as President.

THE NEW PRESIDENT OF CHINA

By GARDNER L. HARDING.

There is a strange and melancholy fitness in the fact that the same day should see the death of two such Sphinx-like figures as Lord Kitchener and Yuan Shih-kai, the late President of China. Both men had borne great burdens, had focused on their leadership a central responsibility for enormous events; yet both, in this age of withering publicity, escaped almost completely the close scrutiny with which the world insists on following the daily lives of its heroes.

Since 1911, when the Chinese Republic ushered in an era in China sharply different from anything that had ever gone before, Yuan Shih-kai had been the pivot around which anarchy and blind conservatism, constitutionalism and mandarin reaction, and the tempering forces of patriotism and national consolidation maintained a balance which neutralized each other's excesses. At best,

his role was not glorious, for it has been obvious that he had little to say in the choosing of it; but at worst, it had been far from that of the unscrupulous tyrant that the revolutionists have continually made him out. There have been several times when Yuan was an indispensable nucleus to the constructive forces of his desperately weak and disunited country—especially when she had her back against the wall in the face of the almost disastrous ultimatum of Japan in the Spring of last year.

But he died at a moment when his country could afford to lose him—indeed, had determined to part with his services already. No one can read the history of China during the past six months without concluding that after a long life of successful and increasingly emboldened strategy, Yuan at last made one very bad move. His ambition to become Emperor was not merely a mistake, it

was his ruin. A month before his death, the leaders of the north and south, including his own delegates, had met at Nanking and decreed his elimination. His successor had been decided upon, Li Yuan-hung, the Vice-President. One of Yuan's oldest associates, Tuan Chi-jui, ex-Minister of War and Prime Minister of the reconstituted Cabinet, had given his assurance that Yuan would offer no obstacle to his retirement. As surety for it the principal provinces of the south were under arms.

The rebellion which had started in Yunnan in January to oppose the monarchical movement had only become the more vigorous when Yuan announced on March 22 its unconditional surrender; it brought to the Nanking conference the final fruits of this display of weakness in the assured threat of nation-wide rebellion if Yuan's promise to retire from the Presidency was not kept. Strategist to the last, Yuan saw that the only advantage lay in going peaceably while he could. But a higher power settled his destiny for him.

The paramount question is how his death is going to leave China. But the history of China has been so bound up in this man for the past twenty years that we cannot turn to the future without, for a moment at least, tracing the points in his career which have made his nation what it is.

Yuan rose to pre-eminence as the universally accepted successor of Li Hung Chang during the constructive period of Manchu statesmanship in which the old Dowager Empress ably and sincerely did her best to wipe out the shameful days of Boxerdom. In the development of China's government from its shattered and discredited state in 1902 to its impressively altered state at her death in 1908, Yuan played a principal and dominant part. He was, during these years, the Viceroy of the metropolitan province of Chihli, Li Hung Chang's old position; President of the Waiwupu, or Foreign Office, and a senior Grand Councilor. The model army then organized was his army, and as his army it has always been the foundation of China's military progress. He organized it first at Tient-sin, and it was at Tient-sin that he gave China her first example of modern municipal government.

He it was who worked out the details of the great progressives decrees of those days, the most coherent attempt at national reform until 1911. These included the decree anticipating the revolution by making optional the wearing of the queue, the decree introducing Western learning, and disestablishing the ancient scholarship, one of the greatest intellectual reforms in the history of the East; the decree extending education to women, the decree reorganizing on a modern plan the army and navy, and finally the great edict of 1906, accepting the principle of constitutionalism and formulating the steps by which something new was to be granted each year, in order that in nine years' time China might attain the basis of constitutional government.

During these years Yuan was in large part the brains and wholly the arm and shield of the Administration. He came nearer to being a leader of his people than ever

he was during his Presidency. Even though the edicts and decrees of that time were far from faithfully carried out, their significance is that they were founded on the deepest currents of public feeling the Chinese people had yet experienced. There were the first formidable stirrings of the slumbering giant which was to appear in 1911 as the Chinese people, manifesting itself in a score or more of citizen armies and seeking the republican constitution over the graves of the Manchus.

With the death of the Dowager Empress, Yuan's favor at Court disappeared. The Prince Regent was his enemy, and he soon informed Yuan that an attack of gout, which would require an indefinite treatment at his home in Honan, must be immediately improvised. The three intervening years seem but a breath of history. The vain, incompetent Manchu Princes, in their trifling with the old Dowager's grandiose plans for reform, followed with the uncanny faithfulness of history the manner in which Louis of France played with the great thirsty spirit of his time in his exasperating harlequinade over the States General. The floods came, the house fell, and Yuan Shih-kai stepped in between the two factions and seized the empty throne.

Yuan Shih-kai became President out of the welter of the revolution because he was the only high official with conspicuous national experience who was in a position to hold that post. Destiny created opportunities which he could not avoid. The Manchus invited him to save their throne; thus he got to Peking. Safe in Peking, he made sure he had the heavy artillery; he reckoned up his loyal troops, he sounded the foreign diplomats. Then he acted simply and effectively. He used the southern leaders to force the Manchus to abdicate; he used his own solid strategic position to force the southern leaders to let him establish the republic. In the same strategic circumstances Napoleon himself could not have done better.

The next four years are the best-known chapters of Chinese history in the world. Yuan had induced Sun Yat-sen to support him by promising his supporters a Parliament and a Cabinet in which they would presumably have at least an equal share in the Government. Sun Yat-sen and the southern leaders generally, who had been from the start the leaders in the revolutionary movement, accepted Yuan's promises at their face value, disbanded their armies, and prepared to take part in the constitutional government of China. But that co-operation never came to pass. A large section of the southerners bitterly hated Yuan for his stolid official career, particularly for the treachery, characteristic of his school of politics, with which he helped the old Dowager crush the reform movement of 1898 and condemn its leader, the young Emperor, to a living death. Without going into detail, it may be fairly said that they used every constitutional privilege they could get hold of to cut Yuan's power from beneath his feet. In these circumstances this stubborn old soldier ruthlessly beat down all resistance to his supreme power, outlawed the southern parties, drove

their leaders from the country, destroyed their Parliament in Peking as well as the provincial assemblies, suppressed their newspapers, and on October 10, 1913, the anniversary of the first revolution, violated everything it had been fought for by having himself inaugurated as permanent President at Peking.

There are but two things to record about him since that date—that he used his supreme power with judgment and with solid success so far as consolidating the nation financially is concerned, and that he staked his all on a political coup to make himself Emperor, and lost. The best national Ministry ever organized in China proved that his tyranny had its beneficent side; it raised big domestic loans for the first time in Chinese history, and in 1914 it accomplished an equally unprecedented feat by paying off from home-collected taxes not only all the national expenses, but the whole dead weight of annual foreign tribute money as well.

The monarchy movement was, however, the beginning of the end. Dr. Goodnow gave it tremendous impetus by using his authority as American adviser last Summer to assert that China, with certain qualifications, would make a better monarchy than republic. Yuan demurred, but was obviously emulating the classic rôle of Barkis. With Manchu and mandarin assistance the movement spread rapidly over the country. Liang Chi-chi'ao, the veteran leader of intellectual liberalism, came out bitterly against it; so did practically all the foremost political leaders in Peking and the provinces. But a farcical plebiscite was held, and Yuan was "elected." Then it was that opposition sharpened to revolution. Yunnan led, under Tsai Ao, Yuan's old comrade, and, province by province, the whole south followed, with what effectual result we have now seen.

We must anchor our conception of China's present situation on this palpable fact—that whatever be the complexion of the Government which is going to succeed Yuan Shih-kai, it must bow to a national determination for the republican idea. That is the rock on which Yuan made shipwreck, and all the astuteness of his cynical strategy failed to guide him past it.

What may China expect from his successors? What, in the first place, of Li Yuan-hung, the new President? The career of Li Yuan-hung is, like that of Yuan, far more a military and official career than that of a popular liberator. But there is this great distinction—Li has come far more under southern influence, and that means liberal influence, than his predecessor. The new President comes from the great mid-Yangtse province of Hupeh, where he was born fifty-two years ago of middle-class parents of moderate means. He illustrates the motley official life of the Chinese in that he has been both a naval officer and a major of cavalry. A graduate of the Peiyang Naval College, he was stationed aboard a Chinese cruiser and saw service during the Japanese war. After the war, and a course of military study in Japan, where he specialized in fortifications, he became a protégé of the great Viceroy, Chang Chitung, who, from being a

pioneer in the students' overseas education movement, had always a marked partiality for brilliant young men.

He followed Chang from Nanking to Wuchang, where he was made a Colonel, and where, as a pioneer in army reorganization he planned the Changteh manoeuvres of 1903. He showed his liberal qualities when, on being appointed Military Governor at Wuchang, he voluntarily abdicated the civil side of his power to a separate civil administration, the first act of the kind on the part of any Chinese Military Governor up to that time.

When the revolution of 1911 broke out, Li was still a Colonel, and was absolutely unknown save to the narrow administrative circles of his life around Wuchang and Hankow. A bomb went off, a list of conspirators was discovered, and a sudden rising, thus prematurely enforced, struck at the vitals of the nation with the capture of the Hanyang Arsenal on October 10, 1911. There was no leader, save a boy, Liu King, a student just home from Japan. Other leaders were coming, but most of them, like Sun Yat-sen in London, were caught unawares, and were far away. Liu King went to see Colonel Li. Li demurred, doubted, thought it was a foolhardy risk. The boy ordered his escort of soldiers to draw their swords and present them at Colonel Li's breast. They did so, and, according to the story of those early days, which has never been denied by Li himself, the Military Governor was thus "persuaded" to cast in his lot with the revolution.

Once in, he was the most energetic and effective leader on the southern side, and directed the sanguinary and desperate battles around Hankow with loyal skill and determination. He figured prominently in the subsequent peace conference at Shanghai, and when Yuan loomed up bigger and bigger as the only ultimate choice for President, he was nominated as the most likely counterpoise to his ambitions as Vice-President, and duly elected.

In the four stormy years that have followed, Li Yuan-hung has more often played Yuan's game than any other. When his southern associates were driven from the country in 1913, he stood with the Government and held the Wuhan cities against the rebels. At the end of that year he was summoned to Peking, and it has been commonly assumed since that time that he has been practically a prisoner in the Forbidden City. Only with the monarchical movement did he begin again to take an active part in the Government. Last year he was made President of the Chang Tsang-yuan, or Advisory Council, on a constitutional precedent as to the duties of the Vice-President strikingly American. This council is the only deliberative body left in Peking, and Li used his office to oppose the monarchy at the risk of his head. Indeed, when that movement had all but succeeded last December, Li Yuan-hung placed himself on record by definitely resigning his high post. Since that time he has been regarded as the man true to republican principles on which all parties would be most likely to agree.

He is not a dominating personality, and is not expected to insist on those autocratic prerogatives of the Presi-

dency which made Yuan's tenure of office absolutely incompatible with constitutionalism. Indeed, Li Yuan-hung is generally believed to have made up his mind to be President more after the French manner, or, at most, after the American manner, with plenty of room for the growth of a sound and constitutional Parliament. The summoning of such a Parliament and the rehabilitation of constitutional machinery in general is expected to be among the first acts of his administration.

How far will such a man meet the fluid and turbulent demands of current Chinese political conditions? In answering such a question in the case of China, as with other nations, you have to judge what are the popular forces he will be called upon to satisfy and co-ordinate. China is a nation in which men and groups are still more important than issues and platforms. Liang Chi-ch'iao, Minister of Justice in last year's cabinet, is probably the leader who represents the soundest political instinct among the Chinese people to-day. A constitutional monarchist as far back as 1898, when, with Kang Yu-wei and Sun Yat-sen, he was expelled from China by the Dowager Empress, he had the courage to oppose republicanism in favor of his old principle at the moment of its success. Yuan's monarchism roused him to see republicanism as China's consistent and salutary policy, however, and he became the eloquent and merciless opponent of the restorationists before any other Chinese leader was awakened to the danger. This man is among the very first leaders; he should have whatever Ministerial rank, or its equivalent, he chooses to accept.

The new Premier, Tuan Chi-jui, is another force to be reckoned with. Tuan sat through the Nanking conferences as the representative of Yuan Shih-kai, and arranged an abdication that bristled with conditions, such as that allowing Yuan a little more time "to settle the affairs of the Government." He is a Northerner, a Chihli man, and has been a close associate of Yuan during his official career. He is not a politician, but, like Yuan, a soldier. He was Minister of War practically continuously since 1912, but resigned on the monarchy impasse, and rather unexpectedly announced himself as a Republican. His instincts are rather conservative than otherwise, and with the north; but there has been a great deal of popular interest in him lately owing to the stories that he was detained in Peking by force, and only escaped by disguising himself in coolie dress.

He is known to be ambitious, and may later be a candidate for the Presidency himself. But granted that the north should be constructively represented in the Government, this vigorous old soldier, thorough administrator, and self-committed Republican, will bring a balance and a conservatism that may not be ill-placed. Better Premiers, however, might be found in such men as ex-Premier Hsiung Hsi-ling, the man who more than any other is responsible for China's financial rehabilitation, or the Secretary of State, Hsu Shi-chang, the Ministerial leader who continued Hsiung's consolidating work last year and this.

As to forces which should get behind the Government and make it work, a third is represented by the brilliant Cantonese politician, Tang Shao-yi. Tang was Premier in 1912, the leader of the Southerners in the ministry. He resigned and took all the Southerners with him when his secret Belgian loan to break the monopoly of the six-power bankers provoked a difference between himself and Yuan. Tang, like many Cantonese, is a self-made man, and is an ardent and aggressive reformer. He is a graduate of Columbia, and in the early days of foreign-educated students he caused some alarm in China by dressing in foreign clothes, carrying a sporting gun, and driving about in a pony cart accompanied by a prize bulldog.

Since then he has been a sober Ambassador in Washington, has been an envoy to Tibet, and was the initiator of the anti-opium crusade which is China's greatest moral achievement of the present century. As Yuan Shih-kai's Foreign Secretary for many years he was in high place in Peking in the days of Yuan's favor, but since the revolution his sympathies have been with the Nationalist Party of Dr. Sun. Tang's place will be in the Ministry or near it; and with his returning influence the opportunity will come to patch up the old feud with Yuan which has kept Dr. Sun and many of his ablest followers so long out of their country.

Such men as Hwang Hsing may not return to high office—indeed, Hwang Hsing and many other of the revolutionaries who have been recently living in this country are almost as little disposed to work under Li Yuan-hung as they were under Yuan—but they have now the opportunity, it is hoped, to return to China and form that constructive political opposition which is the test in all countries of peaceful constitutionalism. Dr. Sun has given no detailed indication of his plans as yet, but his disinterested patriotism, personal uprightness, and courage, encourage the opinion that he contemplates a course of action roughly along these lines.

Besides the groups represented by these men, the liberal group, the northern official group, and the southern radical group, of whose support the new President may confidently rest assured, there is in present-day China a powerful, newspaper reading, politically active public opinion whose principal current demands may be expressed to the foreigner as domestic peace and continued republicanism. The bubble of China as a natural monarchy was pricked for all the world to see when the Chinese people overthrew their greatest statesman rather than let him overthrow the republic. Li Yuan-hung is pledged to uphold the Chinese Republic, and back of his pledge is the example of Yuan Shih-kai. The result is that the Chinese people are closer to constitutionalism, closer to an opportunity to develop their infinite resources, human and material, toward real republicanism than ever before in their history.—*New York Times*.

CHINA'S NEW PREMIER

THE MEMBERS OF THE CABINET.

The present Cabinet, with Field Marshal Tuan Chi-jui as Premier, is commonly regarded, according to Chinese press critics, as a Militarist Cabinet. General Tuan himself has expressed an opinion that during a time when military activities are rampant nothing short of a military cabinet can control the situation.

The correctness of this theory was clearly proved by the incidents in 1913. Whether this kind of Cabinet will prove efficacious in bringing the present state of turmoil to a speedy settlement or not, is still a problematic question, yet it appears certain that it can meet the military requirements of the present day better than any other kind of Cabinet. Since the principal problem for the new Cabinet to solve is the military situation, that is, the undoubtedly dominating influence wielded by the military element in the country, General Tuan has decided to assume also the portfolio of the Minister of War.

THE CAREER OF THE NEW PREMIER.

The new Premier-General Tuan Chi-jui, whose courtesy name is Chih-ch'uan, is a native of Hefeihsien in Anhui and is 51 years of age. He graduated from the Military College of Peiyang in 1890, after which he went to Germany and completed his military training there. After his return to China, he was made commander of the 1st wing of artillery of the newly created modern army in 1896. He became Preceptor of the Military Officers' Academy and then Director of the Military School established by the Wuweichun. In 1902, he was promoted Director of the General Staff of the Peiyang Army as well as Chief Commander of the Training Depot. In 1904, he was transferred to be Commander-in-Chief of the 4th Division of the New Army; but in September of the same year he was again transferred to the 6th Division as Commander-in-Chief. He was made the General Officer commanding the Northern Army during the grand manoeuvres held for the first time after the formation of the New Army under the Manchu rule.

In 1906 he was appointed Brigade-General of Tingchow in Fukien, and two years later he was given the rank of Major-General. He reverted to the post of Commander-in-Chief of the 6th Division in 1910. In 1911, was promoted Commander-in-Chief of Kiangpei.

In the same year, when Yuan Shih-kai was summoned to Peking after the Revolution had broken out, General Tuan was appointed Commander of the Punitive Army as well as Viceroy of Hupeh and Hunan. He was among the foremost who supported the Republican movement, as it was he who took the first step that resulted in the presentation of a joint memorial by all the commanders to Peking, calling on the Manchu Emperor to abdicate.

In the first year of the Republic, or in 1912, when a mutiny of troops suddenly broke out in Peking, General Tuan was hastily summoned to Peking and succeeded in suppressing the outbreak almost immediately upon his arrival. After Peace was concluded, he assumed the Premiership of the First Cabinet of the Republic and also took office as Minister of War. In 1913 he became Premier of the Provisional Cabinet.

In 1915 he was made a Field Marshal, with the title of Chienwei and appointed Comptroller General of the Chiangchünfu, as well as one of the directors at the Generalissimo's Headquarters in the Presidential Palace. He retired subsequently to recuperate his health by living in the West Hills.

In March of the present year, and upon the cancellation of the Monarchy, he and Mr. Hsu Shih-chang emerged together from retirement in order to avert the catastrophe threatening the very existence of the nation, he as Chief of the General Staff and Hsu as Secretary of State. He took over the Premiership at the earnest prayer of Mr. Hsu.

PERSONNEL OF THE CABINET.

General Wang Shih-cheng, the former Minister of War, is a native of Chihli. He was transferred to be Chief of General Staff owing to his vast experience in military affairs, his sound judgment and past service, of which the Government hopes to get the fullest advantage in reaching a satisfactory solution of the present crisis.

Chang Kuo-kan, the new Minister of Education, is a native of Anhui, a fellow provincial of General Tuan, the Premier. He is a learned man and has long served on the secretariat staffs of both the President and the Vice-President. He was Secretary-in-Chief in the so-called "Cabinet of Talents." He was appointed at Tsancheng and owes his present office in the Cabinet to General Tuan who warmly recommended him for this post.

Wang I-tang is also a fellow provincial of the Premier. He was raised to the rank of Field Marshal because of the great service which he rendered in the first year of the Republic; but he refrained from taking any active part in the Government owing to reasons known only to a few. Upon the formation of the Chinputang, or Progressive Party, he was nominated one of its directors. He was an active worker and he opened schools and established newspapers in the interest of his party, for which he gained no small reputation. He was subsequently prevailed upon to become Civil Governor of Kirin. He came to Peking to be received in audience, and he was just in time to take up office as Minister of the Interior. He will no doubt carry on the unfinished work of Mr. Chu Chi-chien.

Chin Pang-ping is a religionist. He is known to be diligent and devoted to his duties, and is also conversant with the laws of the country. He was Secretary of the Tszechengyuan during the Ching Dynasty, and became Chief Secretary of the Tsanyiuan after the Republic was established. He is considered an able man by the President and is commonly regarded as one of the "fortunate" officials. When Chou Tse-chi became Minister of Agriculture and Commerce, he recommended Mr. Chin Pang-ping to be Vice-Minister. It was quite a surprise to Mr. Chin himself that he should have been called upon to succeed his patron Mr. Chou.

That Sun Pao-chi is a diplomat is known to everybody. Yet, he obtained the post of Minister of Finance to the surprise of all politicians. It is said that as Mr. Sun had been in charge of the Audit Bureau for more than a year, he must have gained some experience in financial matters. Premier Tuan has selected Mr. Sun for his new post simply because he knows him to be a conscientious man, willing to stick to his duty, whilst there was no other man available at the time.

The appointment of Mr. Tsao Juling, another diplomat, as Minister of Communications, has been even more a surprise than Mr. Sun Pao-chi's appointment. Hitherto, this Ministry had usually been monopolized by persons educated in the West; but Mr. Tsao belongs to the class of Japan-educated. Therefore, it is an open question whether he will be able to retain his post for long.—*N. C. Daily News.*

AN INTERVIEW WITH GENERAL TUAN CHI-JUI

Mr. Charles Stephenson Smith, the representative in Peking of the Associated Press of America, has permitted the *Peking Gazette* to publish the following account of an interesting interview which General Tuan Chi-jui, the new Secretary of State, granted him on April 27.

General Tuan Chi-jui, the new Premier, who has undertaken the reorganization of the Chinese Government under the direction of a Cabinet in which full power has been invested by the President, is no stranger to public affairs in China. He is over fifty years old and has been prominently identified with the army for over thirty years.

"Over seventy per cent. of the officers in the present Chinese army have been students of mine," the Minister of War remarked to the Associated Press correspondent, in discussing President Yuan Shih-k'ai's decision to turn the military control as well as the civil control over to the new Cabinet. "It is not likely that these men whom I have known so long and have been associated with on such friendly terms will give me any trouble. The apprehensions of foreigners concerning disturbances in the Chinese army are unwarranted."

The grey-haired General's word carried conviction. He is every inch a soldier, of medium height and slight erect build. His grey hair is closely cropped. He wears a small grey moustache and short goatee. His eyes are bright and youthful. He smiles slightly as he talks, but there is expression of determination about the upper portion of his face which is accentuated by a firm chin.

Tuan Chi-jui and Yuan Shih-k'ai are life-long friends. However, this friendship and long association in official life did not prevent Tuan Chi-jui resigning from the the Ministry of War in Yuan Shih-k'ai's Cabinet as soon as it became evident that the Government was favoring the restoration of a monarchy. Tuan Chi-jui had been one of the most prominent generals in the movement to force out the Manchus, and he would have no part in establishing a new dynasty even though his closest friend, Yuan Shih-k'ai, were to be the first emperor in the new line.

"Peace and order: that is what we want, and that is what I shall devote every effort to bring about. We shall get peace first, and then we shall go about the development of China," the Premier said in response to a question as to what the first step will be under the new Government. "Some of the demands made by the South are unreasonable, but I am hopeful that we can come to a satisfactory understanding with the entire South. I believe Yunnan and Kweichow provinces will most certainly fall in line. Tsai Ao is a very reasonable man. General Feng Kuochang at Nanking is doing his utmost to settle the difficulties with the Yangtze provinces and he undoubtedly will succeed. Kwangtung province is a more difficult proposition. That is the only place where fighting is actually going on now, but the various revolutionary leaders are also at war there among themselves and do not seem to be able to reach any agreement."

General Tuan Chi-jui discussed with great freedom the conditions under which he has assumed the premiership and organized the new Cabinet which is to be directly responsible to the people and to have full charge of public affairs. "The Cabinet will no longer meet in the President's Palace, but will be removed to the old Cabinet building outside of the Forbidden City," he said. "The Cabinet will undertake all the business of the Government and only questions of great national moment will be referred to the President for discussion. The military will be absolutely under the Ministry of War, as it has been found that having the military power solely under the control of the President is not for the good of the country. Of course, in the event of a declaration of war, the President will, upon the advice of the Cabinet, declare it."

The new Cabinet is only a temporary measure and will give way to a permanent cabinet after a parliament is properly elected and a new constitution shall have been promulgated. The State Council, which consisted of about fifty men appointed by the President, and which had been designated by the President to act as Parliament, has been practically dissolved. Consequently, China now has no legislative body of any character.

"The Cabinet will arrange for the election of a Parliament by the people very shortly, certainly within three months," said General Tuan Chi-jui. "The Parliament will promulgate a constitution."

General Tuan Chi-jui said he could make no prediction as to what the nature of the constitution will be. That will depend entirely upon the new Parliament, and will

doubtless be shaped very largely by the terms upon which the seceding provinces rejoin the Peking Government, if General Tuan Chi-jui's negotiations for reconciliation succeed.

DR. SUN'S DECLARATION

We enclose herewith a copy of the English version of Dr. Sun Yat-sen's declaration, which appeared in the vernacular papers. We should feel much obliged if you would be good enough to insert it, or the important parts of it, in your valuable columns. We believe that the publication of this document will not only dispel any suspicion which may attach to him and his party, but will also be conducive to a proper understanding of his relations with the other Republican leaders.

We are, etc.,

THE INTELLIGENCE DEPARTMENT OF THE REPUBLICAN
GOVERNMENT OF CHINA.

Shanghai, May 15.

Fellow-countrymen:

During the three years which have elapsed since the failure in 1913 of the Punitive Expedition against the national betrayer (Yuan Shih-k'ai), I regret that I have not had the pleasure of meeting you and of listening to your counsels. While the traitor was usurping the powers of government, and confusing the minds of the people, I did not wish to appear before you with merely empty words. At present, however, there are signs of a favorable turn in political events. Incapable as I am, I was once your public servant, and, even when I have been in adverse circumstances, I have not forgotten the fatherland. I, therefore, venture to address you in a few words.

For more than two decades I have cherished the three great principles of racial regeneration, political regeneration, and social regeneration. I have unremittingly advocated and worked among you for the purpose of carrying out these objects. When in 1911, the standard of revolt was first raised in Wuchang the movement found a ready response throughout the land. The idea of establishing a republic of the five races has since taken a firm root in the minds of our 400 millions. When I became a public servant *protempore*, I was so much occupied with military operations and numberless other matters which were still in an experimental stage that, to my great disappointment, I found I could not accomplish all I intended. However, with the inauguration of a new *régime*, and with the promulgation of a republican constitution framed according of the real wish of the people, the foundations of a stable government may be said to have been laid.

For this reason, on the abdication of the Manchu Emperor and the union of North and South, I resigned the presidency, and recommended Yuan Shih-k'ai to the National Assembly as my successor. Yuan professed his attachment to the republican cause in compliance with the desire of the Republican Army and the will of the great majority of the people. This led me to believe that he would adhere to the constitution, abide by his oath of office, and be loyal to the Republic. Before mutual confidence was restored between North and South I even took upon myself the part of mediator, and with this object I repaired to Peking and openly declared my desire to see Yuan in office for ten years. Who would have supposed that even then he harbored treasonable designs? He caused good and peaceful citizens to be put to death. He trampled upon the laws of the country. He corrupted the public morals. He reduced the people to a state of misery. In order to uphold the law of the land and the principles of justice, I deemed it necessary to resort to armed assistance. Neither success nor failure weakened my resolve to do what was right; but, having money and

power in his hands, Yuan had recourse to all sorts of vile intrigues. As his treacherous plans had not then been exposed, and the people were not then fully alive to the true state of affairs, the inevitable result was that the five southern provinces were defeated, and Yuan left free to carry out his evil schemes.

Though I have been living abroad, yet my love for my country is as fervent as ever, I am of the opinion that Yuan's continuance in office means the ultimate ruin of the nation. We determined to overthrow him. But if we had given up our cause because of one defeat, we should have been not only untrue to ourselves, but also disloyal to the country. Hence we have, in conjunction with our sympathizers continued our efforts without relaxation. Unfortunately, many became disheartened in consequence of the failure of our last campaign, and five out of ten believed that the wisest thing to do was to await future developments. In the interior of China there were some who, still retaining confidence in Yuan, wished to be patient with him; there were also some who, overawed by his power, thought it best for the time being to accommodate themselves to his caprices, hoping in the meantime to be able to devise means of saving the situation; there were yet others who, being content with an evanescent peace, did not wish to come into open conflict with him. There were no doubt good reasons for all that was done, but it gave Yuan opportunity to gratify his selfish ambitions by taking advantage of these weak policies. This was why I hesitated even in the beginning to give them unqualified approval.

At this juncture, Yuan dissolved the National Assembly, openly set our sacred constitution at defiance, and destroyed every vestige of representative government. I said then that Yuan was planning to overthrow the Republic and to make himself Emperor. My words found no credence. But from that time unprincipled men and State hirelings gradually made their appearance in politics. The state of affairs became so discouraging and heart-rending that I made up my mind to fight single-handed. I organized the *Chung Hua Ke Min Tang* (Chinese Revolutionary Society) on the strictest principles, with the object of removing all social and political evils and of restoring the supremacy of the law. In the course of the last two years I have secured many adherents, including some in the interior of China. All are working unswervingly in the public interests without wavering in the sacrifice of life, liberty, or property. We depend not so much on the support of others as on the righteousness of our cause. Indeed, the circumstances which led to the formation of the *Chung Hua Ke Min Tang* were not unlike those which brought the *Chung Kuo Tung Ming Hui* (Chinese Revolutionary Union) into being prior to the Revolution of 1911.

Yuan evidently considered the present European war to be the most favorable time for putting his treasonable plots into execution. The "Society for the Preservation of peace" (a semi-official monarchical society in Peking) was organized. The people's will was deliberately misrepresented. Pressure was brought to bear on the electors to recommend Yuan as Emperor. The whole country was thrown into a state of turmoil,—simply and solely because of the wish of one man to be Emperor. Patriots hurriedly came together and discussed the situation; our co-workers determined to act promptly with dauntless courage and redoubled energy. The independence of Yunnan and Kweichow has greatly relieved my anxiety, for it is most gratifying to find that we are not the only men who are zealously striving for liberty. I am more than ever convinced that I am right in what I have always advocated. On mature reflexion, I am of the opinion that Yuan's crimes began long before the restoration of the monarchy, and that simply to overthrow him is not sufficient to secure the Republic. The traitor must be brought to justice. In

this we are all agreed. But in order that our sacrifices may not be made in vain, and that the future of the Republic may be properly safeguarded, it was necessary to learn the real motives of the organizers of the present anti-Yuan movement, the principles to which they declared their adherence, as well as to the reconstructive policy they proposed to adopt. Now, in the circular telegram from the independent provinces the Republican Constitution is referred to as the all-important thing, and it is implicitly accepted as the criterion in all the political discussions of those who have the interests of the country at heart.

When I heard this, my joy knew no bounds. The respect shown to the Republican Constitution is beyond doubt the outcome of a sincere desire on the part of the Righteous Army to preserve the Republic. As Yuan's attempt against the Republic began with the violation of the constitution, so the preservation of the Republic must necessarily begin with the maintenance of the constitution. That Yuan is in the wrong and we in the right is obvious to everybody.

The Republican Constitution, which represents the real wish of the people, was obtained at a sacrifice of many promising lives. I am not a personal enemy of Yuan. Yet, as he has violated the constitution, I am willing to join you in overthrowing him. Nor am I a personal friend of the leaders of the anti-Yuan campaign in the independent provinces. Yet, as they declared their respect for the constitution, I am willing to make common cause with them. In view of the fact that our citizens are of one mind in that they hold the constitution as very dear to their hearts, and are determined to protect it from being tampered with by the national traitor, we must be firm in our attitude towards Yuan in accordance with the saying, "To remove an evil, eradicate it entirely." If, notwithstanding all his intrigues, Yuan and his monarchy have to go, we may be sure that no one will hereafter dare to tread in his footsteps.

Why does Yuan still linger in an untenable position, and refuse to surrender himself to be tried according to law? Partly because of his inborn obstinacy and desire for power and glory, and partly because he flatters himself that factional differences among the Republicans will lead to internal dissensions and the splitting up of the forces of the opposition. But we are not blind to the truth of the proverb: "If brothers fight with brothers, they will be at the mercy of an intruder." Political disputes we have had; these are, however, things of the past. With a common object and a common principle, we will work in harmony, for we are solely prompted by patriotic motives. In vain will our foe look for discord in our rank and file. Now is the time for united efforts to save the country; and we cannot vie with one another for political power. So far as Yuan Shih-kai is concerned, he must be removed if necessary by force. Other questions will have to be settled according to the Republican Constitution. In future all ambitious and unscrupulous men must be prevented from taking advantage of the principles of republicanism for selfish ends.

I have been engaged in destructive work all the time, but I thought it my duty at the same time to prepare a reconstructive scheme. Circumstances however, have changed. There are now many men of ability who can heal the wounds of the nation. We should, therefore, recognize as president whoever is elected, not by fraud or force, but according to the constitution. We should also always bear in mind that the chief of a republic has duties to perform, and not vain glory to indulge in.

My life principle is to do all I can for real and everlasting peace. To attain my object, I have not hesitated to stand in the breach and bear the brunt of the work. Since my boyish days I have taken a sympathetic interest in the welfare of the country. I have been always true to

my three principles, racial regeneration, political regeneration, and social regeneration. Those whom I have been associated with are men of noble character and high ideals. With the establishment of the republic of the five races my object may be said to have been realized. Yuan overturned the Republic, and, for the sake of the glory of his own family, did not scruple to enslave the people. This is why we consider him as the common enemy, who, at any cost, must be vanquished. Now that everyone knows who is right and who is wrong, we must march forward without hesitation, and not allow the foe to escape. Not until the betrayer of the nation has been removed will the safety of the Republic be assured. As to our future policy, those who are actively engaged to State affairs will, we venture to hope, act strictly in accordance with the real wish of the people.

It is needless to say that ambition for self-aggrandizement is entirely alien to me. My attitude and conduct in the past, which is well known to everybody, will bear me witness. Not failure—not even death—can in the least shake my faith in my principles. Fellow countrymen! Before Yuan's downfall I will join with you in your fight; after Yuan's downfall I will work hand-in-hand with you in the common duty of supervising the government. Never will we allow any person in the future to plot against the Republic. Fellow-countrymen, young and old! Listen!

THE QUEST FOR A CONSTITUTION

One certain outcome of the crisis through which China is now passing, irrespective of which of the protagonists prevails, will be the formulation of a Constitution in which, it is to be hoped, the mistakes of the past will be avoided. There has been no lack of activity on the part of Constitution-makers in China but their efforts have not stood the test of practice. Even the Manchus, with the prescience that not infrequently attends the "sun-set of life," tried to prop up their tottering fortunes with a Constitution. So desperate were they that the Constitution that they offered practically deprived them of all power and left them only the shadow of sovereignty. In many respects this Constitution was almost as liberal as the Provisional Constitution drawn up at Nanking in 1912. But the offer came too late. On the point that the Manchus had exhausted their mandate, the people were almost unanimous, and, consequently, no eleventh hour concession could avert abdication.

The Provisional Constitution of Nanking was in many ways a remarkable document. The powers that it gave the National Assembly were probably greater than those exercised by a legislative body in any country. It should be explained that the Provisional Constitution conferred these powers on a National Council which was to officiate until the convocation of the National Assembly, but in the regulations for the elections for the latter body, promulgated on August 10, 1912, it was explicitly stated that "Prior to the adoption of the Constitution of the Republic the powers and privileges of the National Assembly shall be the powers and privileges of the National Council as defined in the Provisional Constitution." This was also provided for in Article 28 of the Provisional Constitution itself.

A brief explanation of the powers that were thus conferred upon the National Assembly may be desirable. The Assembly was empowered to veto appointments made to the Cabinet by the Provisional President; to impeach the Provisional President or members of the Cabinet; to pass legislation in spite of the veto of the Provisional President. It will be seen that, in the event of a difference of opinion between the President and the Assembly, the former was practically powerless. The right of appointing members of

the Cabinet was really held by the National Assembly, as it could constitutionally withhold its concurrence with any proposals made by the President in this connection. By a process of elimination it could obtain a Cabinet composed of men entirely under its domination, and keep it in order by the threat of impeachment. The President was given no power to dissolve the Assembly, and so refer any question in dispute to the people. In short, the Constitution placed Parliament in a position of supremacy, similar to that which Parliament arrogated to itself in Great Britain during the Interregnum, until Cromwell contemptuously swept it and its pretensions out of existence.

It is unnecessary to relate in detail the circumstances which led to the suspension of the National Assembly in November, 1913. From the very outset it was evident that the Kuomintang party, which dominated the Parliament, was determined to abate no jot of its constitutional powers. Into the merits of the questions in regard to which the President and Parliament came into collision it is not essential to enter; it is sufficient to state that it was abundantly evident that progress was impossible until one side or the other was reduced to impotence. The President prevailed, the Kuomintang members of the Assembly were unseated and, as less than a quorum remained, the Assembly, in effect ceased to exist.

Although the President had temporarily triumphed, it was obvious that if the Nanking Constitution were to continue to be operative a repetition of the struggle for supremacy was almost inevitable. Consequently, a committee was appointed, to which Professor F. J. Goodnow and Dr. Nagao Ariga acted as advisers, to frame a new Constitution. This instrument made its appearance in May, 1914. By its provisions the relative position of President and Parliament were practically reversed. He was given most of the powers which, by the Nanking Constitution, were accorded to the Parliament. The right of the Assembly to veto appointments made to the Cabinet by the President disappeared, and with it the right to impeach members of the Cabinet and that of passing legislation over the veto of the President. The power of convoking, opening, proroguing or closing sessions of the Assembly was vested in the President.

The most superficial comparison of the Nanking Constitution of 1912 and the Constitution of 1914 shows that the intention of their respective framers was diametrically opposite. The Nanking Constitution sought to curtail the power of the Provisional President and to give almost unlimited power to Parliament. The Constitution of 1914 was designed to curtail the power of the Parliament and to give almost unlimited power to the Provisional President. The verdict that will be given after the dust of disputation has settled, will probably be that both sides failed to accomplish their object because of their inability to recognize that the people desired co-operation between President and Parliament and not conflict.

After her dearly-bought experience of the evil results that attend immoderation, China, it may be hoped, will insist upon securing in her permanent Constitution the judicious balancing of power upon which real progress and security depend. The interests of the country would be just as likely to suffer at the hands of an unrestrained Parliament as at the hands of an unrestrained President. The happy mean is the ideal to be sought, and if this golden fact has impressed itself upon the makers of the permanent Constitution that is shortly to be presented to the representatives of the people, as a result of the trials and tribulations of the last few years, all will yet be well. Even if the framers of the Constitution have not avoided the pitfalls into which their predecessors stumbled, the Citizens' Convention has it in its power to amend the draft, and it is to be hoped that, if necessary, it will exercise these powers with patriotic wisdom.—*Far Eastern Review*.

REPORT OF THE MARITIME CUSTOMS ON THE FOREIGN TRADE OF CHINA

1°. GENERAL.—The interference with commerce of the European war was very marked during 1915, principally owing to the scarcity of tonnage and to the rise in freights. But for this drawback it is quite plain that the year would have been one of very brisk trade, notwithstanding the unrest caused by the Japanese demands early in the year and the fears of possible disturbances when the announcement was made that a change in the form of government was contemplated. The indignation aroused by the demands led to a campaign against Japanese goods that lasted for four months in some provinces, in spite of the steps taken by the Chinese Government to stop it, and must have resulted in serious loss to Japan, as the people not only refused to purchase Japanese goods, but shippers refrained at some ports from sending cargo by Japanese vessels. By the end of September the agitation had died out, but in the meanwhile Chinese manufacturers of certain goods similar to those imported from Japan, such as candles, soap, cigarettes, matches, towels, cotton underclothing, cotton cloth, boots and shoes, mirrors, sugar, and umbrellas, took advantage of the situation to push the sale of their goods. The Chinese dealers did very well in tea, silk, antimony, and in aniline dyes which rose enormously in value and were resold at immense profit. The scarcity of chemical dyes and of synthetic indigo led to a revival of the cultivation of natural indigo, an interesting example of the rapidity with which Chinese farmers meet the demands of the market. One of the features of the trade of the year has been the increased production and ready sale of cotton yarn and cotton piece goods manufactured in China. There are now over 30 cotton mills working, with 1,029,218 spindles and 4,610 looms, and further extensions are projected. The capacity is estimated at 800,000 bales of yarn and 1,383,000 pieces of 40 yards. The Ministry of Commerce reports that there are in Honan and Shantung 16,400,000 *mow* under cotton, in Szechwan, Kwangtung, Kwangsi, Hupeh, and Chekiang 11,100,000 *mow*, making a total of 27,500,000 *mow*, with an estimated crop of 1,630,500 piculs of clean cotton. The Japanese mills are said to have working 2,414,544 spindles and 24,223 looms. From which it will be seen that while the Japanese have one loom to 99 spindles, the Chinese have one to 223 spindles. The increase in the demand for Chinese machine-woven cloth seems certain to lead to the installation of more looms, and there is little doubt that the cotton spinning and weaving industry will show rapid and extensive development in certain lines. The impossibility of obtaining money for railway building naturally resulted in an almost complete cessation of work. The influence of railways in extending trade was pointed out in the Report written last year, and it is greatly to be regretted that the difficulties should have arisen just when the importance of improving means of communication had been so clearly recognized that great extensions had been decided upon, and when so much was being done to carry out quite an imposing programme of construction. In the absence of funds to build railways, much might be done in the way of providing roads suitable for motor traffic, the value of which has been startlingly proved during the war. Such roads will, in any case, be needed to feed the railways when built, and meanwhile they would be of inestimable value in facilitating trade and in bringing all parts of the country into closer relations.

Lungkow, in the province of Shantung, was formally opened to foreign trade on the 1st November. It lies about 70 miles to the west of Chefoo, on the Gulf of Pechili, latitude 37° 40' N. and longitude 120° 20' E. The moneys in circulation consist of Mexican, Peiyang, and the new Republican dollars, marks, roubles, yen, and a variety of subsidiary coins. The Bank of China and the Bank of Communications have opened branch offices and issued bank notes. There is, in addition, a Japanese bank called the "Lungkow Bank," which has also issued notes. During the two months the importations were sufficient to show that foreign goods, especially Japanese cotton goods, are in demand, but no exports had yet appeared likely to find a market abroad.

Details concerning the course of trade during the year have been derived from the quarterly memoranda on trade sent to this department from the ports, and it will be seen that most of the factors exercising marked influence on the trade were subsidiary to the disturbance caused by war. In addition to the dearth of tonnage and high freights, which were felt at all ports, the Manchurian ports were also affected by a fall in the rouble exchange, the large withdrawal of troops from the Amur Province, the scarcity of railway stock, which was chiefly engaged by military traffic, and by the prohibition by the Russian Government in June to export many kinds of foodstuffs, as well as salt, tobacco, hay, straw, leather, hides, and copper. The winter was one of unusual severity and heavy snowfalls, which interfered with traffic, while an exceptionally wet spring and a violent gale in September ruined the cart roads and damaged the crops. Imports were checked by the low value of the rouble, but there was a noticeable increase in American and European medicines from Japan destined for Russia. The prices of many medicines rose enormously, some as much as 500 per cent., and metals were very much dearer. Zinc was three times as dear, galvanized iron sheets doubled in price, while galvanized iron wire rose 50 per cent.; iron plates and sheets, 40 per cent.; iron wire nails, 30 per cent.; copper, 40 per cent., and brass, 60 per cent. Japanese cotton goods lost in value owing to a decreased demand for a time, and were to a great extent replaced by similar goods manufactured in China, while Japanese medicines, so ably and energetically pushed by thousands of traveling Japanese pedlars throughout Manchuria, were not favored by the Chinese. Notwithstanding the supply of natural indigo, the demand for artificial indigo was so great that a rise to three times the normal price did not check importation. Belgian window glass was largely replaced by American and Japanese substitutes, and English galvanized iron by American. Flour milled in Shanghai and Hankow very largely replaced American flour, which formerly almost monopolized the Manchurian markets, as the Manchurian-milled flour, which is considered better, was not available in any quantity. Russian piece goods of certain classes were reported to be rapidly gaining favor in the districts served by Newchwang. Chinese matches, owing to the unpopularity of Japanese goods which gave them an opening, appear to be now ousting Japanese matches. Kerosene oil from the Yechigo district in Japan has made its appearance in the Manchurian markets, and is likely to enter into severe competition with the other kinds. As regards exports, there was a good demand for beans, bean cake, bean oil, wheat and barley,

but the fall in the rouble exchange and poor crops made the price of wheat almost prohibitive and checked the outflow to the Russian mills at Habarovsk and Blagovestchensk. The effects of the 1914 floods were still felt, and the constant high water interfered with the crops, while there was an outbreak of rinderpest, which led the Japanese authorities to prohibit the crossing of the Tumen River by Korean ox-carts during the continuance of the outbreak. The demand for silk cleared off the accumulated stocks, and trade in this staple was brisk throughout the year, showing a marked improvement over 1914. The timber trade was greatly assisted by the high freights prevailing, which operated against Japanese and American importations, and the general tendency of sellers was to hold out for better prices. The crop of beans is reported to have been less by 20 per cent. than that of 1914, and export was very seriously impeded by lack of tonnage and high freights. Japan bought large quantities of bean-cake to be used as a fertilizer to remedy a scarcity of sulphate of ammonia and other chemical manures wanted for the rice fields. Bean oil was wanted by America in consequence of a sudden rise in the price of cotton seed there, and there was also a good demand from Europe and Japan, but great difficulty was experienced in getting away the increased production. The following notes are of interest. A daily service of two small steamers along the Chinese bank of the Amur, from Taheiho to Nikanka (below Aigun), interfered considerably with the junk trade. Immigration is increasing and more land is constantly being brought under cultivation. The Russian Government not only stopped many exports into Chinese territory, but also commenced the levy of import duties on goods formerly imported free from China. In November the British Government, in view of the fact that, while the export of beans and bean oil from Vladivostok to neutral countries had been forbidden, no such restrictions were imposed on similar goods exported from Dairen, proposed that, pending the conclusion of satisfactory arrangements to prevent such goods from reaching enemy countries, the Japanese Government should prohibit the export of beans and bean oil from Dairen to neutral countries unless they first touched at an English port. There were various objections to this proposal and it appears to have fallen through, but the prohibition by the British Government of the re-export of cereals, etc., from England overstocked the market there and acted as a check on exportations from Manchuria. The Dairen Commissioner reports that the first pig iron was turned out by the Penkihi Colliery and Iron Mining Company on the 16th January. The annual output is estimated at 30,000 tons, valued at one million gold yen, and will be shipped to Japan from Dairen in the winter and from Newchwang at other seasons. The South Manchuria Railway Company made a call on the shareholders of four millions of yen, to capitalize various new enterprises. The passing by the Japanese Imperial Diet of a bill for the establishment of a special bank to finance Japanese enterprises in Manchuria and Mongolia was warmly welcomed in commercial circles. The Dairen Savings Bank increased its capital and was reorganized as an ordinary bank, and there is a general tendency to expansion in all banking activities. One of the pits at the Fushun coal mines was destroyed by fire. The South Manchuria Railway experimental mill for extracting oil from beans by a chemical process has been sold to Suzuki & Co., of Kobe. The process has proved to give profitable results, and the new owners contemplate the enlargement of the mill and doubling the output. It is quite evident that the trade of Manchuria will, when normal conditions prevail, show a large and constant increase, and the probabilities are that the increase will be very rapid.

Considerable interest was aroused by the announcement of the Haiho Conservancy Board that it was intended to keep the Peiho River open to navigation during the winter by means of ice-breakers, and the efforts made were completely successful until the middle of January, when the abnormally low temperature blocked the entrance and thick ice was encountered 60 miles outside the bar. Unfortunately, the shipping companies did not anticipate such a measure of success as was secured, and the number of steamers sent up was quite insufficient to cope with the amount of cargo offering. Given a moderate winter of normal conditions, the Board is confident that it will be entirely successful in future. When the season opened there was a strong demand for foreign goods, and higher freights and prices did not much affect arrivals except in the case of cotton piece goods. As the year went on prices continued to rise from the causes already sufficiently indicated; many kinds of piece goods could not be supplied at all for want of the requisite dyes, Chinese dealers were slow to realize that as long as the war continues there can be no hope of more favorable conditions, and importers found it impossible to obtain firm prices for forward delivery or to guarantee any specified time of arrival. Work on the breakwater at Chefoo commenced on the 2nd August. It is worth noting that cargo such as silk and straw braid formerly sent to Kiaochow for shipment was diverted to Chefoo, but this is hardly likely to continue now that the Chinese Maritime Customs are again established and the port is once more subject to regulations with which shippers are familiar. At Kiaochow the currency is Japanese silver yen, but coins are rarely seen in actual circulation, Japanese war notes and Yokohama Specie Bank notes being legal tender to unlimited amounts. Business is at present almost monopolized by Japanese, since the uncertainty about the future status of the port prevents Chinese and European capitalists from undertaking business on any large scale.

On the Yangtze the year opened with dull trade, but there was on the whole progressive improvement, chiefly due to good crops. The campaign against Japanese shipping and goods was for a time felt rather severely at some of the river ports, but at Hankow the authority of the Government rendered it practically abortive. Had it not been for the shortage in tonnage which hampered imports by the extra cost and made it difficult to send away exports, it is evident that the year would have been one of exceptional prosperity, especially as, with the exception of Szechwan, all the districts served by the river ports were free from serious disturbance or brigandage. Extraordinary profits were made by dealers in tea and other produce, and the rice crop was plentiful, while beans and bean-cake, ground nuts and seeds of all kinds, as well as oils, were in demand. In Szechwan brigandage was unfortunately still rife and restricted the movements of cargo and silver, a condition that lasted throughout the year; and drought so seriously injured the rice crop that the price was more than doubled. From the 1st June the Salt authorities ceased to accept the depreciated military dollar notes in payment of dues, which led to a further depreciation in the exchange value of the notes, and on the 1st September the Government commenced to redeem Szechwan military notes of 5 dollars denomination at a discount of 50 per cent., the 1-dollar notes to be redeemable at the same discount from the 1st November. The preliminary surveys of the Ichang-Kweichowfu section of the Ichang-Chengtou Railway were completed, but construction work awaits the provision of the necessary funds. The steam traffic between Ichang and Chungking has proved so profitable that more vessels will be added to the run. The demand for antimony sent the price up rapidly. Before the war antimony regulus paid an *ad*

valorem export duty on a conventional value of *Hk.Tls.* 80 per ton, whereas it paid during the December quarter at Changsha on a value of between *Hk.Tls.* 800 and 900 per ton. The export of quicksilver, required for making fulminates, was greatly stimulated. There was a brisk demand from London for sesame seed up to the 10th March, but the prohibition against all re-export of seeds, followed by an advance in freight of 75 per cent, completely stopped all business and stock accumulated until in the autumn improved shipping facilities to Genoa cleared off the stocks, which holders were anxious to get rid of and parted with at cheaper prices than prevailed in the spring. Imports showed the same symptoms as were mentioned above in dealing with trade in the North; that is to say, during the campaign against Japanese goods there was a temporarily increased demand for British and American piece goods, while Chinese manufactures made considerable headway.

In the South the piece goods trade was, as elsewhere, hampered by delayed deliveries and by the difficulty of obtaining colors to suit the market, while the shortage of dyes hindered the clearance of white and grey shirtings. There was an active demand for fancy goods at enhanced prices, but woollen goods were too dear and were also difficult to obtain from Europe, so that old stocks were gradually cleared off. Metals, also, went up very much in price. Flour was in short supply, and American prices were up in consequence of high freights. No flour came from Australia, and Chinese-milled flour found a ready sale. In cotton yarn Japanese 20's seem to have driven out the Bombay count. The campaign against Japanese goods seems to have been more effective in the South than in North and Central China, but it did not last long. Piracy on the Canton River was not quite so frequent, owing to the policy of establishing patrols and garrisoning dangerous localities. But the North River was still so unsafe for native craft that most of the freight has been diverted to the railway. Junks only travel in fleets, and engage "soldiers," who are supplied by agents guaranteeing a safe passage. The junks pay, it is said, a fee of 5 per cent. of the value of their cargo, and the agents pay the pirates to leave them alone, both agents and "soldiers" being part of the pirate organization. The disastrous floods in July, the worst ever recorded in the West River basin, destroyed the whole of the first rice crop and in some districts reduced the amount of the second crop, and also caused great loss of life. All the dikes along the West River and most of those bordering the North River were broken, and it is estimated that it will cost seven millions of dollars to repair them. The bursting of a dike on the North River about 23 miles above Canton caused the destruction of 2,000 houses in the city of Canton, and another 400 houses were destroyed by a conflagration said to have been started by incendiaries. The silk districts suffered enormous damage and the production was greatly lowered. A few direct shipments of hides from Wuchow to London were so successful that this trade seems likely to develop. Although the principal market for cassia—Germany—was closed, there was an increased demand from Great Britain and America. Antimony, which is found all along the upper part of the West River, was called for in very large quantities, and steps were taken to encourage the establishment of smelting works. The frontier ports in Yunnan also report the export of antimony. From Kiungchow there was a small export of rubber, grown in the island, and coffee is being experimented with. Three thousand nine hundred tons of manganese ore were exported from Pakhoi to Japan, and the deposits are said to be extensive but rather reduced in value by the presence of phosphorus. The heavy rain-falls that caused the floods in Kwangtung Province were also responsible for serious damage to the Amichow-Yunnanfu line by causing immense landslips. In the nar-

rowest part of the Namti Valley a whole mountain side of some 10,000 cubic tons rushed into the river, and the total damage was so great that traffic was for a time completely suspended. The whole Tonkin delta was inundated, and Hanoi was threatened, so that at one time all communication with Tonkin was stopped. Trade naturally suffered from these conditions.

2°. REVENUE.—The total collection during 1915 was *Hk.Tls.* 36,747,706, a decrease of *Hk.Tls.* 2,169,818 as compared with 1914, but better than any year previous to 1912. Of the decrease, *Hk.Tls.* 926,694 was due to reduction in the receipts from opium duty and likin, and *Hk.Tls.* 296,990 to a loss in tonnage dues, leaving only *Hk.Tls.* 946,134 as the fall in the amount of dues and duties collected from general merchandise. Import duties were lower by *Hk.Tls.* 3,571,825 and transit dues by *Hk.Tls.* 32,303; but export duties increased by *Hk.Tls.* 2,395,990 and coast trade duties by *Hk.Tls.* 262,004. From these figures it is clear that, while the Chinese bought fewer foreign goods on account of their dearthness and the difficulty of procuring them, the trade in Chinese produce was better than ever, as is proved by the fact that the export duties of *Hk.Tls.* 15,439,709 were the highest on record.

3°. FOREIGN TRADE.—The value of the direct foreign trade was *Hk.Tls.* 873,336,883, a falling off of *Hk.Tls.* 52,131,128 as compared with the value in 1914, but was still higher than in any year previous to 1913. The value of the direct foreign imports was less by *Hk.Tls.* 114,765,663, but exports increased by *Hk.Tls.* 62,634,535, and the value of *Hk.Tls.* 418,861,164 was higher than any previous record. The statistics from Kiaochow cover only four months, from the 1st September, when the control of the Custom House was restored to the Inspectorate General of Customs, and it is possible that about 14 millions of taels should be deducted from the recorded loss of trade.

(a) Imports.—The net quantity of opium imported, that is, released from bond for consumption after payment of duty and likin, was 4,447 piculs, as against 7,484 piculs in 1914. At the end of 1914 there were 5,381 chests and 23 half-chests in bond in China, 1,917 chests in Hongkong, and 18 chests afloat between Hongkong and Shanghai, and 1915 closed with 2,488 chests and 12 half-chests in bond in China (all in Shanghai) and 973 chests and one half-chest in Hongkong. The price at the commencement of the year was approximately *Shanghai Tls.* 7,000 to 7,400, which by the 31st of December had risen to *Tls.* 8,700 to 9,000. During the year the provinces of Kansu and the New Dominion (Sinkiang) were added to the provinces into which as being free from poppy cultivation, the importation of foreign and Chinese opium is forbidden under the Anglo-Chinese Agreement of 1911. Two events of interest in connection with the trade took place during the year. The first was that opium merchants agreed to pay to the Chinese Government a voluntary contribution of \$3,500 per chest on a stock of 6,000 chests. The second was the sale by the opium merchants to the Kwangtung authorities of 1,200 chests at the rate of *Shanghai Tls.* 7,100 per chest: delivery to take place by monthly instalments during a period not exceeding 18 months. On the 1st November the Kwangtung authorities established an official department, known as the Government Prepared Opium Examination Department, with sub-offices in every district, where opium was sold at the rate of \$15 per tael weight. The merchants having resigned their right to ship any further stocks to Kwangtung, this department practically constituted a monopoly, but the price charged was too high to attract the general public, who found it more economical to procure supplies through less legitimate channels.

As was to be expected, the prohibition of import and the difficulty of obtaining the drug led to smuggling on an

extensive scale. Large seizures have been made in Hong-kong and Shanghai on British vessels, but the immense rise of the price in China yields profits that more than cover the loss of a good proportion of the consignments. The result has been that regular traders have found some difficulty in disposing of the stocks remaining on their hands. Another and more serious result of the prohibition of opium has been the spreading of the morphia habit, which has led to the development of one of the most profitable trades in the country. The importation into China of morphia and instruments for its injection is absolutely prohibited, except by foreign medical practitioners and foreign druggists for medicinal purposes and under special rules, but the drug is so easily smuggled that the prohibition is practically a dead letter. Morphia is manufactured chiefly in Great Britain, Germany, and Austria, and is sent to Japan by registered post via Siberia. It is released by the Post Office in Japan after payment of import duty, which is refunded on re-export to Korea or Dairen, and now presumably to Kiaochow. No refund of duty can be claimed on re-export to China, because the importation into China is forbidden. Large quantities of morphia are introduced into Manchuria, where the evil habit is spreading rapidly, and Shantung is now in a favorable position to obtain the drug; while the commencement of morphia manufacture in Formosa leads to the expectation that the Province of Fukien will not be neglected. In Harbin the Russian authorities take rigorous steps to prevent the sale of the drug, any Russian subject found in possession of the poison being sent to prison, while Chinese offenders are handed over to the Chinese authorities. But the Russian police cannot arrest Japanese without the consent of the Japanese Consul. In the Japanese Railway Settlement of Changchun the traffic goes on quite openly. The Japanese dealers employ Chinese agents, who carry a quantity of filled syringes and give injections in quiet corners and back streets for 3 or 4 cents. In this way the deplorable morphia habit is being rapidly spread, and its effects are much worse and much more quickly apparent than those caused by opium smoking, as the victim soon becomes incapable of work of any kind. It has been estimated that the annual profits of this disastrous traffic do not fall far short of £1,000,000.

The value of cotton goods imported fell from *Hk.Tls.* 183,328,473 in 1914 to *Hk.Tls.* 149,300,513, but this comparison gives quite an imperfect impression of what the actual diminution in trade amounted to and of the embarrassments with which importers had to contend, since higher prices hide the comparatively greater falling off in quantities. White being the symbol of mourning in China, all white clothes for external wear must be dyed, and dyes were either entirely wanting or only to be had at almost prohibitive prices. Rising freights and the impossibility of fixing forward prices or time of delivery added to the difficulty of doing business, and the result is shown very plainly in the statistics of imports. Plain grey shirtings fell from 3,675,241 to 3,282,510 pieces; plain grey sheetings, from 5,766,232 to 3,046,372 pieces; white shirtings, from 4,498,304 to 3,232,273 pieces; drills, from 2,384,015 to 1,717,794 pieces; jeans, from 1,988,267 to 1,813,058 pieces. High freights from America and Europe assisted the Japanese trade, and we find a marked increase in Japanese shirtings, jeans, T-cloths, cotton flannel, cotton cloth, and handkerchiefs, the increase in jeans amounting to 500,000 pieces. While white goods were hampered by the lack of dyes in China, colored goods were handicapped by the difficulty of procuring shades wanted by the market, and the same decrease in arrivals is found throughout the list, with the exception of the Japanese goods mentioned. It may be interesting to show the way in which the dearth of dyes has reacted upon the piece goods trade. Before the invention of synthetic indigo the Chinese used vegetable indigo for dyeing white cloth;

but the results obtained were not so satisfactory as those derived from the use of the chemical product, as color and quality were variable and cloth required to be dipped at least twice before anything approaching a uniform tint was secured. The synthetic indigo, proving not only more efficient, but cheaper in use, gradually drove indigo out of cultivation, and although a certain quantity was grown last summer to meet the insistent demand, the supply was far from sufficient and the price was high. There were some stocks of aniline dyes in the country when war broke out, and the lucky holders have made handsome fortunes. The following is an approximately correct statement of the difference in the cost of dyeing per piece of 20 yards before the war and at the present time:

Before the War. At Present.

White shirtings: blue.....	\$0.25	\$2.70
White shirtings: pink and scarlet	0.10	1.50
Grey shirtings: blue.....	0.25	3.00
Grey sheetings: blue.....	0.50	4.00
Grey sheetings: black.....	1.00	3.00

It is said that the cost of dyeing cotton cloth woven in the country from imported cotton yarn is equal to the cost of the yarn and of the labor employed in weaving. Woollen and cotton mixtures and woollen goods, as also miscellaneous piece goods, show still more serious decreases, and metals were almost worse. Among sundries we notice the disappearance of aniline dyes and artificial indigo, and a falling away in needles from 2,566,599 to 399,457 mille. The Chinese shops are now charging 10 cents for two needles. Sugar was very dear and the consumption was checked, the total importation of all kinds falling from 6,266,002 to 4,776,581 piculs. American kerosene oil, owing to dearth caused by high freights and lack of tonnage, fell from 162 to 129 millions of gallons, and Russian from 7,200,700 to 857,155 gallons. Sumatra oil lost 7 millions of gallons, but Borneo oil improved by a million. Japanese kerosene oil rose from 514,470 gallons in 1914 to 1,226,263 gallons. This oil is said to be of inferior quality, but it is cheap, and as the sale will be vigorously pushed, the importation is likely to increase rapidly. The growing industry of match-making is responsible for a smaller importation of matches by three million gross. The import of timber, owing to high freights from America, fell off considerably, softwood falling from 204,075,845 to 88,372,228 square feet. Speaking generally, the import trade in all classes of goods suffered heavy diminution, not because the demand was wanting, but because the war sent up prices and reduced the amount of tonnage available for cargo.

(b) *Exports*.—As said above, the value of the exports was the highest ever recorded and it would have been higher but for the shortness of cargo space and greatly increased rates of freight. Chinese cotton goods showed a remarkable advance, and metals were in great demand. Antimony rose from 324,727 to 386,200 piculs; copper ingots and slabs, from 1,829 to 45,084 piculs; pig iron, from 991,266 to 1,596,180 piculs; tin, from 119,225 to 132,379 piculs; zinc, from 5,123 to 38,490 piculs, and unclassified metals, from 32,634 to 148,090 piculs. Beans of all kinds were taken freely, as were other foodstuffs. Fibres did well. Liquid indigo rose from 13,830 to 53,660 piculs. Bean oil advanced from 607,477 to 1,017,922 piculs, and peas from 277,350 to 403,469 piculs. Cotton seed, rape seed, and sesamum seed were shipped in greatly increased quantities. There was a brisk demand for tanned and untanned goat skins, and for other skins and furs.

As regards silk, wild silk found a ready sale and all stocks remaining over from the previous year were rapidly cleared off owing to demands from Japan and elsewhere. The crop in Manchuria was rather seriously affected by the heavy rains, which made the cocoons lighter

and dearer, and the production was less, but the year was profitable as the market was strong and good prices were realized. The total export amounted to 34,004 piculs, as against 21,072 piculs in 1914. There was a distinct revival in the demand for white and yellow raw silk, the exports being 109,093 piculs, as against 87,517 in the previous year. This result is the more satisfactory as from all the producing districts reports came of short crops of cocoons. In the Canton districts floods caused immense damage, and the price of silk was forced up to \$900 per picul. While the war caused a diminution of consumption in Europe, and brought about a scarcity of skilled workmen and also of dyes, which prevented orders for silk piece goods from being filled, the entry of Turkey into the war cut off supplies from the Levant and Central Asia, and the participation of Italy also checked business. Demand from America was strong, and it was only due to unfortunate climatic conditions that the export was not greater. All the Chinese merchants connected with the trade did extremely well.

The tea market opened in Hankow on May 15th, a week later than in 1914, and the season proved the most profitable one in the history of the port. Buyers were anxious to secure as much as possible, and quantity was more considered than quality. The commonest teas that brought from *Tls.* 12 to 17 in 1914 were eagerly taken at *Tls.* 32, and the largest profits were made in the lower grades, the best qualities yielding more modest gains. It is said that the Chinese dealers made 100 per cent. on their purchases of the first crop, and the second crop also fetched handsome prices. Quality was above the average. The same remarks apply to the Kiukiang and Foochow markets. In July the adverse effects of the low rouble exchange began to be felt, and there was a cessation of buying for Russia, which reduced prices considerably, until in November a renewed demand for the balance remaining in stock somewhat raised them again. The total exports from China were: Black tea, 771,141 piculs, as against 613,296 piculs in 1914; green tea, 306,324 piculs, as against 266,738 piculs; brick tea, both black and green, and tablet tea also showed satisfactory advances. The Chinese dealers are very hopeful about the prospects of the trade for 1916, but if they would insist on an improvement in cultivation and manufacture they would find it yield more profitable results than even the cessation of the war, upon which they base their hopes. As a matter of fact, the size of the stocks in London, and a lowered consumption, together with the great rise in the silver exchange and in freights, make it very improbable that the 1916 season will be as prosperous for them as its predecessor, and they are likely to be rudely disappointed in their expectations of equally good prices and to find, on the contrary, that their profits will be on a much more moderate scale.

4°. SHIPPING.—The tonnage of steamers entered and cleared amounted to 84,641,227 tons, being 6,485,013 tons less than in 1914. Sailing vessels showed a total of 6,021,778 tons and a loss of 836,195 tons. These figures include the tonnage of Chinese shipping, which amounted to 18,655,411 tons for steamers and for sailing vessels of foreign type and 5,503,598 tons for junks. Throughout the year there was more cargo offering for foreign ports than could be accommodated by the available tonnage, although a certain number of Japanese, Norwegian and Chinese steamers were diverted from the coasting trade to the more profitable employment. The Indo-China Steam Navigation Company removed a few of their regular coasting steamers to southern trades, but the China Navigation Company and the China Merchants' Company ran their steamers mostly on the usual routes, while the China Navigation Company employed several additional vessels on the coasting trade. All steamers on the coast and on inland waters were kept very busy, and rates of

freight advanced. The demand for tonnage for Europe, America and Australia was much in excess of the supply, and the export trade was, in consequence, considerably curtailed. There was a diminution in American tonnage of about 200,000 tons, in British of about 1,500,000 tons, in Danish of 24,000 tons, in French of 337,000 tons, in Japanese of 120,000 tons, in Russian of 32,000 tons, in Portuguese of 150,000 tons; while the Austrian flag disappeared and German tonnage fell from 4,026,493 to 58,263 tons, represented by small steamers plying on inland waters. The Dutch flag improved by 100,000 tons and the Swedish by 29,000 tons. Norwegian and Chinese remained about the same, except that there was a falling off in the junk trade.

5°. TREASURE.—Exchange ruled low at the commencement of the year, opening in Shanghai at 2s. 2½d. for the tael. It gradually rose to 2s. 4d. until July, when a drop of one penny took place until the middle of August, when it stood at 2s. 3d. From that date it rose steadily, with a sudden jump of threepence in the last half of November, and the year ended with the tael at 2s. 7¼d., a rise of nearly 20 per cent. during the year. It will be noticed in the table of treasure imported from and exported to foreign countries that the export of treasure was greatly in excess of the import, which was hardly to be expected in view of the fact that the value of the export trade was the highest on record. This may be partly explained by the fact that in the early part of the year, when trade was still dull, treasure was going away in consequence of the falling off of the exports in 1914. But towards the end of the year conditions had changed and, in spite of the higher exchange, exports were so brisk that money was required to pay for them. There was in consequence a great diminution in the stocks held by the banks, which on December 31st had fallen to *Tls.* 39,439,000 and \$17,500,000 in Shanghai, as the money had been drawn out to go up country to pay for produce. The plausibility of this solution is supported by the fact that gold has been returning since the close of the year, and at the time of writing is still coming in. As regards gold, which in China is not used for currency and is bought and sold like any other commodity, there was a profit to be made by selling owing to the demand caused by the war, and the Chinese speculators bought largely. It is said that there was a considerable exportation both from China and Japan to supply a shortage in America. Russia took *Hk.Tls.* 8,388,224 in silver for coining purposes. Half the movement of treasure was between Hongkong and Chinese ports, and treasure held in Hongkong may be regarded as remaining in China. The copper coins mentioned in the table as exported were Japanese copper cash, sent back from Hankow.

6°. MISCELLANEOUS.—About 15 years ago a training college was established in Shanghai by the Japanese, known as the Tungya T'ungwên Shu-yüan, which was assisted by Government funds. The students, of whom there are at present about 300, are specially trained for work in China. The college course lasts for three years, and 900 students have already passed through and are now at work in different parts of China, pushing their country's commercial interests. A large site has been secured at Siccawei, and new and suitable premises are to be erected shortly. In 1908 the value of Japan's direct trade with China was *Hk.Tls.* 89,620,908, and in 1915 it amounted to *Hk.Tls.* 197,926,331, without including the unrecorded trade at Kiachow during eight months of the year, probably worth another 14 millions. From which it would appear that results have fully justified Japanese methods and developing trade.

F. E. TAYLOR, *Statistical Secretary.*

INSPECTORATE GENERAL OF CUSTOMS,
Shanghai, April 4th, 1916.

JAPANESE COTTON INDUSTRY

By MR. E. F. CROWE, BRITISH COMMERCIAL ATTACHÉ AT
YOKOHAMA.

Imports of raw cotton again increased in 1915. Detailed Customs returns are not yet available, but up to the end of November, 1915, imports amounted to 6,736,000 piculs valued at 200,657,000 yen as against 5,666,000 piculs valued at 199,737,000 yen for the same period in 1914. American cotton showed a proportionately large increase from 1,043,000 to 1,439,000 piculs, while Indian cotton rose from 3,982,000 to 4,642,000 piculs. For this the increased demand for medium and finer counts referred to later is responsible.

The disturbed conditions in China which discouraged forward transactions in yarn prevented the mills from buying more than their immediate requirements during the first part of the year. But the Indian market not being influenced by the conditions which operated to send American prices up did not show the same power of recovery for some time and when trade prospects began to brighten in March and April Japanese spinners came forward and bought largely until prices went up and sales were checked. The mills adopted a similarly cautious attitude in their purchases of American cotton, but were able to take advantage of the slump in prices in the summer of 1915 to lay in stocks before the big rise in September. The prices of yarn moved in close sympathy with those of raw cotton, but the mills being well supplied with capital were little affected by its immediate fluctuations. Twenty counts which were quoted at yen 94 in January were at yen 122 by the end of the year.

The state of the Chinese trade in one sense determines the welfare of the Japanese spinning industry, as though the home demand is larger, it is steady enough to cause little anxiety, raised or depressed by temporary conditions but expanding constantly. The China market, on the contrary, is very sensitive and has shown itself liable to sudden fluctuations in recent years. Time and again when the Japanese export trade to China has apparently been on the eve of striking development, a change in the situation has upset calculations. In April, 1915, exports of yarn and piece-goods to China seemed to be booming. The steady rise in American cotton had been reflected in the recovery of the price of yarn and with a rising market, and China apparently ready to buy, the outlook was promising. All expectations, however, were falsified by the crisis which arose between the Governments of Japan and China and the boycott which followed its settlement. Not till August did trade recover from the blow which had been dealt it.

At the same time, conditions in China favored the local spinner, first the abundant crop of Chinese cotton and secondly the fall in the price of silver. Chinese competition in the coarser counts was accordingly severe. In medium and finer counts and in piece-goods, however, Japanese merchants profited by the stoppage of German goods and possibly also by some slackening of imports of Manchester goods to advance their position. The net result was that while exports of counts up to 20 declined slightly for the first eleven months of 1915 and counts over 20 grew, the total was only slightly in excess of that for 1914. The exact figures were:—

	1914.	1915.
Up to 20.....	129,825,000 kin.	126,337,000 kin.
Over 20	18,056,000 "	23,961,000 "
	147,881,000 "	150,298,000 "

Over 86 per cent. of these exports went to China and Kwantung and 12 per cent. to Hongkong.

If, however, these figures are compared with the same period in 1913 then it will be seen that the growth has been striking, the export then amounting to 124,000,000 kin.

The home demand was good and would have been better but for the low prices of rice and raw silk in the first half of 1915. The high price of dyes which raised the cost of the finished goods also checked sales after a time. Raw silk, however, recovered and the price also rose in sympathy with the general appreciation in prices. Furthermore, the burst of prosperity which has followed the sudden expansion of exports and the general tone of optimism are regarded as ensuring increased sales.

Conditions being as stated, while the spinning mills realized good profits in 1915, it could not be regarded as one of their best years, though spinners of fine counts were very successful, particularly as in addition to causes already stated the demand for fine counts for knitted goods was great. In August, 1914, the panic in the yarn market caused by the outbreak of war brought many dealers to the verge of bankruptcy. Meanwhile the output of yarn had increased considerably with the installation of new spindles and during the whole of 1915 it was necessary to curtail output, 20 per cent. of the spindles being sealed during the first seven months and 10 per cent. during the remainder. The mills have agreed to resume normal working from February 1st, 1916. The present output is about 160,000 bales per month and it is estimated that full work will bring this up to 165,000 bales. Now the home consumption has gone from 85,000 to 95,000 bales per month. Exports averaged 50,000 bales in 1915 in spite of adverse conditions making a total of 145,000 bales. The balance of 20,000 bales should, it is expected, be covered by increased sales at home and in China. With regard to the latter, the decreased crops and the rise in the price of silver if maintained will render the position of the Chinese spinner much less favorable than in 1915, or so it is supposed. Other factors are the rapidly increasing trade in piece-goods and in knitted goods. That the outlook is regarded as promising is shown by the fact that extensions at present planned amount to at least 300,000 spindles. There are now some 2,800,000 spindles in all.

In the export of cotton piece-goods, the effects of the war were favorable to Japan and the mills are reported to have made big profits in the sale of shirtings and drills. From May, 1915, the diminution in stocks in Shanghai created a demand for Japanese goods which increased steadily during the year. The mills, however, adopting the view that prices would go higher, showed no anxiety to push sales. This attitude appears to have been justified by results and prices of shirtings and jeans were maintained at a high level. In the case of the latter, Japanese goods had with difficulty succeeded in obtaining a footing prior to the war, but, as the result of the altered conditions, they assumed a position of some importance. Jeans were also sent, though in small quantities, to India with which a considerable trade in shirtings was done. Japanese mills, therefore, had every reason to be satisfied with their trade in piece-goods; ordinary sheetings and drills have been done in good quantities in the past but the export of shirtings and jeans constitutes an advance of some importance. Besides grey shirtings, bleached and dyed goods were the subject of enquiry. It is reported that at the beginning of 1916 the mills stand in the comfortable position of having sold their output for six months ahead and there is a general impression that the position that they have gained in the cotton piece-goods markets of China and India is one which they will keep.

Two other lines of export are imitation nankeens and cotton flannel. Both of these benefited by the war.

[Note.—1 Kin = about 1 1/4 lbs.; 1 Yen = about 2s. 1d.]

TRANSPORTATION IN CHINA

FROM AN ADDRESS BY MR. SIDNEY J. POWELL, A.M.I.C.E.,
F.R.G.S., BEFORE THE ENGINEERING SOCIETY OF CHINA.

China is full of heart-breaking instances of waste of power and misdirected energy, which, under an honest and really patriotic administration, could be turned by engineers into channels of national content and wealth. When one has actually seen what has been done in countries like Egypt and India by railways and improved waterways, in bringing contentment and well-being to the inhabitants, to turn to China and see her infinitely superior resources running to waste makes one despair.

The world now is too much everyman's land for China to stand out. Transportation facilities have opened the whole world up to universal trade. It is for China to do her own developing. If she does not do it herself, it will be done for her.

While there is yet time, let her do it herself by honest administration of funds for the country's welfare; if not, she will lose inevitably those "sovereign rights" of which she is so tenacious, but which she has no right to retain if she does nothing to deserve them. It is modern justice, and modern justice will prevail.

No country in the world, calling itself a civilized country, has such poor means of transportation as China, and this is the result of China's attitude in the past towards Western nations. Whilst the West has been for the last two centuries hurrying up the passage of people and merchandise from point to point, China has stood aloof, content to let the outer world go on rushing about while she drowsed on and lived on her means.

To get paying results a knowledge of practical things is absolutely necessary and the Chinese have not the necessary technical knowledge, or, rather, do not as yet know how to apply that knowledge. The Chinese have very few engineers at present, but they have a great respect for engineers, much more so than for commercial men, whom they can beat at their own game. They realize that technical men know something and apply their knowledge in a way which, in its results, is startling to a people who have been used for so many centuries to getting about on foot or in wheelbarrows and to grinding their corn and weaving their cloth by hand power.

There have arisen in China many enlightened Chinese who know now that it is the duty of their nation to take their place in the world in endeavoring to improve the lot of the struggling agriculturist and merchant who have been handicapped so much by the lack of means of getting the result of their labors on to a market. A nation which takes no pains to improve the lot of its inhabitants is doomed to extinction nowadays. They must all come in or go under.

The present world catastrophe is due to an attempt to bring under one control the world's resources and the nations of the world must see that this **cannot** happen again, making sure that their peoples are given every

opportunity of developing their resources and improving their position commercially, so that, out of the wisdom to be gained by taking part in the world's trade, they may be fitted to aid in world councils for the peaceful development of the world's resources and, in the unity of opinion thus gained, prevent any upstart taking advantage of the world's confidence. The only protection against war is a healthy and prosperous population. China is a very long way behind in the question of the amelioration of the masses, the sufferings of some of her population are intense. The industrious poor in Europe have opportunities for betterment provided for them—those in China hardly any, and the way to provide for the betterment of the masses is to provide them with cheap and speedy transportation. This can be effected by railways and improvement of waterways for boat traffic.

After referring to the number of utilities created by railways, the production of raw material and the concentration of finished goods which they make possible, Mr. Powell pointed out that the railway systems at present working in China covered a mileage of over 4,000 miles and there were some thousands of miles under construction or projected. Some of these existing railways had been built at great cost and were over-capitalized, largely owing to the ridiculously high cost of obtaining permission to build them and this, whilst an evil and tending to arrest development, had its bright side in proving that railways in China are paying concerns despite adverse financial conditions. If they were not, there would not be such a scramble to get and pay for concessions to build them.

Mr. Powell then proceeded to speak of a number of rich districts which might greatly be benefited by having narrow gauge railways built as feeders to the existing regular (4 feet 8½ inch) gauge railways or to the waterways. These narrow gauge feeder railways only cost from £800 to £1,000 per mile as against about £10,000 per mile for the broader gauge road and the light gauge road could carry, if worked up to its fullest efficiency, as much traffic as any railway in China was at present carrying. When the light railways began to approach their full carrying capacity they could be converted into wide gauge roads, and the latter then double tracks.

He advocated two or three such railways connecting the rich pastoral district north of the great wall in Chihli, to feed the Chinese Government Railway which runs along the coast of the Gulf of Pechili. Two or three in Northern Shansi, connecting to the Pehau Railway in Shansi and the main trunk line in Chihli and Honan. Two or three in Southern Shensi, connecting with the above railway at the capital Sianfu. Every province in fact would be benefited by having these inexpensive railways.

It could be an excellent object lesson for the rest of China if such a railway were built from Wuhu to Shang-

hai. This railway could bring most of the down river traffic into Shanghai, cutting off the roundabout route via Chinkiang—avoiding the dangerous passage through the quicksands at the Lanshan Crossing and the navigation and heavy pilotage charges up the Whangpoo to Shanghai. Such a railway would effect a saving of at least two days in the down journey from Hankow.

Another instance of the lack of economy in transportation in China, the lecturer said, was the way in which cargo was handled at Shanghai, Tientsin, Hankow, etc., especially in respect of the amount that went backwards and forwards over the foreshore when sold to an up-country buyer. The remedy was that the railways should be connected to the wharves and should have large areas with bonded godowns and open storage places to which all their roads would connect and the cargo that the railways and steamers brought in should be bought and sold out of these rail-connected areas.

After referring to the wonderful work achieved in India and Egypt by light railways and agricultural roads, of which there are in Egypt some thousands of miles, Mr. Powell dealt with water transportation; and, in passing, referred to the possibility of installing hydro-turbines in the Yangtze Gorges which would furnish power for operating locks and supplying cheap power for railways in central China; such works being combined with locking facilities on the river itself, thereby removing the great navigation dangers and opening up a great waterway to the richest province in China, namely Szechuan. In spite of the natural advantages enjoyed by China in the matter of waterways, there were intolerable limitations to their use. For example, the draft of a vessel must not exceed 6 ft. if it was to proceed beyond Hankow to Ichang. It must not exceed 2 ft. if it was to get to Changsha during several months of the year, and Changsha was almost as rich a trade centre as Canton, it is certainly a much finer city. Numerous other instances were quoted, pointing to neglect of opportunities which if taken might prove of inestimable advantage.

NEW RAILWAYS IN NORTH MANCHURIA

(From The Far Eastern Review).

An important agreement was signed in Peking on March 27 last between the Russo-Asiatic Bank, represented by Mr. L. de Hoyer, and the Chinese Government, represented by Mr. Liang Tung-yen, the Minister of Communications, and Mr. Chou Hsushih, Minister of Finance, for the construction of a railway connecting the cities of Harbin, Mergen, Aigun, and Tsitsihar, in Northern Manchuria.

As is well known Harbin is an important city at the junction of the Siberian Railway and the line running south to Changchun and thence to Dalny, while Tsitsihar is connected with the Siberian Railway by a light line which will be taken over under the agreement just signed. Mergen is a little more than half way between Tsitsihar

and Aigun, which is on the Amur River. North of Aigun, on the opposite side of the Amur, is the city of Blagoveshchensk, which the new railway is destined to serve. Connection will be made by means of ferry boats with what is now the village of Heiheifu, opposite Blagoveshchensk, where the railway will terminate.

The total length of the proposed railway is approximately 1,000 kilometres. It will link up the Siberian railway with the Amur River, and will consolidate Russian interests, and incidentally develop great areas of valuable territory, in North Manchuria. An interesting point is that it will cover the northern section of what is known as the Chinchow-Aigun project, the agreement for which is held by the American Group of Bankers, but which was rendered void by the energetic protests of Japan that the proposed line would parallel the South Manchuria Railway.

The agreement is for a loan of fifty million roubles, and any additional amount which might be required to complete the project, the loan to be floated when financial conditions may permit after the war, and in whatever markets the Russo-Asiatic Bank may deem money to be available. The agreement is regarded as an improvement on other railway agreements in China where the interests of the financiers are concerned with control of expenditure, etc., while the Chinese Government gains a distinct pecuniary advantage owing to an arrangement being made whereby the working of exchange cannot be so disastrous as in the case of other railway loans. Roubles being current in Harbin there will be no need to transfer the money first to Shanghai where it would have to be exchanged into sycee and thence back again into roubles on transfer to Harbin. The whole of the capital as required will be sent direct from Russia to Harbin, the Chinese Government gaining advantage by the simplicity of the procedure. The bondholders receive ample protection in the usual way by having the line, etc., as security, by the employment of qualified engineers and accountants, etc., and in addition by the arrangement that the earnings of the railway shall be deposited in branches of the Russo-Asiatic Bank.

The idea of building a railway from Harbin to Aigun has long been entertained by the Chinese authorities in the Province of Heilungchiang (or Tsitsihar) as well as by the commercial people in Aigun, Mergen, Harbin and other centres in Northern Manchuria. In April, 1910, the Provincial Assembly of Heilungchiang drafted a scheme, which was approved by the Governor of Tsitsihar, for the building of a line from Harbin to Heilunfu (or Tunkan, as it is called in Russian) which lies some 210 kilometres northwest of Harbin. It was intended to form a Limited Company with a capital of Tls. 3,000,000, and it was hoped that local merchants and residents would subscribe the necessary amount. The Governor sent representatives through the district to popularize the idea, and in 1911 regulations for the foundation of such a company were published, the company to be called the Lan-Har Railway Company. Engineers were instructed to make the necessary surveys, but up to the end of 1912 an

amount not exceeding \$100,000 was all that was raised by private subscription, though the Peking Government was induced to promise a subsidy of Tls. 1,000,000 without interest.

In 1913 the question was again brought before the Provincial Assembly of Tsitsihar, some members being energetic and sanguine in their advocacy of the scheme. In their speeches they particularly emphasized two points, one that if the Chinese built the railway themselves foreigners would thus be prevented from asking for the right to construct it, and another that the railway would facilitate the movement of troops and thus serve to check the raiding Hunghutzes, or brigands, who were often used as a pretext by foreigners to interfere in China's administration in Northern Manchuria.

The project of 1910 contemplated the building of a narrow-gauge railway, while the second one had in view a line of standard gauge, as in use in China. As, however, the most sanguine advocates of the scheme had to admit that they could not raise sufficient capital to carry it out in its entirety they suggested to begin by building the line from Harbin to Hulanchen, about 20 kilometers from Harbin, and from there to Hailunpu, about 175 kilometers from Harbin.

This railway was estimated to cost \$7,000,000. It was hoped that with assistance to the extent of Tls. 2,000,000 from the Peking Government the balance could be found locally. The Central Government, however, did not seem to be disposed to advance that sum, probably having some doubt as to the capability of local people finding the balance.

For about two years the scheme showed no signs of development. The Russo-Asiatic Bank then offered to furnish the necessary capital, and the Minister of Communication in Peking entered into negotiations with Mr. L. DeHoyer, the representative of the Bank in Peking. Negotiations began in August, 1914, and lasted until March 27, 1916, when the agreement was signed.

Apart from its value to Russia as a means of consolidating the interests of that nation in Northern Manchuria, the railway will open up an extensive region of valuable country, and will materially assist the work of colonization set afoot by the construction of the Chinese Eastern Railway. Before the building of that line virtually the whole of North Manchuria was a wild uncultivated country. The very sparsely populated areas about the Sungari River and its affluent the Hulan River were the lands of the Mongolian tribesmen known as the Horlos, while further north came those of the Olots, and still further north towards Mergen those of the Dairs. In the smaller Khingan mountains were tribes living on the chase, and only the extreme north along the Amur River were there a few settlements of Manchu Bannermen. At this time there was only one small town worth mentioning, except Aigun, on the Amur River, and that was Heilungcheng on the Hulan River.

With the construction of the Chinese Eastern Railway great numbers of workmen and coolies were transported from China, mostly from Shantung Province. They earned comparatively large wages, and settled down in proximity to the railway. Thus were created the first districts in the zone of the Chinese Eastern Railway to the north of Harbin, the districts of Hulanfu, Suihuafu and Hailunfu. The advent of Chinese settlers caused the Mongol tribesmen to be pushed gradually farther and farther westward towards the Barga, and with their withdrawal the rich lands watered by the Sungari and Hulan Rivers were put under cultivation.

Immigration was developing most satisfactorily when the Boxer rising of 1900 put a stop to Chinese progress in this part of the Empire for six or seven years. In the last years of the Manchu *regimé* a sound and serious

scheme of emigration was launched by the Peking Government, in accordance with which, as is well known, Inner Mongolia, some parts of Turkestan and Manchuria had to be colonized by Shantung, Hunan, and other Chinese peasants. The Governor of Tsitsihar had to follow regulations issued by Peking, but the greatest facilities were accorded to colonists, enabling settlers to push northward until Heilunfu was reached. The Province of Heilungchiang (Tsitsihar) was divided into the six districts of Heilungchiang, Suihuafu, Heilengfu, Mergen, Heiheifu and Aigun, roads were built between the district towns and telegraph lines were erected. In 1909 the old system of government under a Tartar General was abolished and a purely Chinese administration was inaugurated.

Most of the colonists naturally busied themselves in agricultural pursuits in the country lying between the Chinese Eastern Railway to near the town of Mergen. The richer lands lie near the Sungari River and its affluents, the Hulan and the Tunkan Rivers. Further to the north of Mergen the land becomes poorer, but on the whole may still be considered fertile. Wheat, barley, oats, beans, kiaoling, maize and other cereals flourish, the average crop per acre being 1,440 lbs.

The northern region, which has as its center the Amur River, is less rich from the point of view of agriculture. The winters are very cold, the summers short and the rainfall heavy. Wheat and oats are, however, grown with some success but the crops are about half that of the southern section. Insofar as other products are concerned there are deposits of graphite north of Suihuafu, and near Mergen on the River Hunhai are coal fields. Between Mergen and the Amur River there are extensive forests, while precious metals exist in the mountains.

Although the location of the line has not yet been made it will probably have a length of 725 kilometers between Harbin and Heiheifu, and will connect the following towns: Hulancheng, Suihuafu, Heilunfu, Erkeshan, Dadun, Mergen, Aigun, Heiheifu. The railway between Harbin and Heilunfu would pass about 75 villages or settlements, while in the following 200 kilometers settlements of colonists would be tapped, though they are far from being dense. To the north of Mergen the population becomes scarcer. It was estimated about two years ago that the region through which the railway will pass had a population of about 2,000,000, while 3,000,000 acres were under cultivation. The experience of the Chinese Eastern Railway indicates that with the construction of the new line great numbers of people will settle in the vicinity.

The products of this region have up to the present time been transported to markets in junks and tow-boats down the Hulan and Tunkan Rivers to the Sungari River and Chinese Eastern Railway. To reach the market from Tsitsihar the products go down the Noni River to the Chinese Eastern Railway.

Between Tsitsihar and Mergen the railway will follow the valley of the Noni River, and will tap a country already largely cultivated.

The development so far undertaken in the territory would be sufficient to make the projected railway pay between Harbin and Mergen, but the section between Mergen and the Amur River is not likely to pay until colonists take up the land and develop the natural wealth. It is fair to estimate, however, that within three or four years after the opening of the line there will be sufficient freight to balance expenses. In addition to the products of the country the line will also carry from the south imports, such as machinery, cotton goods, tobacco, salt, paper, and other supplies for the colonists. Great need is felt for such imports owing to the present difficult means of transportation causing prices to be excessive.

TWENTY-FIVE YEARS OF CONSTITUTIONAL IMPERIALISM IN JAPAN

FROM AN ADDRESS BY PROF. E. W. CLEMENT BEFORE THE
ASIATIC SOCIETY OF JAPAN.

Readers must not expect to find in the Japanese political system such popular rights and privileges as they enjoy, or such as the English enjoy, under a constitutional monarchy. It must be remembered that the Japanese Constitution was framed principally from German models, as best suited to the conditions in Japan at that time. The American Republic and the British Empire were too radical in their political constitutions to be followed by a nation emerging from centuries of feudalism and absolute imperialism. The modifications of imperialism could not be too extreme or too sudden but must be slight and gradual. The people, as a whole, must be educated up to the point where they could understand and appreciate, not only political rights and privileges, but also political duties and responsibilities. Fukuzawa, the great commoner of Japan, once wrote as follows: "Owing to the peculiar customs which have for so long existed, we are not at all sensitive about our privileges and our rights." The Japanese people needed to be gradually educated up to an appreciation of popular rights and duties. Thus the Constitution was to be, in a sense, the schoolmaster to lead them to constitutionalism.

THE IMPERIAL PREROGATIVE.

The sovereignty of the Emperor is the fundamental principle of the Japanese Constitution. Article I reads as follows:

The Empire of Japan shall be reigned over and governed by a line of Emperors unbroken for ages eternal.

The late Prince Ito, the chief compiler of the Constitution, in his "Commentaries on the Constitution of the Empire of Japan," says of this article: "It is meant that the Emperor on his throne combines in himself the sovereignty of the State and the government of the country and of his subjects."

The "divine right of kings" was carried to such an extreme in England that Charles I. lost his head; but, in Japan, the "divine right of the Emperor" is acknowledged to a degree of which no Stuart ever even dreamed. Ueyehara, in his "Political Development of Japan," sets forth that very vividly, and asserts that the Emperor of Japan can use "more effectively than Louis XV" the latter's famous expression "*L'état c'est moi*."

It is really unthinkable that any Japanese Emperor could ever suffer the fate of Charles I. of England. It was this idea of imperial sanctity that made people discredit at first the report of the anarchist conspiracy of 1910. It must, however, be acknowledged that even the Emperor is not always exempt from being the subject of discussion. And yet, on the whole, he is generally considered sacred, so that attempts to drag him into politics are resented. An apparent attempt to utilize an Imperial Rescript by the new young Emperor for partisan purposes is believed to have ruined Katsura's last ministry in 1913. And the failure of Saionji at that time to make the Seiyukai yield to what was said to be the Imperial desire in that case is thought to have compelled him to give up the leadership of that party and retire to private life.

Dr. McLaren, in a lecture before the Asiatic Society of Japan, spoke as follows on this point:

"The tremendous prestige of the Imperial name had been used continually for the defense of the government

. . . The divine descent of the monarch had been made to bear the whole burden of the oligarchical form of government. . . . The oligarchy and the monarchy had been merged into a single governing power, which continued to exist through the reverence of the people for the throne."

This idea of the sacredness of the Imperial name has given rise to some ridiculous instances of so-called *lèse majesté*. For instance, the Ministry was censured in 1893 "for its carelessness in maintaining the dignity of the Crown." What happened was that an English lawyer, counsel for the Japanese government, in a case before the English consular court at Yokohama, merely used the name of the Emperor in his plea!

There is one peculiar constitutional provision which requires special notice under this topic of "The Imperial Prerogative." The Constitution cannot be amended unless a project to that effect is submitted by Imperial Order to the Imperial Diet. Then, in neither House can an amendment be debated unless two-thirds of its members are present, and no amendment can be passed unless two-thirds of the members present approve (Article LXXIII). It explains why the Diet cannot initiate an amendment by saying that "the right of making amendments to the Constitution must belong to the Emperor himself, as he is the sole author of it." But, just as the late Emperor, now known as Meiji Tenno, granted the Constitution in response to a desire or a demand, so doubtless any prudent Emperor will heed public opinion with reference to amendments.

It may be said, in general, concerning the Imperial authority in Japan, that, while nominally and theoretically it is not limited, yet practically it is somewhat limited. Ueyehara says:

"Neither custom nor law, written or unwritten, nor the Constitution limits his ultimate sovereign power. He is the Supreme Lord and absolute Master of the Empire."

Yet the Emperor does not interfere in the actual administration of affairs; he reigns but he does not rule. The late Emperor took a deep personal interest in the affairs of State, but never showed the slightest desire to exercise "personal rule." It is, therefore, not difficult for an Emperor, unless he is a man of strong personality, to be at the same time an "absolute monarch" and an absolute figurehead. That was often the case in old Japan; and it is not an impossibility even in New Japan. Ueyehara affirms most positively that "it is not the personality of the Emperor. . . upon which the strength and the value of the Japanese monarchy chiefly depend," and he claims that it is "the unique history and tradition of the Imperial Throne." But we make bold to say, even in opposition to a Japanese, that the personality of the Sovereign is of special importance. It is possible that, in general, the Imperial personality weighs more than the individual personality. But, in the case of the late Emperor, Meiji Tenno, his own personality, in the sense of his individuality, was no small element in the loyalty and patriotism of thousands of his subjects. And it is not an invidious comparison to state that the feeling toward the present Emperor does not seem as yet to be the same as that toward his illustrious father, Mutsuhito the Great.

PUBLIC OPINION.

One of the most significant phases of the political progress made in New Japan during the past twenty-five years of constitutionalism has been the development of an expressive public opinion. During the feudal system, there was, from one point of view, no public opinion; or, at the best, it was very narrow and local in its sphere of action. But along with the granting of popular rights and privileges, with the spread of education, with the growing importance and power of the press there has been a most gratifying evolution of public opinion. It is true, "and pity 'tis, 'tis true," that often the most evident manifestation of that opinion has been in mob violence. But, in spite of that unfortunate, though perhaps inevitable, concomitant, public opinion, as expressed in the press and on the platform can no longer be ignored, but must always be taken into consideration. And the Japanese press, in spite of the existence of "yellow journals," is a creator and expressor of sound public opinion.

There can be little, if any, doubt that it was nothing but the power of public opinion which overwhelmed the Katsura Ministry in February, 1913, after less than two months of official life. And it was likewise the fact that public opinion held the Yamamoto Ministry responsible for the naval scandals which forced that Cabinet out of power in March, 1914, in spite of the fact that it was supported by the Seiyukai with a big majority in the House of Representatives. And it was public opinion which upheld the Okuma Cabinet several months against that hostile Seiyukai majority and finally, in the election of March, 1915, completely turned the tables and gave Okuma a big majority. Of course, public opinion is likely to be more or less fickle and sometimes even unjust. In 1913 the Seiyukai members of the House of Representatives were the popular idols on account of their resolute opposition to Katsura; in 1914, because they supported the Yamamoto Cabinet, they were in danger of suffering personal indignities at the hands of a mob, and had to be specially protected from violence. Verily, the populace are iconoclasts as well as hero-worshippers.

It goes without saying that public opinion in Japan would be more powerful, as well as less violent and more regular, if a larger number of people possessed the electoral franchise. The number of electors has, it is true, increased considerably in twenty-five years, as may be seen from the following statistics:

1890.....	453,474
1892.....	460,914
1894.....	464,278
1896.....	467,607
1898.....	501,459
1902.....	983,193
1904.....	737,788
1908.....	1,558,676
1912.....	1,550,978
1915.....	1,546,241

The increase in 1902 was due to the lowering of the property qualification. The decrease in 1904 was due to the lowering of the land tax. The increase in 1908 was due to the extension of the electoral franchise to the Hokkaido and several new urban districts. The increase in 1915 was due to the extension of the franchise to Okinawa prefecture.

One discouraging feature has been that so many of the electors did not exercise their privilege. An improvement in this respect would doubtless follow the complete establishment of party government and a wider extension of the franchise. The election in March, 1915, indeed showed a marked improvement. Whereas the average rate of

non-voters among the electors was almost 12 per cent. in 1898, almost 14 per cent. in 1903 and 1904, over 14 per cent. in 1908, and over 10 per cent. in 1912, in 1915 it was only about 8 per cent. These figures are eloquent.

The following are the full statistics of the election of 1915:

Number of electors.....	1,546,241
Number of non-voters.....	121,548
Number of voters.....	1,424,693
Number of invalid votes.....	7,557
Number of valid votes.....	1,417,136

These figures show that a larger proportion of the electors than ever before appreciated the value of the "precious one vote."

* * * * *

In the campaign of 1915, speech-making was a more prominent feature than ever. Ozaki, Minister of Justice, and the Premier himself actually "took the stump!" One unique feature of the campaign was the sight of Okuma, on a trip westward by rail, making short speeches from the car window at important stations! Another unique feature was the fact that, at many places where the presence of Ozaki or Okuma was impossible, their "tinned speeches" were heard from the phonograph! And an opposition candidate went one better by letting Ozaki speak through the machine but stopping it every few minutes to answer Ozaki's points! There certainly never has been such a "popular" campaign.

"Now we can witness the dawn of real Constitutionalism in Japan."

Dr. Ukita, editor in chief of the great monthly magazine, Taiyo (Sun), has discussed in quite an interesting manner the change of methods in national elections. According to a summary of his article, he expressed the opinion that there have been three periods, those of robbery, jobbery and beggary. In the first period, violence was used to a large extent; in the second period, bribery rather took the place of violent method; and in this third period, the methods resemble those of begging an election.

If we turn to consider the work of the Diet, we find one phase quite in line with what is going on in the national assemblies of other countries. The real business of each House is being done in the committee rooms rather than on the floor of the House. Ueyehara remarks on this point:

"The government has invented a doctrine called 'the principle of *fugen jikko*, or practice without discussion.' But the discussions in each House are not necessarily checked; the oratorical displays are not shut off; but the decision is often left to the calmer consideration of a committee instead of the excitement of a debate."

The House of Peers is a troublesome element in the political world of Japan. Ueyehara claims that it is "a great obstacle to the proper development of constitutional government." But he rightly acknowledges that "the real usefulness of the House of Peers" will be more evident, if "Ministers become responsible to the House of Representatives."

In spite of the fact that mob violence is too frequent, there has been a great growth of the power of public opinion. There is even a trend toward democracy, not so much in form as in spirit. Some writers go so far as to assert that there is no public opinion, in the true sense of the word, that there is only mob opinion. But others believe that they see in mob violence only an unfortunate mode of expression of real public opinion; and they think that, with less official repression, there will be less public violent expression. They write about "the awakening of

the people"; of the "tendency toward popular government" as "steadily growing strong," and they claim that "on the whole, it must be admitted that Constitutionalism has made marked headway." They assert that the time has passed when the Japanese nation would follow the lead of one man "as sheep follow the shepherd." The development of such public spirit is no small result of the past twenty-five years.

In conclusion, it is interesting to notice how the Japanese seem to have united and harmonized various forms of government. They have not adopted but rather adapted what they found useful in other political systems and have harmonized all with Imperialism. The Emperor is still nominally and theoretically the head of the Empire, the sole sovereign; but he has voluntarily given away some of the administrative functions to an Imperial Diet, partly representative in its nature; and he has permitted a large measure of local self-government. In other words, the Japanese have evolved a form of constitutional government which theoretically recognizes the "divine right" of the Emperor to be absolute in his realm, but in practice gives to the people an increasing measure of administration with such representative institutions as an Imperial Diet and local assemblies. McLaren says:

"A Constitution which is obviously a compromise measure, or a system of government, which combines the three hostile elements of an absolute monarch, a bureaucratic oligarchy and a representative legislature, is not likely to be permanently satisfactory to a nation."

The Tokyo Nichi-Nichi Shimbun says:

"Our political system is neither monarchical nor democratic, neither bureaucratic nor parliamentary, neither militaristic nor anti-militaristic. These six elements are put together in an unharmonious conglomeration."

This is the record of twenty-five years of "Constitutional Imperialism in Japan." It is "imperialism" in origin, in essence, and in substance, in theory and in fact; but it has been, is being and will be, greatly modified by "constitutional" elements. It may never be reversed to "Imperial Constitutionalism"; but it is quite likely that the "imperial" features will grow smaller and weaker, while the "constitutional" elements will grow larger and stronger. This will come not by revolution but by evolution.

THE FAR EASTERN BUREAU AND JAPAN

In the June number of the JOURNAL OF THE AMERICAN ASIATIC ASSOCIATION there was reproduced from the *Japanese-American News* an article entitled "Foreign Propaganda in America," coupling the names of Professor Jeremiah W. Jenks and The Far Eastern Bureau with what was characterized in this article as a "campaign * * * more unmanly than unjust" against Japan and the Japanese. The *Japanese-American News*, among other things, said: "They seem to think that in order to arouse America's sympathy for China they must destroy the friendship which the Americans now entertain toward Japan. To attain this end, they have been painting Japan in the blackest colors. They have been ferreting out every fault and defect about Japanese character, Japanese manners, Japanese civilization." Towards the conclusion of the article, and after a laudation of pro-Japanese propaganda in the United States, we are told: "On the other hand, the Chinese propaganda is a propaganda of hate, discord and hostility. It aims to embroil Japan and the United States over issues which in reality do not exist, or which can be amicably settled."

The undersigned prefers to assume that the writer of this article in the *Japanese-American News* is merely misinformed. His charges are very grave charges. They are absolutely without a shadow of foundation. Every statement issued by The Far Eastern Bureau is on record at the office of the Bureau at 13 Astor Place, New York City, open to inspection by anyone interested in American-Oriental relations.

Where and when has The Far Eastern Bureau or Professor Jenks "been painting Japan in the blackest colors?"

What evidence can the *Japanese-American News* adduce in support of the accusation that The Far Eastern Bureau or Professor Jenks "have been ferreting out every fault and defect about Japanese character, Japanese manners, Japanese civilization?"

Upon what statements of either The Far Eastern Bureau or Professor Jenks does the *Japanese-American News* base the charges that the work of the Bureau or of Professor Jenks "is a propaganda of hate, discord and hostility" which "aims to embroil Japan and the United States over issues which in reality do not exist or which can be amicably settled?"

The policy of The Far Eastern Bureau is a matter of record, and not a matter of haphazard guesswork. It is—and this is quoted from the policy as outlined and adhered to by the director and editor of the Bureau—"to work for better relations between the Orient and the Occident, with special reference to the United States; to uphold the "Open Door" policy and the co-related international pledges to safeguard the sovereignty of China; to assist China in her reasonable efforts to reform her administration and work out her own salvation; to interpret in a friendly spirit her efforts to reorganize; to combat misrepresentations of these efforts and any captious, unfriendly, unjust criticism, realizing that certain mistakes may be inevitable and should not be unfairly used against her credit; to sustain as far as possible the cause of peace, order, justice and progress in China within the limits of the truth; to reflect from reliable data the financial, commercial, industrial progress of China; to encourage closer commercial relations between the United States and China and better trading and shipping facilities; to encourage American investments in China along lines just and acceptable to China; to oppose and expose infringements of China's rights or sovereignty by whomsoever attempted; to educate public opinion as to the interesting and wholesome facts of Chinese life and character; to endeavor to overcome unjust racial prejudices; to foster the growth of a better understanding between Japan and China in the belief that misconceptions are at the root of unneighborly, jealous opinion and conduct between nations and that a genuine and just understanding between China and Japan is vital to the interests of Asia, of America, and of human progress; to invite and promote the friendly discussion and settlement of differences; to uphold and sustain in the interest of peace and harmony Japanese who manifest a desire to work out the destiny of Japan in the Orient along lines which do not trespass China's sovereign rights or her best economic and political interests and the legitimate activities of American policy in the Pacific."

Is there anything in this policy which justifies reasonable objection or criticism on the part of the *Japanese-American News* or anti-Chinese, pro-Japanese propagandists? The *Japanese-American News* claims much for the merits of pro-Japanese propaganda while denouncing without reservation the efforts of all who stand up for the rights of China and of America in Asia. The Far Eastern Bureau, Professor Jenks and the undersigned have ignored several previous attacks of this character, believing, as they do, that false accusations usually refute themselves. For instance, when the *East and West News*

Bureau a couple of months ago circulated a bulletin in which a deliberate attempt was made to insinuate that a few hours in Japan had caused a complete transformation in the expressed views of Professor Jenks, no attention was paid to these false statements, and it is a notable fact that, with one or two accidental exceptions, the newspapers of the country consigned the false statement to the wastepaper basket—where it belonged. No reputable American publication has ever assailed The Far Eastern Bureau or has had reason to criticise the character of the material issued by The Far Eastern Bureau. The same cannot be said of the Japanese *East and West* Bureau, which has several times been taken to task by American newspapers of such standing and influence as the *Springfield Republican*. The article in the *Japanese-American News* would undoubtedly be ignored like similar previous misstatements but for the fact that it secured re-publication in the JOURNAL OF THE AMERICAN ASIATIC ASSOCIATION. Its appearance within the pages of the JOURNAL, which is the recognized organ of non-partisan unbiased American-Asiatic opinion justifies, as it requires, this answer.

So far from its being true that The Far Eastern Bureau or its director or editor "have been ferreting out every fault and defect about Japanese character, Japanese manners, Japanese civilization," the fact of the matter is that it is a part of the regular policy of The Far Eastern Bureau to avoid muckraking in Japanese, as in other directions. For instance, can the *Japanese-American News* or any of those anti-Chinese, pro-Japanese propagandists who are either openly or covertly assailing The Far Eastern Bureau point to a single reference made by either Professor Jenks or the Bureau to the unfortunate Japanese navy scandals, the Oura scandal and other unsavory matters of fact in recent Japanese history? They can

not. Indeed, several Chinese and many Americans have complained that in their opinion The Far Eastern Bureau has again and again erred in acts of mistaken kindness towards the Japanese and in attributing altruistic motives to Japan which Japan's record in Asia does not justify.

The Far Eastern Bureau has pursued the even tenor of its way with full knowledge of the underhanded methods being indulged in by those who would be very glad to destroy the usefulness of the Bureau. It has been swayed neither on one side nor the other off the direct line of the truth. Sometimes, for reasons which editors will understand, it has not always told the whole truth. For that, none should be more thankful than the Japanese. While the Japanese soldiers were beleaguering Tsingtao, certain unsavory facts were brought to the attention of The Far Eastern Bureau. That they were facts was established beyond question. They were not given publication by The Far Eastern Bureau because in the opinion of Professor Jenks and the undersigned their publication either then or now would accomplish no useful result. If the *Japanese-American News* is as well informed as it should be in regard to purely Japanese matters, it will know precisely what is meant by this reference. If the *Japanese-American News* is sincere in its assertion that "Japan's propaganda in America is a propaganda of peace and friendship," and that it hews to the line of the truth, it will have the decency and the courage to withdraw these charges made against The Far Eastern Bureau and Professor Jenks, because they cannot be substantiated. The records of The Far Eastern Bureau are open to inspection by the editor or any representative of the *Japanese-American News*, or any among the numerous anti-Chinese, pro-Japanese propagandists.

(Signed) PATRICK GALLAGHER,
Editor, The Far Eastern Bureau.

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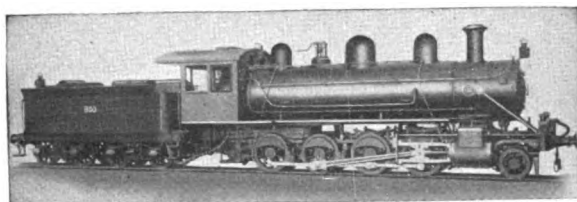
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PRESIDENT LI's proclamation issued on his assumption of power was in excellent taste and admirable temper. He paid a graceful tribute to the constructive work of his predecessor without indulging in superfluous criticism of Yuan's departure from the straight line of patriotic duty. He equally refrained from offering magniloquent assurances of what he proposed to do for China, contenting himself with an appeal to the moderation and good sense of the men who shape public opinion to cooperate with him in the restoration of the reign of law and the reestablishment of public order. Li Yuan-Hung occupies the unique position among Chinese public men of being universally respected and trusted. It is not necessary for him to fore-swear ambitious designs, because every one knows that he is constitutionally incapable of harboring them. He does not need to go out of his way to placate powerful enemies, because he has none. His purity of intention and simplicity of character are assets of the highest value to China in her present straits, because the financial support she greatly needs will be most readily forthcoming under the auspices of such a president as Li. It is somewhat to be regretted that his quite unaffected modesty should prompt him to desire the immediate choice of another president by a representative assembly of the nation, so as to resume the interrupted course of strictly constitutional legality. The most persistent sticklers for this eminently desirable attribute of popular government happen to be among the most selfish and corrupt politicians in China—perfectly indifferent to a return of administrative chaos if they can reap some advantage out of their country's misfortunes. After all, the supreme need of China today is peace, and the even, impartial and unbending rule of law. Whether the provisional constitution framed at the behest of Yuan Shih-kai is a valid document or not, is of comparatively little consequence. It can at least furnish a working scheme of government until a better is devised under conditions of less dubious regularity. It would be difficult to exaggerate the recuperative power of China, and there has never been in all her history more pressing need of men in high places who are earnestly bent on the recognition of facts rather than on devotion to formulas, however admirable or technically unassailable.

OUR Minister to China, Dr. Paul S. Reinsch, has been cooperating in a work which seems well calculated to advance the political education of Chinese literati. Last Fall,

he suggested the idea of forming a political science association, along lines of the American Political Science Association, with the special object of studying International Law and Diplomacy. Dr. V. K. Wellington Koo, now the Chinese Minister at Washington, was found to be in earnest sympathy with the proposal, as were other Chinamen of light and leading. All were in perfect accord as to the desirability and practicability of the formation of such an association, and after several preliminary meetings, the project took shape on the 5th of December last at a meeting held at the residence of Mr. Lou Tseng-tsiang, the Minister of Foreign Affairs. Mr. Lou was elected President of the Association, Dr. Reinsch the First Vice-President, Mr. Tsao Ju-lin the Second Vice-President, Mr. Chao-Chu Wu Secretary, and Mr. Tsung-yuan Chang Treasurer. The non-Chinese members of the Executive Council are Messrs. R. Macleay and W. F. Willoughby. Just what is aimed at by the promoters of this organization will be found detailed in Dr. Reinsch's statement elsewhere reproduced. Friendly observers of the movement regard it as symptomatic of the effort to change the old order of China's economic life in which, as Dr. Reinsch points out, the personal element predominated, and action was based upon the relationship of individuals in associations like the guilds, or in particular contractual undertakings. The standing and the credit of the individual, his faith and honesty, constituted the foundation-stone of this system. There were no corporations, but only partnerships in which each individual felt a specific obligation toward every other member of the particular firm. Now, for the first time, progressive Chinamen are endeavoring to dethrone the personal and enthrone the impersonal. It is true that the results are meagre so far, and it is yet an open question whether the experiment is not too complete a breach with the past to have any chance of success. The salient fact is that China stands closer to the rest of the world than she ever did before, and that the economic life of that great outer circle is bound to enter more and more intimately into her affairs. Such an institution as the Chinese Political Science Association, and such a magazine as its Quarterly, from which we have made liberal excerpts, can hardly fail to make a valuable contribution to the intellectual progress of China if not to its commercial evolution also.

It is highly satisfactory to be able to resume the history of American financial relations with China at a new point of departure. It will be remembered that the American banking group, consisting of Messrs. J. P. Morgan & Co. and Messrs. Kuhn Loeb & Co., the First National Bank, and the National City Bank, was formed in the Spring of 1909 at the express desire of the Department of State that a financial group be organized to take up the participation to which American capital was entitled in the Hukuang Railway Loan Agreement then under negotiation by the British, French and German banking groups. The American group became interested in Chinese loan matters mainly for the purposes indicated by President Taft and Secretary Knox. The former, in his message to Congress of December, 1909, characterized the cooperation of the

bankers as the "indispensable instrumentality" which the American Government needed to enable it "to carry out the practical and real application of the open door policy." An agreement was accordingly formed with the British, French and German groups for the purpose of rendering financial assistance to China. In February, 1912, these four groups, at the request of their respective Governments, and with the consent of the Chinese Government, admitted Russian and Japanese financial groups to the negotiations for the reorganization loan, thus constituting what was known as the Six Power Group. With the purposes announced by President Taft and Secretary Knox the Administration of President Wilson did not find itself in sympathy. While earnestly desirous to be of assistance to China and to promote American interests in the Far East, the Administration decided that these purposes might better be served by the adoption of a different and independent policy. In the present situation of China, however, and the inability or indisposition of the rest of the world to render her effective financial assistance, the Administration has discerned an opportunity for the application of the principles which three years ago it discarded, and the State Department has once more assumed the rôle of inviting the support of American bankers toward the flotation of a very much needed and timely Chinese loan. For this consummation, members of our Association have steadily and earnestly worked, and it is a matter for congratulation that they and the Administration at Washington are, once more, in complete accord.

THERE has been a disposition on the part of American newspapers to regard the lately negotiated treaty between Russia and Japan as a new thing in the diplomatic relations of the two countries. In point of fact, since the treaty of peace of September 5, 1905, three separate conventions have been negotiated between the two Powers, all professing to aim at the consolidation of peace in the Far East. As to the present treaty, whose text has not yet been made public, it may be assumed that the position of Russia and Japan in Manchuria and Mongolia has furnished the chief reason for its existence. The late Mr. W. W. Rockhill, than whom no more authoritative interpreter of the position of Russia in Mongolia has existed in our time, frankly avowed his belief in the sincerity of the declared policy of the government of the Czar to leave the Mongolians as free a hand as possible in the management of their own affairs. With the advent of both Russian and Japanese enterprise in the building of railroads in Outer and Inner Mongolia, the danger of friction was sufficiently apparent to require some such agreement upon respective spheres of influence as that which is said to have been just concluded. Another expert on the subject, Mr. Douglas Carruthers, declared that if there were to be an autonomous Mongolia under the protection of Russia, there would be far reaching and fundamental changes in the lives of the people and in the future of the Mongol race—that the land would become the scene of activity and progress, instead of the seat of stagnation and suppression.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the nine months, ending March 31, 1915 and 1916.

EXPORTS TO CHINA.

Months 1914	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
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
Total.....	11,285,531	\$842,267	50,464,648	\$2,952,406	12,585	\$52,834
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
October.....	2,408,026	155,457	3,741,675	210,376	386	1,736
November.....	1,182,579	69,055	.....	.....	995	4,850
December.....	13,280	3,757	4,893,057	306,515	2,739	13,323
1916						
January.....	17,284	3,457	6,763,296	332,568	313	1,623
February.....	84,992	10,021	7,853,697	450,753	131	652
March.....	338,722	22,894	7,608,149	409,449	2,315	12,691
Total.....	11,255,134	\$797,149	60,538,921	\$3,333,952	8,532	\$44,406

EXPORTS TO HONGKONG.

1914						
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
Total.....	83,679	\$15,454	24,659,103	\$1,295,856	585,356	\$2,580,606
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
October.....	35,963	5,387	800,000	63,234	58,801	250,332
November.....	45,961	4,137	409,750	31,070	63,909	305,676
December.....	38,457	4,810	1,000	100	3,821	15,994
1916						
January.....	400	70	2,020,948	164,410	2,413	10,954
February.....	76,834	16,059	4,135,028	335,180	53,832	244,198
March.....	.....	.....	.....	.....	56,051	248,294
Total.....	326,915	\$54,874	11,158,431	\$795,509	339,335	\$1,540,451

DEPARTMENT OF COMMERCE,

Bureau of Foreign and Domestic Commerce.

WASHINGTON, D. C., June 6, 1916.

**Imports of Tea and Silk into the United States for the nine months ending
March 31, 1914, 1915 and 1916.**

Imported from	1914.		TEA.		1915.		1916.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	10,592,359	2,876,592	9,867,836	2,612,195	12,871,733	3,091,614		
Canada	2,145,467	611,560	2,528,219	705,189	1,908,084	640,300		
China.....	19,815,460	2,696,155	22,731,943	3,091,002	18,774,767	2,786,661		
East Indies.....	7,854,467	1,352,178	11,001,153	1,832,952	10,832,251	2,205,554		
Japan.....	37,276,321	6,191,168	39,554,683	6,754,846	49,073,693	8,303,898		
Other countries	928,981	178,562	890,743	131,554	406,105	67,437		
Total.....	78,613,055	13,906,215	86,574,577	15,127,738	93,866,633	17,095,464		

**RAW, IN SKEINS REELED FROM THE
COCOON OR REREELED**

SILK.

Imported from	Pounds.		Dollars.		Pounds.		Dollars.		Pounds.		Dollars.	
France.....	45,917	156,144	32,568	124,087	93,240	253,321						
Italy.....	1,350,883	5,886,229	1,365,451	5,371,305	2,024,689	8,813,111						
China.....	4,490,002	11,851,807	3,621,841	8,357,886	6,305,459	14,912,151						
Japan.....	15,807,871	54,579,332	13,625,400	44,892,538	17,301,135	61,928,368						
Other countries	299,436	1,111,478	13,032	58,204	39,454	185,004						
Waste..... free	4,597,264	2,436,237	3,745,247	1,964,968	5,312,111	2,827,023						
Total unmanufactured	26,591,373	76,022,345	22,403,539	60,804,102	31,076,088	89,053,372						

CHINA'S NEW PRESIDENT

General Li Yuan-hung lately took the oath of office as President of the Republic of China, the highest office to which a Chinese statesman may aspire. We congratulate him on his elevation to the Chief Magistracy and extend to him our sincere good wishes for his success. We believe also that China is to be congratulated on his accession to power.

The country is in a chaotic condition, and there are troublous times ahead for the new administration, but even thus early there are signs that the new President will find his task made lighter and easier than ever was possible to his predecessor.

Li Yuan-hung enters office with few, if any, powerful enemies. Yuan Shih-k'ai had many. Li Yuan-hung, in his brief career, has endeared himself to his people, both North and South. He has won their love and their confidence. They are firm in their belief in his integrity. In other words, "his credit is good" with the people of China. He may make as many mistakes as Yuan Shih-k'ai did, but his motives will not be questioned as Yuan's were; nor will his patriotism and devotion to the Republic be questioned.

A glimpse of his character was given only recently when the monarchical movement was at its zenith. A group of Monarchists, sent by Yuan Shih-k'ai, called at the Vice-President's home and were ushered into his reception room. After a wait of a few minutes, the Vice-President entered, a calm and dignified figure. He stood before them, silent

while they urged him to support the monarchy and offered him the highest honor within the gift of the new Emperor—the title of the Brave Prince and the emoluments of that rank. When they had finished, still silent, he turned his back upon them and slowly strode out of the room.

President Li is a Hupeh man, and that means much, for Hupeh is about as central a province as there is in China. Foreigners who have been in close contact with him believe in him. Their judgment is that he is sound; that he is substantial and dependable; logical and cool-minded; slow but sure in his decisions and not easily swayed from a course once decided upon.

It is true that he has no long career as an administrator behind him but he has had some experience in that field and has shown himself equal in capacity to every emergency.

Up to the outbreak of the Great Revolution of 1911 President Li's studies and duties had been of a purely military character. He was chosen by his own troops, who of course knew him best, to lead them against the Imperial armies. And he led them well. When Hankow and Hanyang had been retaken from the revolutionists by the Imperial armies, many of the leaders of the uprising fled. But not Li Yuan-hung. He stood his ground and while doing so conducted a very brilliant correspondence with Yuan Shih-k'ai, who had been recalled to Peking by the Manchus. He was largely instrumental in arranging the peace conference at Shanghai in which Tang Shao-yi

and Dr. Wu Ting-fang reached the agreement that changed the form of government in China from Monarchical to Republican.

After the abdication of the Manchus he was elected Vice-President, appointed Chief of the General Staff and Tutuh of Hupeh. He has had nearly five years of important administrative work. He is only 52 years old. Everything considered, there is good foundation for the hope and belief that he will make a success of his administration. We consider that it is the imperative patriotic duty of the various leaders of political parties in China to abate their differences and unite in offering their support to the new President of this Republic.—*The China Press*.

THE NEW PRESIDENT OF CHINA

BY PATRICK GALLAGHER.

There is new hope for China in the accession to the presidency of Mr. Li Yuan-hung. Mr. Li is distinctly a peace president. For many reasons he is entitled to sympathetic American support.

During the 1911 revolution against the Manchus, President Li was thrust into prominence because those who composed the rank and file of the republicans had faith in him. Their faith has never wavered, nor has Mr. Li ever given cause for lack of trust. He has been consistent and quietly courageous all through the storm and stress of the last four years and more in China. His voice and his hand have always been for peace. But, though loving peace and doing his level best to conserve it in China, he has not been unmindful of principle. He declined a principedom when it was offered as part of the price of his acquiescence in the plan to restore monarchy in China. Undoubtedly, if he were thinking merely of his own comfort, he would be today a private citizen in China, rather than the president of a republic which has still to gather practical democratic force among a population of four hundred million people in a territory covering more than two and a half million square miles. The task to which he has been called is an onerous one. It is enough to tax the capabilities of any man who has lived at any time. And yet, there is good reason to hope that Mr. Li may be the man predestined to accomplish the work now before the president of the Chinese republic.

Within China itself many things have to be done and done swiftly and well if the republic is to stand. There will have to be honesty, efficiency, and economy in the administration, sweeping changes in many directions, mental as well as material. And, while it is quite true that China is not without numerous capable and patriotic men who can help lighten the load pressing upon the shoulders of the president, all these men, including the president, must expect a certain amount of opposition, internal as well as external. The probabilities are that the Chinese will

be well able to look after the internal opposition. The last four and a half years cannot have been without their useful lessons, even in a country so vast, and but partially developed as is China. The principal difficulties doubtless will come rather from without than from within.

The whole history of the meeting of East and West has been one of cruel wrong inflicted upon the Chinese people at the inspiration of selfish and sordid interests. China has been a "good thing" to adventurers of many lands. And it would be too much to hope or expect that unless some strong influence intervenes, these sinister forces will consent to relax their hold on China. In the present state of world disturbances, intervention can only come through one source—America. It will pay America to intervene in China, not with the sword, but possibly with that which is at times even more potent than the sword, gold. Money will have to be found, and immediately, to meet the cost of the recent disturbances. It should be the part of the United States Government to lead the way in urging the release to China of the Chinese funds now locked up in foreign banks, the surplus revenues of China's salt gabelle which were held in suspense while the revolution was sweeping over China. It is not anticipated that China will have any great difficulty in restoring her internal finances and business to normal equilibrium. A recognized authority forecasts that the moratorium will probably be immediately withdrawn and steps taken to redeem outstanding notes. But granted the best possible circumstances, a liberally large loan will be necessary, and for China's sake it is very desirable that this loan shall be floated on favorable terms in the most favorable market. A loan to China for any purpose whatsoever during the recent complications would have been certain to arouse bitter Chinese opposition. But no longer do these complications obtain. In fact, the very reasons which should properly have deterred American financiers from coming to the assistance of China within recent weeks now urge prompt and generous action. There will be principle in the loan, and good money in it, too. China is eager to do business with us; the opportunities for a vastly increased trade with China are self-evident. A loan to the Chinese government headed by Mr. Li, the Chinese people's own choice, will solidify Sino-American friendship, and without giving offence to any competitor for the trade of China.

THE DEATH OF YUAN SHIH-KAI.

The death of Yuan Shih-kai has come with a suddenness that is indeed bewildering. For so long now has it been impossible to think of China without him or of him independently of China, that it is impossible as yet to adjust the mental outlook to the situation thus created. Ten days ago wild rumors were afloat that His Excellency had been poisoned, which not a few immediately translated as meaning that he had chosen the conventional Chinese way out

of the hopelessness of the political deadlock. Not unnaturally the same explanation was at first put forward on the news that the President was no more. We are glad that our Peking correspondent is able to contradict such a story, and to show that the President's death was due to natural causes. East and West hold different views on the question of suicide. To the West it is always a somewhat cowardly evasion, and Yuan was anything but a coward. He was in all things the strong man. To the end, one likes to think, he would be a fighter.

That the President's death will be deeply lamented by all foreigners, and especially by the British nation, need hardly be said. It was not the least of his achievements that Yuan could be friendly to the foreigner without being less tenacious of his country's rights, and that he was truly enlightened in his desire to infuse Western thought into the life of China. Yet, without ever losing sight of the necessary limitations of such an undertaking. But we cannot believe that respect for his memory will be limited only to foreigners or to his friends among the Chinese. At such a moment as this political animosity is forgotten. A great man is dead, a man of whose commanding ability and statesmanship, exceptional not only in China but among statesmen the world over, any nation might well be proud. Errors he may have committed. But, if we except, perhaps, the attempt to reintroduce a monarchy—and the truth of that story has never been told—they were the errors of a large nature, and of one who sought what he sincerely believed to be his country's welfare, even at the cost of actions from which a more timid man would have shrunk. And that welfare he did to a surprising degree secure.

Had he not been ready to catch up the reins of government when they dropped from the nerveless hands of Sun Yat-sen, the history of China during the past five years would have been very different from what it has been. Those who have been loudest against his "crimes" cannot deny that under Yuan, China has been brought from utter chaos to a prosperity which she had not known for many years and, on the whole, to a security of life and property rare in the annals of this much-pirated land. His failure at the last was, perhaps, due to his overfondness for the doctrine of "everything for the people, but nothing by the people." He did not make sufficient allowance for the strong tide of feeling in favor of self-governing institutions which has flowed over China since the Boxer year.

Whether he would yet have succeeded in compounding with the new movement is now no more than an interesting speculation. While there is life he would seem to have been telling himself in recent weeks, there is hope. But now life has been cut short.

From thoughts on the past, one turns to the more pressing question of the future. Already it is definitely announced that Vice-President Li Yuan-hung will assume charge of affairs, as he naturally should do. But whether he will continue permanently or even for the remainder of the Presidential term in the chief office is another question. Without unduly emphasizing the differences that unhappily but undoubtedly exist between various provinces, he has no easy team to drive. His great asset is that he is deservedly and universally popular.

On the other hand, he is believed to doubt the adequacy of his own previous training for the post of President, and we should not be surprised to find him advocating the selection of General Feng Kuo-chang, who has made a marked success of his administration of Nanking and, if he has not the confidence of both parties, is certainly entitled to it for the tactful way in which he handled the very conflicting opinions of the recent Nanking Conference. To the rank and file of the Southern Republicans it may be permissible to offer one word of counsel, as

from the sincerest friends of China. They have now an unrivalled opportunity of proving the truth of their beliefs. The man whom they believed to stand in the way of what they hold to be best for China has been removed without scandal and without violence. They may summon a Parliament where they please, remote from the vitiating atmosphere of the Palaces. They start fair and free; and it will be the wish of all who know and admire this great country that their journey may be moderate in pace, harmonious and attended with good fortune. —*N. C. Daily News.*

THE STATESMANSHIP OF YUAN SHI KAI.

BY WILLIAM ELLIOT GRIFFIS.

In China "man is a weed," said De Quincy. Even names swamp personality in being monosyllabic. We acknowledge gratitude to the Jesuits for Latinizing a few of them. Confucius and Mencius, at least, stand for realities. Thus the eel of memory, if not of science, may be held, for a moment, by the tail.

Yuan Shi Kai stands among the immortals, for his name is remembered. In 1884, when Li Hung Chang's personality was less slippery and more graspable to the Occidental consciousness than that associated with any other Chinese name, there emerged in Korea, then the storm center of Asiatic politics, a new planet in the system of which Li was the sun. So real a personage was this individual that even with pigtail and in petticoats, he was borne to court in a palanquin, while the other foreign envoys had to walk in the mud. This was Yuan Shi Kai. With condescension and only from a raised dais, he received the visiting representatives of sovereigns and republics. Lofty was his air, impressive were his mien and bearing and high-handed were his actions. Then, all political parties in this "little outpost state" were either pro-Japanese or pro-Chinese.

Yuan's spectacular vigor in asserting the age-old influence of Korea's former suzerain, as superior to any and all scraps of paper, provoked the Korean revolutionists, who had tasted the new Japanese wine of progress, to a *coup d'etat*. Their rocket-like government fell like a stick, within twenty-four hours, its fall hastened by Chinese interference and an armed collision between the soldiery led by Yuan and the little Japanese legation guard. Yuan had snuffed out the candle of progress. But, do revolutions ever go backward? One of many similar incidents told of Yuan, at this time, reveals his mental processes. He would not allow the American surgeon to amputate a soldier's arm, in order to save his life; for, "what good is a one-armed soldier?" he asked. One of his useless favorites, however, he pensioned.

In the bloody battle fought in the streets of Seoul, between five thousand Chinese and one hundred and twenty Japanese, four things were demonstrated: (1) the short life of any movement, even when called national, that did not have, as in the Japan of 1868, a century of previous intellectual preparation behind it; (2) the superb marksmanship of the Sendai deer-hunters, who wore the Mikado's uniform; (3) the excellence of American surgery; and (4) the fact that, apparently, Heaven is always on the side of the heaviest battalions, whether Napoleonic or Chinese.

Diplomacy, as represented by Li Hung Chang and the Marquis Ito, at Tientsin, patched up the international rent and the soldiers of both countries were withdrawn from Korea. In Japan the men of the growing party, not per-

haps to be called "war," "jingo," or "irredenta," or "big" or "little" Nippon, but rather to be labeled "make-the-glory-of-Japan-shine-beyond-the-seas," politely sucked in their breath, and swallowed their pride, in order to digest it for future strength. Their real feelings and true answer, if these had been made directly to Li, are best expressed in the words of Charles Francis Adams to Earl Russell: "It is unnecessary to remind your lordship that this means war." In ten years Li was at Shimonoséki, begging for peace after defeat and pleading for limits to humiliation and indemnity.

Our preface is long, but Korea introduced Yuan to both China and the world. He never traveled further, in language or land, and his course in the peninsula was both prophecy and miniature of his whole career. On June 7, 1916—to use our older Western phrase—he died with his boots on and his spurs strapped. He was a military man from his youth up, without knowing or wanting to know what a real republic was, nor did he ever give welcome to new ideas, except as these were based on force, which he himself could manipulate.

Yuan was born in 1858, the year of China's war with France and England. The son of a concubine, he, in adult life, knew not what monogamy was. In youth and stalwart manhood, this apostle of the strenuous life was fond of guns and horses and made spectacular use of all those physical phenomena that so charm the small boy and the jingo in every land. Of large but never subtle brain power, and almost destitute of intuition, his mental vigor was never shown in mastery of the classics, or in minute apprehension or appreciation of the texts of Kung Fu Tsé, or Wang Yang Ming. If the philosophy of the latter is summed up in the dictum that true knowledge means action and demands that clear perception should be followed by duty (*exitus acta probat*), then Yuan was a Chinese pragmatist, excelling even the Japanese revolutionists of 1868, who were past masters of this same philosophy, which, in their tongue, is named *Oyoméi*.

Yuan passed rapidly up the ladder of office, into power, by stepping, at every opportunity, on the rungs of action. Li Hung Chang was his teacher and model. Yuan's preparedness for statesmanship consisted chiefly in storing up the fixed ammunition of Chinese rhetoric, which was almost German in its thoroughness and abundance. To his death hour, no mandarin or even emperor could excel him in official orthodoxy, in pious phrases, or even in that voluble and public confession of sin and unworthiness, which is one of the curiosities of Oriental state papers. In form, but not in essence, Yuan never rose above his Korean record and policy.

When, after having made Tientsin a modern city, he sent to the writer his photograph and sign manual, his verbal message with these amounted to this: "No flattery, only justice." Perhaps, in his dying moment, his final word to the world might be the same. He never professed to be a scholar, a man of letters, or a statesman with ideals.

Was Yuan a Mirabeau, a Cromwell, a Bismarck? Millions think him a Benedict Arnold. Historic analogies must not be pressed. External resemblances count for little; while any profound or subtle analysis of motives, except in the acknowledged form of conjecture, is worthless. Whether Imperial Resident in Korea, City Governor, Tao-Tai, of either Chili or Shantung, head of the Foreign Office, advocate and protector of the old dynasty, President of the Republic, restorer of the State Religion, High Priest in the Temple of Heaven, restorer of Confucianism, or quasi-Emperor, Yuan was the same man—the re-incarnation of the typical mandarinism of Old China, never of the spirit of the New. He, the man, was ever faithful, secondarily, to master, sovereign, party, republic, or traditional Chinese

ideas, but ever and always first to Yuan Shi Kai. With all his limitations, he believed in the China of his own mind—indestructible, unsinking, eternal. In his view, the Central Empire would hold to unity, perpetuate its life, weather all storms, and return to primitive ideals, as surely as the compass after all aberrations would tremble to the pole; and this faith he held because such a China was, on the whole, best for Yuan Shi Kai. To keep secure as long as possible his harem and his herd, his flocks and his possessions, his enjoyments of body and mind, the two, Yuan and China, must need be inseparable.

Yet expose the reality as we may, who will wish to minimize the vast service of such a man to China? In purely local matters, with ages of experience behind them, the Chinese are as fit for a republic as are New Englanders. No imperial dynasty has lasted over three centuries, because the Chinese love freedom too well. There never was any permanent nobility in China, and in the ninth generation even the descendants of imperial princes become commoners. The Manchu dynasty followed in the way of all others, because its time was up. It had to go.

Yuan—called, because he had manipulated the call, to guide a republic—was a man steeped in traditions of force and craft. As unalterably minded as a mandarin of the old school, he could see no ideals, but only the material bases of things. Hence he selected from foreign importations only what would help his own notions of things. In the Republic, he was confronted with parliamentarians overweighted with theory. Moreover, the men in the North and in the South of China are, in mind, almost as two races. We must remember that it took the United States a century of struggle and four years of colossal, bloody war to fuse sectionalism and unite the nation. To conciliate or unify, Yuan knew not compromise, but only the method of the shooting squad. Of the modern world's forces he utilized only those that had visibility, such as finance, army, navy, railways, hygiene, the medical art and efficiency in administration, and these he used well.

Yuan's statesmanship, such as it was, served as corduroy for the swamp and bridges for the rivers, which China must pass, on the long road to central strength—which, from azure-robing distance, seems so short and easy to the men of books and letters. Amid colossal obstacles, he restored the financial credit of China and postponed that "break-up" which so many foreigners gleefully expected. He laid the foundations of a genuine army. He safeguarded, as far as he could, the country from aggression. His supreme idea for his country was freedom from alien conquest. The highest tribute to be paid to Yuan is this, that foreign Governments turned almost unanimously from trusting China to place their confidence in one man, Yuan.

In brief, while Yuan Shi Kai was the last man in China to satisfy, in his person and policy, either the unformulated cravings or the clearly seen ideals of the awakened Chinese nation, he was possibly the best one to serve as a stepping stone to higher things. That he saw the necessity of China's adopting the physical forces of the West, of modernizing her system of administration, of making herself strong to resist the ruthless inroads of foreign investors of "surplus capital," who were hand in glove with diplomatists, and that he restored the nation's financial credit, cannot be denied. That his modes of action were either frank, or noble, or commendable, cannot be affirmed.

There is hope for the Republic of China, not because, out of her communal civilization, China has yet produced a republican leader, in whom theory and experience balance, but because the Republic, in its babyhood, suffers from the accident of its birth out of due time. It lacked in intellectual ancestry and a pre-natal preparation. Its enlightened men of modern mind have been too sectional. Yet the elements of safeguarded freedom exist, and only leadership is needed.—*The North American Review*.

THE CHINESE POLITICAL SCIENCE ASSOCIATION

BY HON. PAUL S. REINSCH.
Minister of the United States to China.

As in other fields of human enterprise, organized effort has played a great part in the development of scientific work in Europe and America. The great national academies of science, such as the Royal Society of Great Britain, the Institute of France, with its five academies, and similar institutions in other countries, had their origin in small groups of scientific and literary men, who at first informally met to discuss scientific questions. Towards the end of the 17th Century, these organizations were perfected and given a semi-official status, with a limited and carefully selected membership.

With the ever extending volume and importance in scientific work and the intensive specialization in all its branches, which characterized the 19th Century, there were formed in the different countries other national associations dealing each with a more special branch of work in the social and physical sciences. Thus, in the former alone there exist in the United States of America national associations dealing with the following subjects—history, economics, political science, international law, sociology, statistics, and labor legislation. Each one of these associations, as for instance the American Historical Association, has a membership running into the thousands, composed not only of specialists in the particular field, but also of persons from the educated lay public who take a special interest in the respective subject. Thus, the American Political Science Association includes not only publicists and professors of political science proper, but also specialists working in allied fields as well as lawyers, public men, legislators, teachers and journalists. In each case the association acts as a focus for the particular scientific interest manifesting itself most intensively in the specialists, but it also gathers up for united effort the intelligent participation of other men.

These national associations represent the co-operative efforts of men of science in their respective branches and, through world-wide organizations in each field, form a connecting link between the individual scientist on the one hand and the scientific intelligence of the nation and of the whole world on the other. The significance of such associations, therefore, has its extensive side in that it brings about a membership in the world movement of scientific thought; and its intensive side inasmuch as it favors the application of universal critical standards and methods to the work in any individual country, and thereby makes for the highest efficiency, combined with the deepest sense of responsibility in scientific work.

The Chinese Political Science Association is to embrace in its work the different intellectual interests which are generally grouped under the name of the social sciences, including public law, and more especially international law; public administration and legislation, economics, sociology, the history of Chinese political and economic in-

stitutions, and political philosophy. The founding of this Association, to my mind, constitutes an important step in the development of the scientific and intellectual life of China; it means a closer linking up and affiliation of Chinese thought with scientific activities abroad, both in Europe and in America; it promises an opportunity for a consistent and continuous interpretation, in objective and reliable form, of Chinese political and social experience in the past and the present to the general intelligence of the world. It also stands for the standardizing of methods of observation, recording and analysis in China, among the men interested in political and social action, bringing to bear upon these methods the rigid criteria of scientific exactness. This co-operation among the men to whom the rich materials of China are accessible, promises to produce results valuable not only to the world in general in making possible a thorough understanding of the Chinese contribution to human development, but also to China in particular by aiding the conscious evolution of a strong feeling of national civilization informed and inspired with a deep knowledge of the nation's traditions, problems and achievements.

An association of this kind will afford opportunities which are essential if men are to co-operate actively and to bring to bear upon their work the incentive of mutual assistance and the severe but just standards of scientific criticism. The meetings of the association will constitute a forum before which significant results of thought and investigation may be presented. In the conferences of the narrower groups within the association, dealing with the more specialized fields, the results of individual investigation may be tested in free discussion and criticism. The Review published by the Association ought to be made a repository of scientifically accurate materials, constructive articles and critical discussions, on Chinese economic, social and political institutions. Such a publication will be of great value not only in giving to China itself a more complete understanding of these matters, but in furnishing to scientists and writers throughout the world accurate materials whereby to judge the development of Chinese polity.

Looking at the materials at hand for the work of this Association, the prospect is indeed highly inviting and encouraging; both in the treasures of historical, philosophical and literary accounts, covering a period of over three thousand years, and in the living institutions and actual practices which exist in the various parts and provinces of China in great variety illustrating all phases of human life and action, the scientific inquirer will find a world of materials to serve as a basis for a deeper insight and a wider general prospect.

In the field of political theory the great minds of China from generation to generation have dealt with the various

forms of human association and authority in a manner which will not only explain the Chinese motives of action but will also further illuminate the deep problems which in the West have been dealt with by thinkers from Plato down to John Stuart Mill and Bergson. A clear understanding of how the problems of authority, of popular consent, of legal obligation, and of the nature of political society have been dealt with in China will form a necessary complement to the political reasoning of Western countries.

In the field of law the scientific study of Chinese legal customs and practices, treated in comparison with the Roman and English law, is of world-wide interest. It will also offer a sound basis for reasoning on the applicability of Western principles of jurisprudence to Chinese legal and ethical thought and practice. A scientific study of the old Chinese law in all its branches and manifestations is called for unless China is to drift into a dangerous confusion of half-forgotten principles of old, and half-understood principles of new law.

In constitutional law, the organic arrangements of government in former ages, both as regards the central, provincial and local authorities will form a sound substratum for efforts to bring constitutional forms into accord with the demands of modern administrative efficiency and of the organized participation of the people at large in the expression of public policies.

The field of international law is particularly attractive, and I understand that it is, therefore, to be made one of the particular interests represented by this Society. The special situation of China, under the arrangement of extra-territoriality, has given rise to many problems, the discussion of which, from the legal and scientific points of view, is most fruitful. But also in those branches of the law which are common to all nations, Chinese experience has made valuable contributions. In the settlement of international claims, new situations and precedents have often arisen. The negotiation and adjustment of the claims of 1913 may be cited as an example of efficient, prompt and thoroughly scientific work in the application of international law principles. Thus, in every field of this subject—relating, for instance, to citizenship, naturalization, treaties, interpretation, the diplomatic service, extradition, etc.—the experience of China since her entry on general international relations will amply repay detailed scientific research.

The organization and methods of the public administration afford another important field of study. I need only call attention to the manifold duties of the district magistrates and the functions of village government, up through the work of the taoyin and the governors to the organization of the ministries and the general administration of revenues, police, the army, the civil service, the dependencies, banking and currency, and the law courts, to indicate the scope of this field. More particularly, investigations into the methods of audit and accounting, and of official supervision are of immediate practical importance.

The study of the economic life of China, both in its traditional organization under the old system and as affected by the transition to new forms and methods, is of extreme

interest. In the old organization, the personal element predominated and action was based upon the relationship of individuals in associations like the guilds or in particular contractual undertakings. The standing and the credit of the individual, his faith and honesty, were the foundation stone of this system. The guilds held their members to strict methods by maintaining definite standards of production and criteria of justice in making and executing contracts for labor or for goods. Banking was based entirely on the personal credit of individual merchants; their property was not dissociated from their personality and made a separate element in granting credit. There were no corporations, but only partnerships in which each individual felt a specific obligation towards every other member of the particular firm. Joint undertakings always took this form; they might either involve only the carrying out of one transaction with which several persons had associated themselves, or they might be a more permanent relationship of business co-operation.

The entry of the corporate form and method of economic organization has brought with it an impersonal element to which Chinese economic life is only just beginning to adjust itself. The impersonal entity of the corporation endowed, after all, with personal rights and obligations relating to property, and the impersonal form of credit based not so much on the estimate of character of the man but on the collateral which he is able to offer, composed of tangible objects of value; these elements are new in Chinese economic life. The transition from the old and the new in this case is one of the most absorbingly interesting developments which economic history has ever seen. It also involves deep moral problems. If the capital of unquestioned honesty and faith which dwelt in the old system of personal relations can be transferred to the new corporate and impersonal method of organization, China will be strong indeed. At first the corporation does not seem to have been looked upon as an entity to which is due the same honesty of treatment which must be given to an individual; and as a matter of fact men who had never dreamed of relaxing from the greatest strictness in fulfilling their obligations to other men, were often inclined to view corporate property and corporate rights as if they belonged to no one in particular and could be with impunity and without moral guilt abstracted through more or less devious methods. The transformation which is going on in economic life therefore not only involves the substitution of new methods for old on a vast scale, but it also requires a readjustment of moral values and the transfer of the moral soundness, for which Chinese business life is justly famous, to the new methods in form and action.

Other fascinating subjects in the field of economics are the matter of agricultural production, supply and distribution, including the question of the policy of export of food grains; the means of communication from the roads and canals of the older empires to the railways of today; the organization of private and public credit; the forms of accumulation of capital and the relation between capital and labor; and the question of government assistance to and interference with economic activities.

Of underlying importance is the scientific study of Chinese social institutions. Family custom, law, and organization, modified according to different periods, and geographical locations, is really the fundamental subject of all Chinese social studies. But also the other forms and manifestations of social life richly deserve far more intensive scientific research than has thus far been brought to bear; the relation of literature to life, the importance of the theatre and other forms of art, secret societies and associations for special purposes, the development of the newspaper press; in general, the capacity of the Chinese people for association; are some of the subjects which occur at random. But all the deeper problems of sociology involving a more complete knowledge of the principles of human association, the life and death of human groups, are here represented with a material unequalled for richness and interest, both in the records of the historic past and in the processes of social life which may be observed today.

The Association which has just been founded will have the purpose to encourage the dealing with these rich materials according to methods that will produce results of permanent validity in the scientific thought of the world. The materials contained in the historical and literary tradition of China should first be sifted and analyzed according to the severest critical tests of scientific accuracy and reliability; they must then be rearranged according to the categories of thought which the insight into the principles of evolution has given to the modern mind. Through the applications of such standards of accuracy and such modes of viewing social phenomena, new light will be shed upon Chinese tradition and it will become truly useful and powerful in molding Chinese national thought. The same standards of criticism and insight would be brought to bear upon the observation of existing institutions and current developments. Leaving the discussion of political controversies to other fora, such as the parliament and political societies of various kinds, this Association would naturally concentrate on the work of producing an accurate and illuminating record of significant new creations and reforms in the field of legislation, administrative procedure and economic action. These reports alone, in the assistance which they would give not only to the scientific investigator, but also to the practical administrator of public affairs, would justify the existence of this Association.

The Association should also be able to create a forum for the critical sifting of materials and just appreciation of new productions, testing them by world-wide standards of scientific accuracy and insight. Not only are the vast materials contained in historical treatises to be thus made useful in modern scientific work, but accurate reporting on current developments in economic, administrative and social life will be of value at home and abroad.

The founding of the Society is an indication of the entry of China into full co-operation in modern scientific work. This initial step foreshadows a continuous effort through which the experience and knowledge of China will be made scientifically available to the world at large. The voice of China will be heard, her experience consid-

ered and her institutions understood by the world at large; she will be represented in the scientific councils. At home the work of such an association, if successful, should result in a clearer conception of national character and destiny. The knowledge gained by its work would be of great value in constructive administrative reform. But its greatest service would lie in the manner in which it would contribute to a more deep and more definite national self-consciousness. As a nucleus for scientific effort; as an association for bringing men of equal intellectual interest together for co-operative effort; as a forum for the application of the strictest standards of scientific criticism, this Association ought to play an important part in the intellectual life of the nation.—*The Chinese Social and Political Science Review*.

THE IMPERSONAL IN CHINESE LIFE.

The article on misrule in China which a correspondent contributed to our columns recently will be read with sorrowful interest by all who have the welfare of the country at heart. It paints a depressing but, with one exception, a faithful picture of the present condition of affairs, a picture all the more dispiriting in view of the high hopes entertained five years ago. Many people then believed that the ineptitude of Chinese administration was due to the conservative forces represented by the Ching Dynasty and felt convinced that when once the Manchus were removed a new era of progress would be inaugurated. That conviction is now sick unto death and it is difficult to find amongst foreign residents in China any who still retain the optimism of the revolutionary period. Those who do base their hopefulness on a single fact, the one in respect of which our correspondent's picture is, in our opinion, overdrawn, namely, the failure of Parliament. They urge, as we think correctly, that that failure was due less to inherent defects than to outside interference. To say this is not by any means to accuse the President of obstruction for personal ends. He knows his own people far better than outsiders and if he handicapped the deliberations of the nation's representatives, he did so, it may be argued, because he had no shadow of faith in them. The optimists of five years ago, therefore, have still some ground for their faith. They can argue that that cannot be pronounced a failure which has never been properly tried.

It is not, however, a very satisfying argument, for if it explains some, it by no means accounts for all, the failures of the past five years. No single theory, perhaps, can.

Yet there is one which goes very much to the root of things, and is suggested, or rather recalled, by our correspondent's remark that "notwithstanding their genius for combination as shown in their guilds, the Chinese seem incapable of any but a hand-to-mouth policy." Mr. Paul S. Reinsch, the American Minister in Peking, has been dealing recently with this very subject in a new publication which we hasten to welcome, the *Chinese Social and Political Science Review*.

He points out that in the old organization of China's economic life, the personal element predominated and action was based upon the relationship of individuals in associations like the guilds, or in particular contractual undertakings. The standing and the credit of the individual, his faith and honesty, were the foundation stone of this system. The guilds held their members to strict methods by maintaining definite standards of production and criteria of justice in making and executing contracts for labor or for goods. Banking was based entirely on the personal credit of individual merchants; their property was not dissociated from their personality and made a separate element in granting credit. There were no corporations, but only partnerships in which each individual felt a specific obligation towards every other member of the particular firm. Joint undertakings always took this form; they might either involve only the carrying out of one transaction with which several persons had associated themselves, or they might be a more permanent relationship of business co-operation. The entry in modern times of the corporate form and method of economic organization has, accordingly, brought with it an impersonal element to which Chinese economic life is only just beginning to adjust itself. The impersonal entity of the corporation endowed with personal rights and obligations relating to property, and the impersonal form of credit based not so much on the estimate of character of the man but on the collateral security which he is able to offer, these elements, Mr. Reinsch declares, are new in Chinese economic life.

They are newer still in politics. From top to bottom China's administration has, for centuries, been linked together by personal ties. That Chinese thinkers have distinguished between good rulers and good contrivances of government is true, but they have invariably laid greater emphasis on the former. Indeed, the prayer for good rulers runs right through Chinese history and is as much a commonplace of Chinese thought as are the praise of Yao and Shun, Wen Wang and Wu Wang and other stalwarts in the art of government. Now, for the first time, they are endeavoring to dethrone the personal and enthrone the impersonal. For the first time they are grappling with "isms" and abstractions and the contortions to which their language is put are a counterpart of the clumsy struggles visible in the field of action. Inevitably the results are meagre and the whole interest of the present time lies in the question whether the experiment on which they have embarked is not too complete a breach with the past ever to have any chance of success. We should be very sorry, indeed, to say that it had not; on the other hand, we cannot but be alive to the immense risks that are being run. For China is no longer sunnied from the rest of the world by uncrossed mountains and untravelled seas. She forms part, an increasingly important part, of the outer world, the economic life of which is bound to impinge on her more and more. Can she possibly hope to traverse the transitional period on which she has embarked in time to face the west with a solid front?

Our correspondent's article on the results of the past

five years makes one doubtful, and in view of the complete satisfaction which good personal rule would give to the vast majority of Chinese, one cannot but question the wisdom of trying to introduce abruptly an impersonal system.—*N. C. Daily News*.

THE MISRULE OF CHINA.

From a Correspondent of the North China Daily News.

It would be interesting to know whether the prominent Chinese who have the destiny of their country in their hands realize what a deplorable exhibition of hopeless inefficiency China is now presenting to an amused and rather contemptuous world.

Before 1911 it was always possible to find an excuse for shortcomings in the fact that the country was under the heel of an alien and very ignorant dynasty; although those who had looked beneath the surface and had studied the causes that led to the fall of the Mings were quite aware that it was not the Manchus who had forced deterioration upon the Chinese, but the Chinese who had corrupted the descendants of K'ang Hsi and Ch'ien Lung. The successful revolution of 1911 freed the people from the fetters they professed to find disgraceful after more than 250 years of submission, and true friends of this ancient nation were delighted that it was at last in a position to suppress the evils of a corrupt administration and march along the paths of enlightenment and progress. And, indeed, the professions and promises of the revolutionary leaders, which were accepted as sincere, justified the hope that China was about to commence an era of reform that would raise the Chinese to an appropriate position in the family of nations, worthy of a population representing about one-fourth of the human race and possessed of incalculable potential wealth. Abuses in government were to be eradicated, trade was to be encouraged, industries and mineral resources were to be developed, and education was to be recast and made universal.

THE RECORD OF FIVE YEARS.

For nearly five years the Chinese have had the direction of their own land, and those friends who were hopeful are now equally discouraged. There has been some advance in industrial activity aided by the importation of machinery, and the need for railways has received recognition, while it must be acknowledged that the persons and property of foreigners have never been more secure. On the other hand, corruption is more rampant than ever, brigandage and piracy are causing more suffering and loss than did the mild oppression of the Manchus, trade is still hampered by exactions, struggling industries are still taxed, morphia is rapidly taking the place of opium, roads and other means of communication are disgracefully neglected, mining activity is prevented by repressive legislation, the currency is in worse confusion than ever, floods are still allowed to devastate wide tracts, crimes of violence have increased in number, the soldiery dominate the country, and a financial crisis threatens national bankruptcy.

To deny the truth of these facts is out of the question, as every one of them can be substantiated, and, indeed, they are common knowledge. The only possible method of dealing with them is to find excuses for them, and it is probable that the claim will be made that the reactionary methods of the President are responsible. The so-called Republic has been converted into a Dictatorship, and the voice of the people was silenced by the suppression of Parliament. But during the active existence of that farcical collection of intriguers and self-seekers, the only piece of legislation that they were sufficiently agreed upon to make law was the bill to pay themselves handsome salaries. With the exception of this not very striking tribute to their qualities as statesmen the legislators were content to waste the time of the nation in undignified party squabbles and obstruction.

RECKLESS SELFISHNESS.

Politics in China are simply a struggle between the "haves" and the "have-nots." This is more or less true of politics everywhere, but in other countries, for the sake of decency, politicians at least profess to carry on the business of the country. During these five years Chinese politicians have shown that the doctrine of self-sacrifice for the good of their country has no meaning for them. One would have expected that the ever-growing menace of outside interference and possibly domination, a menace that is perfectly plain to onlookers, would stop all this selfish and even traitorous striving after loaves and fishes and range all parties together in defence of the State. But, notwithstanding their genius for combination as shown in their guilds, the Chinese seem incapable of any but a hand-to-mouth policy and to be still more incapable of carrying out to an effective end anything decided upon. They delight in drawing up elaborate schemes and interminable lists of rules, but practical organization and execution seem utterly beyond them.

It would be curious to know how many men are employed in government offices in Peking who are altogether unnecessary. Probably at least ten men are muddling at a job that one honest worker could undertake satisfactorily. The waste of money on the army is stupendous. According to the last published Budget the estimated expenditure of the Ministry of War, including extraordinary expenditure, was \$142,352,713; while the Statesman's Year Book gives the Military Budget for Japan during 1913-14 as ¥78,155,403. Can anyone pretend that the Chinese army, costing nearly twice as much, would have the slightest chance against the Japanese? The same make-believe and inefficiency is found throughout the administration, and it is high time that the Chinese understood that if they want to preserve their independence, and secure the respect of their neighbors they must become serious workers and cultivate the sense of duty and remember that national insolence is not a synonym for patriotism.

TO THE TRUE PATRIOT.

China was once great; she is now only large; and if she is to become great again, men who have ability and courage must devote themselves to the good of their country without thought of personal gain. Are there no men

in China who can resist the temptation to derive wealth from office? We have seen T'angs and Huis innumerable, most of them effete and some of them mischievous. Is there no hope for the establishment of a genuinely Patriotic League, led by men who are careless of money but eagerly mindful of their country's needs; men who are determined that China shall take, amid the new surroundings that have found her unprepared, the place she once held without dispute or rival amongst her Asiatic neighbours? There must be men of this stamp somewhere in China. Let them come forward to save their country.

THE CHINESE SOLDIER.

By a Kiangsi Correspondent of the N. C. Daily News.

To draw an adequate picture of a Chinese soldier is by no means an easy task; to describe him as a worthy patriot of an ancient and civilized nation is still harder, and to depict him as the preserver and protector of China is impossible. To delineate his varied character, his accommodating propensity, his unassuming geniality and his unrighteous villainy is at least possible.

China is a large country and its soldiers are drawn from many parts. A northern soldier is entirely different from a southern one, and those from the west are the antipodes of those from the east. The northern soldier is a slave, without principle and mercy. He is rude, untutored and insolent. When let loose, whatever goodness he has is lost in avarice and plunder. To call him a soldier is entirely a misnomer. He has neither love for, nor knowledge of, nor interest in the great country. Like most ignorant men he is entirely unconscious of his own ignorance. He is superior to the southern soldier—why? Simply because the north is superior to the south. He is more important than the southern soldier—how? Because the north is more important than the south. His argument is simple and his reasoning conclusive. As a soldier, he fails to see China, the north bulks so largely before his eyes. He is entrusted with the Government's mandates; he maintains the integrity of the Empire; he repels the south, subdues the east, and fights the west. The northern soldier is proud and haughty and insolent simply because he comes from the north. To him the south, east and west are *rendezvous* of sport and plunder, barbarous hordes and uncivilized tribes.

The southern soldier is strong, proud and daring. The southern army preserves great unity and has a love at least for that part of China to which it belongs. The southerner is an intelligent thinking being; he is not part of a machine. He will move and act when there is intelligence behind the movement. Like the soldier from the east, the southerner is milder in his insolence and barbarity. But, like the true Chinese soldier, his protection and assistance are an uncertain and unknown quantity. There is an absolute instability in his whole being; he is unreliable in places of danger and untrustworthy in positions of responsibility. He is unknown when two prices are in the

market and uncertain when two opponents are in the field. To trust him is to lean upon a shaky reed; to employ him is to live in daily jeopardy of your life. Which side he will take, depends on two things.

The soldier from the west of China stands entirely by himself. He has never been abroad, has seldom left his native province and is not often engaged in distant campaigns. He loves an easy soldier's life. The hardships attending a long and arduous campaign he finds exceedingly uncongenial. He is the bravest of men when rice and food are plentiful, the most chivalrous of soldiers when the enemy is lying well to the west, the most daring of beings when parade sports are on. The soldier from the west loves peace with all his heart. To him fighting entails too much hardship and too much discomfort. Of course, a few days' wholesome plunder always breaks the monotony of the daily routine. It makes his life of ease more enjoyable and gives the soldier a more outstanding status among the people. In the long campaigns against Tibet, the Szechuanese soldier was absolutely useless. He had no desire to fight, no heart to fight, and no strength to fight. North, south, east and west, China's soldier is her greatest problem. His very uncertainty makes him so. In different parts of the Empire he exhibits different traits, but in every part of the Empire he is an absolutely unknown quantity. Leaders surround themselves with relatives to protect them from their own bodyguard. Generals rise and fall through the sheer freaks of fortune. Cities live in daily peril from their protectors.

THE OFFICIAL'S ONE PROP.

A Chinese soldier occupies a most peculiar position. To find out his precise relation to those in authority and the relation of those in authority to him is no easy matter. To say he fights his country's battles is not true; to say he defends the Government is equally untrue; to say he protects the President is also a fabrication. What, then, does a Chinese soldier do, or rather what is he paid to do? First, a Chinese soldier is paid by the person in office to enable him to remain in office. Cease to pay him and you cease to be in office. You are there simply because you feed and pay an army to support you there. The person in office may be great and influential, may have wisdom and ability, may govern wisely or unwisely, but still he is there only under sufferance. He is as much the slave of the soldier as the soldier is of him. The Government may be despotic and its ruler a tyrant, yet he is only so in so far as the soldier obeys his commands. This is peculiarly so in China. Not only is the Chinese soldier paid by the person in office to enable him to remain there, but gratuities and days of licence are allowed to make that office more secure. This was particularly so in the counter-revolution. Three days of licence were granted to the soldiers whether in lieu of payment or as a gratuity is not clearly known. Farmsteads were plundered and wealthy men were relieved of their precious metal; villages were sacked and city guilds levied. And why? Simply because soldiers were being used to make an office more secure. Wealthy bankers' houses were surrounded at

the dead of night and thousands of dollars carried away. Country gentlemen had their floors pulled up and their ceilings pulled down in the mad search for hidden wealth. Poor people were deprived of their honest simple hoard. And why? An office was getting somewhat insecure.

Secondly, a Chinese soldier is paid to force upon a willing or unwilling people the dictates of those in office. An Imperial mandate is issued and sent throughout the Empire. In some remote part of that Empire a few dare to resist the Imperial decree. Righteous indignation against an unjust law is labelled rebellion and an army marches forth. The rebellious people are subdued, the mandate is enforced, the adjacent country is plundered and the soldier returns home in triumph. The soldier did what he was paid to do and no more. The question of right and wrong, justice or injustice, ruler or people, never entered his head. The person who paid him had been resisted and he was paid to do his will. Why should a Chinese soldier think? As a carpenter is paid for making windows, so a soldier is paid for fighting battles. What he is fighting for in no way concerns him. He has no interests in the great issues at stake. He is fighting for his pay and for what plunder can be thrown in. He fights equally well, be his cause just or unjust, right or wrong. Should he suffer defeat he retires in no disgrace, because success would bring him no glory.

THE COMEDY OF TRAGEDY.

Were it not so serious, the whole thing would be positively ludicrous, to think a man will fight and have no interest in the issue of his adventure. Nevertheless this has been witnessed time and again. During 1913 when the North and South were in arms against each other, southerners were fighting in the northern army and northerners in the southern army.

War is declared between the North and South, or it may be the East and West, somehow it does not seem to matter which. A young Cantonese is out of work in the province of Shantung, so goes and "eats rations." The same thing happens in the south: a young Honanese takes up arms against the north. It is hardly possible that one or the other will kill his father or his brother, as a Chinese soldier in the excitement of battle seldom puts the rifle to his shoulder and takes definite aim. He fires in the air and leaves the destiny of the bullet to chance. It may drop on someone's head and it may not. A Chinese soldier is a most humane fighter, and why? For the very reason that a coolie is a humane coolie and a carpenter is a humane carpenter and a mason is a humane mason. A soldier is paid to do a certain piece of work and he does it with about as much flourish as a painter would paint a signboard.

Thousands of soldiers set out to corner the White Wolf. Their pay falls some months in arrears; the White Wolf offers better terms than their present employer, so they change masters. With the Chinese soldier the whole business is a question of dollars and cents. He has no compunction about where and whom he serves as long as the pay is by no means precarious, nor is there any likelihood

of his dying of starvation. Send the soldier no pay and you give him unlimited licence to extort from the people. Give him pay or licence, he will obediently carry out your commands until a higher wage claims his will and obedience. The person in office is truly in a precarious position, hence the necessity for surrounding himself with his own relatives. The official's personal safety depends, not on his soldiers, but on his friends. Chinese history has proved this, time and again. Chao Er-fang, the late Viceroy of Szechuan, when cruelly deserted by his own bodyguard, was defended to the last by his young Tibetan slave. This brave young girl laid down her life for one of China's most intelligent and capable administrators. His own soldiers, many of whom were the recipients of his unbounded kindness, were the first to turn against him. Tuan Fang's bodyguard deserted him to a man, and in doing so abused the first duty of a soldier.

A SENSE THAT NEVER WAS BRED.

To describe the Chinese soldier as a worthy patriot of an ancient and civilized nation is not easy. It is never safe to generalize from particular cases, but one is perfectly safe in affirming that the Chinese soldier has practically, if not absolutely, no patriotism whatever. It is quite true to say that for China, as a whole, the Chinese soldier has no love. Such noble sentiments and generous feelings, such love and regard as characterize the western soldier have yet to be born. Perhaps one or two things may account for their absence. Seldom in the history of China has the nation been at war with another nation; seldom has the country as a whole been in a death struggle with another Power; seldom has the empire stood as one man to drive back a foreign foe; seldom, if ever, in her long history has a common enemy called forth all that is latent in the Chinese soldier. His patriotism has had no chance of development. So far he has never played among forces that would make China the dearest spot on earth to him.

To the Chinese soldier his own existence has ever been a great problem. The most intelligent soldier has only the vaguest notion of European warfare. He knows little or nothing about military tactics and military manoeuvres on a large scale, which he has never seen. Route marching is a form of joking he will not indulge in. Being practical to a degree, the Chinese soldier will not waste money on straw sandals for route marches. Besides, why should he walk when there is no extra allowance for such exercise? Rifle practice is practically unknown; the Chinese soldier is not trained to shoot, nor is he trained to fight. He is well drilled, however, and performs a species of exercise giving one the impression that he hopes one day to step over your head.

During the fighting between North and South there was neither strategy nor stratagem. How could there be when the Chinese soldier is ignorant of both? When the northern army came into Kiangsi three years ago, the Kuling mountains afforded many splendid opportunities for strategic fighting. A rough military sketch map would have

shown the northern army exactly where the southern army lay. With such aid the entire annihilation of the southern army was not impossible.

THE WANT OF A JUST CAUSE.

Perhaps the greatest hindrance to the development of the Chinese soldier is the absence of a righteous and just cause. The opium war was a signal exception. During recent years the Chinese soldier, north and south, east and west, has embarked on campaigns, sometimes hard and arduous, the cause of which he has been entirely ignorant. Several years ago army after army entered Tibet, presumably to subjugate the Tibetans. Time and again these armies, brilliant in appearance, but lacking in purpose, were defeated and scattered. The Tibetans were fighting for freedom, home and country. Their cause was just. The Chinese were fighting for a cause they could neither substantiate nor justify. Without a righteous cause the Chinese soldier makes a very poor fighter. During more recent years a good deal of Chinese warfare has ended like a bubble, simply because the opposing parties were somewhat hazy as to the object and purpose of the warfare. Give a man a good cause and if it is worth anything he will die for it. Causeless fighting has undoubtedly been the chief hindrance in the development of the Chinese soldier.

To delineate the varied character of China's fighting force is not difficult, made up as it is of all shades and conditions of men. The Chinese soldier is removed no great distance from the man in the street. He is most humane and companionable and enjoys life like other ordinary mortals; he appreciates the pleasures of life, and when fortune brings him a "corn and wine" experience he enjoys it to the full. He is simple and straightforward and enjoys a joke like other people. He appreciates good things, enjoys the pleasures of life and loves the spice of adventure. When war is declared he thinks little about its cause and effect, he thinks less about its issue, and thinks still less about its horrors. He goes forth with no desire to kill, rob or plunder. He is commanded to go forth and therefore goes. That people should suffer, that homes should be plundered, that towns should be sacked, are not included in his marching orders. To him these are incidentals.

A SIMPLE CHARACTER.

There is nothing subtle or scheming about the Chinese soldier, there seems nothing hidden or mysterious about his nature, there is nothing suspicious or hateful about his character, there is nothing fearful or dreadful about his appearance. Apart from his rifle, there is little or nothing to distinguish him from an ordinary civilian. On duty or off duty he is a simple, unassuming individual. He has no desire to shine and has still less desire for show. He may be a simple country lad, ignorant, uneducated and unpretentious, or a dissolute profligate from the larger cities. A combination of the two gives us the typical Chinese soldier. An unassuming villain is a dangerous per-

son to meet anywhere, and when that person has power to relieve you of your belongings he is doubly dangerous.

These things may be accounted for: the precariousness of his pay, the uncertainty of his allegiance, the unknown condition of China, with its wonderful volcanic propensities, make him to a large extent an irresponsible person. His beloved nation, rent and torn, his fellow-countrymen in mortal strife, his brother-soldier in deadly combat are things he watches with the interest of a stranger. To the Chinese soldier China is a large playground, its wealth an interesting thing to play with and himself no mean player in the exciting game. He is ever ready to fight and to loot.

NEW POLICY OF THE LOAN TO CHINA.

The announcement that the State Department is in sympathy with the plans now under way for a Chinese loan to be brought out in this country, and has even sent a representative to confer with New York bankers on the subject, indicates more than a change of mind on the part of the occupant of the position of Secretary of State. It was President Wilson, not Secretary Bryan, who declared in very explicit terms that American bankers lending money to China must do so entirely at their own risk, and without counting on any formal recognition of or support to the transaction from their own Government.

It was at the request of the Taft Administration that a group of American bankers undertook to participate in the loan then desired by the Government of China amounting to about \$125,000,000. Our Government wished American bankers to participate along with the bankers of other nations, because it desired that the good will of the United States toward China should be exhibited in this practical way that American capital should have access to that great country, and that the United States should be in a position to share with the other powers any political responsibilities that might be associated with the development of the foreign relations of China in connection with her industrial and commercial enterprises.

Shortly after his assumption of office, on March 19, 1913, President Wilson issued a statement in which he said that the present Administration had been asked by this group of bankers whether it would also request them to participate in the loan. The representatives of the bankers declared that they would continue to seek their share of the loan under the proposed agreements only if expressly requested to do so by the Government. The Administration declined to make any such request, because it did not approve the conditions of the loan, or the implications of responsibility on its own part, which it was plainly told would be involved in the request. It seemed to President Wilson that the conditions of the loan touched very nearly the administrative independence of China itself; and he did not feel that his Administration ought, even by implication, to be a party to these conditions.

So far, the President's stand was intelligible enough, but it was not quite so clear what he had in his mind when he added that the Government of the United States was not only willing but earnestly desirous of aiding the great Chinese people in every way consistent with their untrammelled development and the immemorial principles of this Government. He said further: "They certainly wish to participate and participate very generously in opening to the Chinese and to the use of the world the almost untouched and perhaps unrivaled resources of China."

This sounded like a reaffirmation of the policy which the President had declined to follow, and it was difficult to see how the participation he suggested could be brought about if American capital seeking investment in China was not to be assured of the same kind of protection that the other treaty powers stood ready to extend, each to its own nationals. As to "the immemorial principles of this Government" these were held to be quite compatible with the declaration made by President Buchanan in his annual message to Congress of 1858 that our neutral position in the hostilities which had been conducted by Great Britain and France against China did not interfere with the sending of instructions to Minister Reed to co-operate cordially with the British and French Ministers in all peaceful measures to secure by treaty "those just concessions to foreign commerce which the nations of the world had a right to demand." Still less did they hamper Secretary Fish in selecting the arguments to be addressed to China in pressing for the ratification of the Burlingame Treaty of 1868. Rumors had come that the Government at Peking had decided not to ratify the treaty, and Mr. Fish took occasion to recall the fact that what is known as the co-operative policy of the great powers in China, dating from about the year 1863, proceeded on the principle of regarding the Christian communities of all nationalities in China as having a common political as well as a commercial interest to be pursued under joint counsels. It had also followed from this that in important matters Chinese officials had been made to see, "sometimes even with a show of ostentation," that there was a substantial unity of design among all the powers.

President Wilson showed, however, that he had a firm grasp of the basic principle of our Chinese policy, to wit, that our interests are those of the open door—a door of friendship and mutual advantage. What he failed to see then, but what he apparently comes to realize now, is that the difficulty of keeping the door open will be greatly increased if we are to stand aloof from the co-operative policy of the other great powers in China, leaving nations with predatory designs a freer hand than they would have if the United States continued to be a party to an international compact whose basis is the maintenance of the territorial integrity of China.

There is an essential difference between the conditions upon which Americans themselves would borrow money, and those on which they are ready to lend it in a country like China. As our former Minister at Peking, Mr. William J. Calhoun, put the case: "The foreigners know that there is in this country a well-established system of laws and there are well-organized courts with the jurisdiction and the power to which the foreigner can appeal for protection of his rights and the enforcement of his contract. There is no necessity for him to appeal to his Government. But in a country like China it is different. There are no laws, there are no courts to which the foreigner can appeal. His only protection is to appeal to his Government for diplomatic support."

The State Department is doubtless not unmindful of these conditions in urging American bankers to come to the financial relief of China at the present time. It is, of course, a corollary of the new policy of the Administration in relation to this subject, that in taking note of financial contracts made by our citizens with China, our Government should be satisfied that the purposes for which the contracts are made are sound and justifiable. In such matters, the rule has been before invoking the support of the Government to present it with the fullest possible information and enlist its approval. In the new Chinese loan it is satisfactory to note that it is our Government itself which has taken the initiative.—*N. Y. Journal of Commerce*.

TRADE POSSIBILITIES IN CHINA

From The Far Eastern Review.

Arms are being vigorously furnished for the great commercial combat which is destined to take place after the war; and one of the greatest battle fields will be provided by China. Already the emissaries of various prospective protagonists are abroad in the land reconnoitring and laying their plans, either searching for new avenues for trade or preparing to take what was previously held by the Germans. Probably the most active at present are the Japanese. Not only does territory attract them, but also they have special reasons, apart from those of a purely economic character, to see the trade statistics of Japan in China head those of any other country. Great Britain has long held supremacy in this direction, and the signs are that she will endeavor to maintain it. Her merchants will, naturally, make every effort to capture the German trade, and in that particular direction will be accompanied as far as possible by their Allies. It is certain that Germany will not for many years be able to carry on the systematic campaign which characterized her activities before the war. Then her representatives virtually stopped at nothing to get the business, though in many instances they demonstrated an enterprise and an initiative such as has not been exhibited by their older rivals in the field. It is not for a moment suggested that all of those methods ought to be copied. Many of them were far from savoury. The system of giving long credits, of providing goods inferior to sample, of bribery and corruption, of indulging in speculation, calls for the strongest condemnation. In the latter connection it is recorded that German firms at Hankow have sold export produce in Europe and America long before it has been on the Hankow market, or before it has been grown.

An aspect of German trade, which is worthy of note, however, is the co-operation which existed between the merchants and the industrial banks in Germany. This union of interests has helped the merchants to establish themselves well where they trade, providing adequate go-downs and up-to-date equipment to carry on a business which requires a large volume and small profits to enable the extensive foreign staff and costs of installation to be paid. In the machinery trade German manufacturers established themselves firmly chiefly because of their liberality to the purchasers in the matter of credit, and as often as necessary in accommodation of a financial kind in effecting the installation of plants. The fact that such a practice is able to be followed indicates the close connexion obtaining between the importing houses and the financial establishments in Germany. With most other nationals the importer has to bear the responsibility and take the risks attendant upon financing purchasers. The manufacturer invariably refuses any assistance in this regard, and because industrial development is so backward and because people with capacity to start industries are invariably short of the capital to acquire the necessary plant

they are driven to the source where they can obtain the required assistance. The American and the British manufacturer pursue the not always primrose path of conservatism and decline to meet the needs of the time, even refusing, in the majority of cases, to provide sample machines for exhibition purposes.

In these respects some change is essential if trade is to be expanded and industries in China developed. Provided financial assistance is available there is abundant opportunity for the installation of manufacturing plants, the financiers being able to stipulate what and where machinery should be bought, and have the control of the established factory until the equipment has been paid for. This is an aspect of trade which must receive attention, and which calls for the co-operation of banker, manufacturer and merchant. German houses did extensive business along these lines and gained the premier position in many places. Another method followed by Germans was to send men into the interior to study conditions, to pave the way to meet the demands of the market, and to give advice to prospective purchasers. The merchants or manufacturers were content to pay men to sit tight in various localities for considerable periods without becoming flustered because no orders were forthcoming. The men thus paid were able carefully to develop the field, the first order obtained bringing sufficient to cover expenses to date and more. Where the Germans have taken participation in manufacture they have, where profits have been obtained, secured their share, and it was consequently to their interests to see to it that the factories thus established were well and economically conducted, a matter to which their representative gave careful attention. Not only does this practice tend to a wider sale of machinery but it also makes for the adoption of German methods of manufacture, and can be calculated to create a predilection for German material.

The time has now come when the manufacturers of America and Great Britain should recast their systems of doing business in the East. Old-time methods which made fortunes for the few who then fared this far forth to harvest what there was to reap can not stand the keen competition which modern development has created. The manufacturer who desires orders must now be prepared to supply what the market demands and must be prepared to suffer disappointment if he imagines he will be able to compel the market to take what he manufactures. The Germans discovered this secret of getting on with the Chinese early in their career in this field, and they have done what they could to meet the wishes of prospective purchasers, with the result that they managed to work up particular lines in which they held virtual monopolies. In this direction manufacturers who desire to enter the China market might very profitably make close investigation of possibilities. There is a tremendous field for enterprise,

not limited in any direction. The country is not one of vast virgin spaces like Canada and Australia. It is thickly populated; is studded throughout with cities, and towns and villages, and wherever there is arable land there is intense cultivation. The purchasing power of the people is not high, but there is a great demand for necessities which cannot yet be made in this country, and that demand can be considerably increased if systematic assistance can be given in the development of industries. The standard of living will rise in proportion to the number who can find support in other avenues than cultivation, and it is to the interests of all manufacturing and trading countries to see to it that China is assisted to expand along the lines that have made for wealth in other parts of the world.

America and Great Britain will find Japan their keenest competitor after the war. That country has taken the greatest advantage of the occupation of others during the war to consolidate her position, but unfortunately for her suppliers the politicians have been so eager in pursuit of their desires and forgetful of the best interests of their manufacturers, that they have managed to alienate the friendship of the Chinese people. However, Japanese are peculiarly equipped to deal with the Chinese if they find it essential to cultivate friendly relations. At the moment they are depending upon the tactics of the bully, trusting that they will pay. The day is very likely to come when they will discover that they have erred, but once that day dawns the Japanese will adapt themselves to circumstances without loss of time and will at all costs readjust their relations so that they will be able to meet competitors. There is, of course, room for all in China for very many years to come, but it behooves those who wish to establish themselves thoroughly to take the necessary measures promptly and effectively.

There are signs that the British and the American manufacturers are waking up to the desirability of a change of methods. Both now have Chambers of Commerce established in Shanghai, and elsewhere, and both are preparing to develop trade as it has not been developed before. The war has materially handicapped the British for the time being, but they are preparing for the day when they will be free to unleash their capital. The Americans have shown more activity with capital during recent months than at any time since their advent in China, and representatives of large American financial syndicates have been in the country investigating possibilities, and more are apparently coming.

In another article we specially deal with the desirability of co-operation between Great Britain and America in this country. Great Britain has been seriously affected by the war, and from the blood of Great Britain and her allies Americans have drawn riches undreamt of, and there is evidence that this fact is not unrealised by Americans. Because of this, and more because the two nations constitute the great Anglo-Saxon race, it is to be hoped that some unity of action in such a field as China will be possible. It is a development that would be a God-sent gift to China, and a consummation which statesmen might well burn the midnight oil to effect.

Reporting on Germans and the machinery trade of Hankow the British Consul-General says:

"In the case of more important classes of goods, such as engineering material, electrical machinery and the like, their success is undoubtedly due to very extended credit terms, payments in some cases being spread over five, seven or even ten years. It is again reasonable to suppose that the burden of such a system of credit is not borne entirely by the importing houses and that it points, indeed, to a very close connection between the latter and the German manufacturers, who must also bear their share.

"To these hazardous but still legitimate and possibly praiseworthy methods of business must be added others, which reputable British firms have never been willing to adopt. It is notorious that the large German importing firms make a practice of paying retaining fees to high officials in Peking and other important centres in order to obtain business, and few business men in China would be disposed to deny that perpetrators of the even more corrupt practices, common in the expenditure of official or trust funds in this country, find willing coadjutors in the German firms who capture the orders.

"Coming to the question of German and British goods as distinct from German and British importing houses, one finds that German manufacturers enjoy an advantage due to the application of a similar principle. German manufacturers seem to be more alive to the requirements of the Chinese market and to be more willing to assist the merchant on the spot. I have already referred to the question of credit. Much machinery of British origin is and has been imported through German firms. The latter, however, also represent German manufacturers and are naturally prone to push German in preference to British goods wherever possible. German manufacturers gain many advantages by being willing to send out free to their agents on consignment samples of even large machines. If the machine is sold, so much is gained; if not, it remains on show. Samples of British machines, even for show purposes, must nearly always be purchased by the importing firm. The firm which attempts the business has to suffer the locking up of a large amount of capital, in which the British manufacturer refuses to contribute a share.

"The German manufacturer again is generally more alive to the importance of sending out catalogues which are fully illustrated and descriptive of his products, and which contain information to enable a customer with perhaps only a superficial knowledge of engineering to select the exact plant which will suit his requirements both with regard to output and cost. In this connection a British merchant suggests to me that British manufacturers would do well to consider the preparation of separate illustration sheets, each dealing with one particular machine, which can be given to prospective purchasers. The Chinese buyer, he says, always wishes to have a picture of the machine he is purchasing, and the sheets might advantageously contain a short description in Chinese of the particular machine illustrated.

"Another factor operating to the advantage of German manufacturers is the fact that German firms are in general more willing to finance Chinese enterprises, especially of a semi-official or official nature. It is made a condition of these contracts that the whole of the machinery and supplies for the period of years covered by the loan shall be purchased exclusively from the firm advancing the funds. This leads to the consideration, which is ultimately the reason for the greater activity of Germans in all branches of trade in China, namely, their lack of colonies and dependencies as an outlet for their capital. It is argued that British firms are able to make use of their resources with greater security and profit in other parts of the world. The examination of this explanation for the comparative neglect of China trade is, however, outside the scope of this report.

"In concluding my remarks on the present preponderance of German enterprise I would draw attention to the advantages reaped in the import business by the presence at places far inland of Germans primarily employed in purchasing export produce. These men, the majority of whom speak Chinese, are all over the country in places unvisited except by missionaries and travellers, at several places on the Upper Yangtse and at Chengtu, 2,000 miles by water from the coast. They have unparalleled opportunities for gauging the possibilities of extending the use of German goods and for soliciting orders for machines and the like. It is unlikely that they do not make full use of their time. Their principals adopt that wise policy of not expecting immediate business and are often content to keep an agent for months in some provincial station waiting for orders, which when they do come more than pay for the delay.

"The effect of the war on the German import business has up to the present been slight. It is true that supplies from Germany and Austria-Hungary have been cut off, and this fact must inevitably sooner or later give an impetus to British manufacturers. Up to the present, however, the losses thereby inflicted on German as compared with British firms have been minimised by the fact that the stocks held in the Treaty Ports and by dealers in nearly all branches are very heavy, and no new business is being done even in British goods. The heavy fall in the value of silver has accentuated the stagnation and further difficulties arise from the fact that up-country dealers are holding out for higher prices for existing stocks. Moreover, prices of export produce have on the whole fallen so that in addition to general tightness less money is available for purchasing foreign goods. It will be seen that the immediate prospects of the import trade are not favourable.

"The following articles imported into Hankow have hitherto been largely of German or Austrian origin:—Machinery of all kinds; small tools; hardware, such as galvanised, corrugated and flat sheets, wire nails, wire, steel plates, rods and bars of various sections, window glass, nail rods, copper and brass bars and sheets; needles; Berlin wool; braid; buttons; ribbons; trimmings; lamps; soap; wash-basins and enamelled ware; aniline dyes; beer; chemical products; electrical material and fittings; cups

and saucers and generally small metal goods of inferior quality and low price.

"German manufactured piece-goods and fancies imported here consist chiefly of cheap waste-cotton printed blankets and small sundries such as baby caps, vests, men's caps and hats, etc. The particulars of the blankets are as follows:—

Size: 58 in. wide by 80 in. long.

Weight: From 2 lb. to 3 lb., the most popular being 2 lb. and 2½ lb.

Retail prices in Chinese shops:—

2 lb.	\$2.00 each—about 3/5
2¼ lb.	\$2.20 each—about 3/9
2½ lb.	\$2.40 each—about 4/1
2¾ lb.	\$2.80 each—about 4/9
3 lb.	\$3.25 each—about 5/6

"Cotton trouserings are imported also from Austria and Italy.

"Most of the trade imports is done with dealers in Hankow; and the exploitation of the interior and treaty ports further removed from the coast is left entirely to them. There is no doubt that the business could be much expanded if this exploitation could be undertaken to a larger extent by foreigners. The firms in China, being merely merchants, are not in a very good position to do this, unless they are materially assisted by manufacturers and exporters at home. Some lines, of course, lend themselves better than others to this treatment. A considerable amount of organization is necessary. That of the kerosene oil and cigarette trades is admirable, and one firm has found it pays to recruit its staff to a considerable extent from the Universities, placing the men from the start in positions of responsibility. Some firms again have been very successful in organizing up-country agencies under Chinese merchants for the sale of sewing machines, knitting machines, patent medicines and the like. Many other articles could also find an extended market in this way. It would, of course, be essential that the goods should be sent out on consignment to agents."

ANGLO-AMERICAN CO-OPERATION IN CHINA.

There is general belief that the end of the European War will see the beginning of an economic struggle not less bitter in its intensity. All the belligerent nations will have used up a large percentage of their capital, and will seek to make good their losses in the least possible time. If every nation acted independently the military hostilities would be followed by a commercial war in which the hand of each of the commercial nations would be turned against all others, erstwhile enemy and ally alike. From every point of view this would be undesirable, and in fact would be liable to bring about, sooner or later, another appeal to arms. As a precaution the Entente Powers and the Central European Powers respectively have already begun to formulate plans for concerted economic action. The Germanic States are endeavouring to form a Central Euro-

pean Customs Union to oppose an economic combination composed of Great Britain, France, Italy, Russia and Belgium. There seems to be some doubt whether Japan will join the latter combination. It is also impossible as yet to say what effect this concerting of economic effort would have upon commercial affairs in China.

Assuming that Great Britain will not lose her freedom of commercial action in China after the war as a result of arrangements made with her allies, a most favourable opportunity will be presented for closer association between British and American interests. Both countries are pledged to maintain the independence of China and the policy of the Open Door. There are other countries so pledged, but, as far as the Chinese are concerned, it is to America and Great Britain that they look with most confidence for a due performance of their undertakings. Neither country is suspected of political designs, nor of a desire to acquire territory at China's expense. Their interests are purely commercial, and the Chinese, consequently are inclined to welcome the investment of American and British capital. They feel that the larger the material interests of Great Britain and America become in China, the greater the assurance that the country will be allowed to work out its own political salvation without interference. However large such interests became, the Chinese feel confident that there would be no danger of the establishment of exclusive spheres of influence, or the impairment of China's sovereignty by the creation of railway zones. It is certain, therefore, that the Chinese would heartily welcome the co-operation of America and Great Britain in the work of developing the resources of China.

Co-operation would obviously be more beneficial to the two countries concerned than competition. As they have common commercial ideals there would be little difficulty in arranging the terms on which they could work together. The compact would be commercial and not political, and consequently its arrangement should not be more difficult

than was that of the associations of American and British capital that already exist. The splendid position of the British-American Tobacco Company, to mention but one successful joint organization, is a proof that co-operation is not only possible, but may be attended by striking success. There would be no need for direct support from the Government of the two countries. Their goodwill would, of course, be desirable, and it is certain that it would be freely extended. The British, having been longer in the field, would be able to contribute to the common fund, besides their moiety of the capital required, a vast store of knowledge and experience of local conditions, while the Americans would contribute commercial alertness and familiarity with huge financial and engineering undertakings. Such a combination, reinforced by the goodwill of both their Governments and of the Chinese people, would be in a commanding position. The combination would need to have available a large capital fund, and it would be desirable for its constituent parts to consist of a number of strong financial concerns and leading manufacturing and contracting houses of both countries. British manufacturers in recent times have found it advisable to form combinations in which several firms in non-competitive lines are associated. The same principle could be applied to the international combination. For individual firms, and even for small combinations, the initial cost of establishing branches throughout China is practically prohibitive. But it is essential that any concern that wishes to carry on business on a really large scale in China should be represented in every important centre, and this could easily be accomplished by a combination on the lines that we have suggested. Co-operation of British and American interests in China on an extensive scale is feasible and desirable, and it is sincerely to be hoped that no economic arrangements resulting from the war will prevent its inception.—*The Far Eastern Review*.

THE ADMINISTRATION OF CHINESE GOVERNMENT RAILWAYS

BY CHING-CHUN WANG.

From The Chinese Social and Political Science Review.

During the first few decades of railway history, the chief interest which the public took in the new means of transportation was its mechanical and engineering novelties. It gradually became evident, however, that the non-physical problems were even of greater importance. With the unforeseen development of railways in the different countries, and the consequent revolution in the social,

economic and political life of mankind, the question of administration and control has become as important as it is complex. From the early fifties, the problem of railway administration has been under constant consideration. The different systems adopted by different countries and the different theories advanced by different schools of thought, together with the fact that no system yet evolved

escapes denunciation by some, often considerable body of opinion, while its defects are, at the same time, obvious to its strongest advocates, show clearly enough that no sort of finality has been reached. This together with the fact that railways in their bearing upon political power and social and economical development are the most important industrial undertakings, the world over, and that as it is said, "the politics of China are railway politics" may perhaps afford a sufficient excuse for writing this paper on the administration of the Chinese government railways during the age when political questions occupy the attention of all classes of society.

Railway administration in its broad sense embraces every phase of the railway problem. From the broad question of national policy down throughout the location and construction of the line to the fixing of rates, running of trains or handling of traffic,—all constitute certain phases of railway administration. It involves the task not only of analysing what constitutes the work but also how the work is or should be done. The object of this paper, however, is rather to show the organization by which the administrative work is accomplished than to go into the details of the work; the few facts of the latter which we have actually covered have been those which have to be kept in mind before the nature and effect of the organization can be properly understood.

THE DEVELOPMENT OF THE GOVERNMENT RAILWAYS

Since the introduction of railways in 1876, China's railway policy has undergone a number of changes. At first it was a general policy of opposition, as shown by the fate of the Shanghai-Woosung Railway.¹ The ignorance regarding the new scheme of transportation, the general prejudice against foreign innovations, the fear of foreign influences and the deep-rooted superstitions together with the untactful behavior and irregular methods used by some of the foreign promoters,—all these combined to prevent the introduction of the new means of transportation. Moreover, the apathy against railways was not limited to any one class but extended to all classes of the nation. The railway policy of China then, if any policy existed, was that of exclusion.

Beginning about 1879 a number of the enlightened officials began to realize the usefulness of railways. Efforts were made even at considerable personal risks to introduce railways into the country; but the Court above and the people below were as obstinate as before. In spite of apparently insurmountable difficulties, however, the ingenious and persistent efforts of these enlightened officials gradually removed the barriers. After the Boxer uprising, the Court became too busily occupied with other questions to maintain its opposition against railways. So for about eight years the Government adopted what may be called a *laissez faire* policy.

By 1907, the Peking-Mukden, the Peking-Hankow, the Peking-Kalgan, the Tientsin-Pukow, the Shanghai-Nanking, the Kirin-Changchun and the Chengtai Lines had been opened to traffic. The enormous returns made by a number of these lines at once made a deep impression upon the people. They began to realize the possibilities of railways as investments. So superstition, formidable as it was, gradually gave way in the face of the increasing usefulness and earning power of railways, and in its place a railway fever set in. The "localization" movement was started, with the slogan that each Province should race against all the rest in building all the railways within

its boundaries. Many railway companies were organized. Several Provincial Governments also jumped into the whirlpool. Numerous schemes were embarked upon. Liberal rights were obtained from the Government. A considerable amount of money was raised, and a number of lines put under construction. From all appearances, there was a general enthusiasm for railway building. But the lack of practical experience in this new enterprise more than counter-balanced the force of enthusiasm, in the midst and in spite of which, actual railroading did not go very far. In order to prevent these schemes from becoming complete failures and to extend the then favorite policy of centralization, which had been adopted by the young Manchu princes a few years before, the program of railway nationalization was embarked upon. This measure met with immediate and wide-spread opposition, which led to the Revolution of 1911 and resulted in the overthrow of the Manchu Dynasty. As if heavenly sent for the special purpose of overthrowing the Manchus, the "localization" movement immediately subsided with the dissolution of the Dynasty.

The spark which started the conflagration, the nationalization policy, however, outlived all the turmoils. This policy has since been quietly carried out until now practically all the provincial concessions are taken back. Side by side with the nationalization program, the policy of making a system of State railways has been definitely adopted. A system of trunk lines which should be constructed and operated by the Government has been carefully mapped out. Thus the policy of creating a system of national railways began with the downfall of the Manchu Dynasty and consolidated itself during the Republic.

SOME STATISTICAL FEATURES.

By the end of 1915, there were in all 8,342 kilometres of railway under operation in the country. This kilometrage, from the point of view of administration and control, may be divided into three general classes. Of these the most important is the system of government railways, which comprises fifteen different lines with a total of 5,702 kilometres, thus equalling to 68.4% of the total kilometrage in the country. With the single exception of the Chengtai Line, which has 324 kilometres of narrow gauge, all the rest are standard gauge railways. The second class embraces 2,399 kilometres of "concessioned" lines, such as the Chinese Eastern, the South-Manchuria and the Chiao-chou-Tsinan Lines; while the last class consists of 242 kilometres of private lines which are owned and operated by private Chinese companies.

This system of government railways has cost the Chinese Government \$398,221,176.00, being about \$73,783 per kilometre of line. If the Chinese people are considered as the owners, it would mean that it has cost every Chinese about a dollar to build the railways now in operation.

There are 627 locomotives of all classes which were bought from more than five different countries. A total of 823 passenger cars and 10,418 goods wagons were used in carrying the 26,036,152 passengers and 14,580,264 tons of freight in 1915. A gross revenue of 56.1 million dollars was earned, while 48 millions was spent for doing the business and paying interest on the capital, leaving \$8,100,000 to the Government as a net profit during the same period. In addition to the lines under operation, there are now about ten thousand kilometres of line which are either under construction or definitely projected. These trunk lines constitute the system of government railways. The operation of this kilometrage of completed lines, the financing and building of the large trunk lines already projected, the plans for furnishing the country with numerous other lines that are yet not definitely mapped out as well as the supervision of private lines,—all these important tasks are entrusted in the central railway adminis-

¹ After overcoming all sorts of obstacles, the first rail of this narrow gauge line was laid in 1876, exactly 50 years after the "rocket" made its debut in England. But later opposition became so strong that it had to be repurchased by the Government and the rails, etc., torn up and conveyed from the mainland to Formosa to rust.

tration of the Government, the consideration of which naturally falls under three heads:—

- I. The Central Administration.
- II. The system of local Directorates.
- III. Other administrative organizations.

This paper will be devoted to the discussion of the Central Administration.

THE CENTRAL ADMINISTRATION.

Broadly speaking there are two kinds of government railway administration. One has been described as voluntary, as a result of direct policy, the other, as involuntary, assumed because it seems the best way out of an existing difficulty. The Prussian State railways furnish a good example of successful voluntary government administration, while the systems of India and Italy stand as good instances of reluctant state control. Railway administration in China, however, furnishes a third kind of administration, which not only combines certain features of both the voluntary and the reluctant forms of organization, as has been shown briefly, but also contains a third feature, namely, the part which has to do with the foreign loan syndicate.

Different from most other countries, railway administration in China, at first, was considered as a diplomatic affair instead of being taken as a question of industrial development. Thus during the first thirty-five years of China's railway history not only questions of general policy but also matters of finance, construction, management as well as all other details of administration were entrusted to the Tsungli Yamen, the then office of foreign affairs. In the early days, when railways were regarded as a purely foreign institution, which involved more international politics than actual railroading, and when those officials in charge of foreign affairs undoubtedly had the first chance to acquire knowledge about railways before others, it is easy to understand why the administration of railways was put in charge of the Foreign Office. But since railways began to extend, the questions which arose in connection with their administration became of a very technical and complicated nature, it became impracticable to require such questions to be submitted to, and decided by diplomatic officers, very able men though most of the diplomatic officers were, who were principally concerned with politics and who could not consequently be expected to understand, or to have the time to examine into, intricate technical and administrative questions which, to the experts themselves, are full of difficulty. Here perhaps may be found one reason why railways have had such a "diplomatic" career in China and why some of the old railway agreements are difficult to understand and hardly workable according to business principles.

The inadequacy of managing railways in such a way became more and more apparent as railways grew. So in 1903 the administration of railways was transferred from the Tsungli Yamen to the Board of Commerce. This undoubtedly was a forward step, indicating the realization of the fact that railways are more of a commercial rather than a diplomatic nature. But as time went on and railway lines multiplied, this organization was again found inadequate. So in 1906 the Yu-Chuan Pu, or Board of Communication and Posts, was created to assume administrative control over all the railway, postal, telegraph and navigation affairs of the country.

As there was little precedent to follow for the establishment of such a new Board to deal with industrial affairs, considerable time was taken in finding out the best form of organization that would suit the situation. The following plan was finally adopted. One Minister and two Vice-Ministers were placed at the head of the Board. Five departments were entrusted with the executive work, of which one had to do with railways. In addition to these

departments, there were three independent directorate-generals in charge of the administrative work of the telegraphs, posts and railways separately.

It may be seen that two separate organizations were provided for the administration of railways, the Railway Department and the Directorate-General of Railways. The former, being a regular part of the ministerial organization, had charge of the affairs pertaining to the administration of lines built with Government funds and the supervision of private lines, besides performing purely administrative functions of the ministry concerning railways; while the Directorate-General constituted the administrative head office of all the railways built with foreign loans. It may be seen that the diplomatic features of railway administration was still present, as shown by the existence of the Foreign Affairs Section of the Directorate-General of Railways. As the line between the functions of the Directorate-General and the Railway Department was not clearly drawn, considerable friction seemed to have existed at times.

In the first year of the Republic, in conjunction with the wholesale reorganization of the entire administrative system of the Government, the Board of Communication and Posts was also reorganized and its name was changed into the Ministry of Communications. Since then several important alterations have been made; the last one took place in August, 1914, by Presidential Mandate. According to the system as adopted in 1912 and modified in 1914, the Minister is the executive head of the Chinese Government Railway Administration and is alone responsible to the Chief Executive. General administrative control over the management of all the Government railways, the supervisory oversight of private lines, the projection, finance and construction of new lines and the transactions with the loan syndicates,—these and a multitude of other matters constitute the duty of the Minister. All special tariffs and through rates are subject to his assent. All new works and additions and betterments to the properties must be approved by him before starting, and subject to his inspection after completion. While keeping the integrity and autonomy of the finances of the different lines, all the financial transactions, accounting records and statistical reports are subject to a careful examination and control. In addition, the Ministry also acts as the transportation agent of the Ministry of War. So whenever troops are to be moved or military stores to be transported, the Ministry of Communications will become busier than ever in keeping one ear to the telephone leading to the War Office and the other ear to that leading to the head offices of the different railways, and this continuous performance goes on very often twenty-four hours in a day. These are some of the important works of the Ministry of Communications. Thus the authority exercised by the Ministry is both regulative and administrative.

For the purpose of carrying on the work as outlined above, the organization as shown in the chart on page 76 was adopted in 1914. At the head of the system stands the Minister of Communications,* with two Vice-Ministers as immediate assistants and a staff divided into six departments and five independent offices. According to this organization, the work which was done by the Railway Department and Directorate-General of Railways during the Manchu Dynasty are taken up by the three departments which are in charge respectively of general administration, engineering works, finance and accounts. At the head of each department there is a director or chief, who is directly appointed by the Chief Executive and is responsible to the Ministers for the work of his department. Then the departments are again divided into sections, at the head

* The following have served as Ministers since the creation of the Board: Their Excellencies Chang Po-hsi, Tsen Chun-hsuan, Hsu Shih-chang, Chen Pi, Tang Shao-yi, Sheng Hsuan-hai, Alfred S. K. Sze, Chu Chi-chien, Chow Tsz-chi, and Liang Tun-yen.

of each of which is a sectional chief who is usually an official of the recommended class and is immediately responsible to his departmental director.

The principal idea underlying this organization is to divide the administrative work in such a way as to get the benefit of the division of labor and, at the same time, to encourage the management of railways on a business basis. It is evident that an expert in rate making can hardly be expected to be versed in accounts, and that a good accountant may often know little about engineering and *vice versa*. Another idea is to establish a system of mutual checking. From the chart, it may be seen that the functions of spending money, keeping money and accounting for the money are put in the hands of separate departments. Experience seems to show that this system is very wholesome.

To insure smooth working, detailed regulations are adopted, defining the functions of each department as well as the duties of each section. The principal duties of the Department of General Administration consist of the control of the promotion and punishment of the railway staff, the settlement of all questions pertaining to rates and tariffs, the movement of trains, traffic problems and other works of a general administrative character. It looks after the operating and business side of the railways.

The supervision of private lines is also done by this department. Private railways in China at the present time are few and of minor importance, the longest being that of the Canton Railway Company with 210 kilometres. But there are bound to be more private lines in the future, for the proper development and control of which measures have already been taken.

The names of the sections of the Engineering Department illustrate fairly well the functions of the department. All engineering and mechanical questions which need the approval of the Minister are examined and settled by this department. Through this department the Ministry is informed of the engineering progress of all new lines under construction and that of the new works and extensions undertaken by the operating roads. Plans for all engineering and mechanical works, which require the sanction of the Minister, are examined here from an engineering point of view. Parties of engineers are sent out during most parts of the year to survey the projected lines or to conduct reconnaissance for the selection of better routes or the location of new lines. When a railroad or any section of it is finished, it must be inspected by deputies of this department before opening to traffic.

The Department of Railway Finance and Accounts, as its name indicates, has charge of all the financial and accounting questions, such as the control of the railway budget, the management of the loan services, the settlement of all questions pertaining to railway loan agreements, the transfer of funds both among the railways and the Ministry, the compilation of statistics, the accounting for all the moneys earned and spent by the railways both for capital and operating purposes, as well as all other questions pertaining to what is known as the financial administration of railways. The most important work, which has great possibilities, perhaps is the system of financial control which is gradually being exercised through the railway budget, the series of monthly and annual reports which show the progress and results of the administration of the budget and the recently instituted system of examiners of accounts who examine not only the reports and returns that are sent in but go to the railways to test, on the spot, the figures that are reported. This department has close relation with the Comptroller's Department, as it is through the latter that money is actually handled and in conjunction with the latter the finances are managed, while the former keeps the accounts.

This is a new department, and is perhaps one of the most busy departments of the Ministry. It may be asked why

should the work which only required a section before should now keep a whole department with four sections busy? The answer is quite simple; it is that accounts and statistics, whose effects are less spectacular than engineering, and whose results less apparent than operation, have received little attention until recently. Very few Chinese knew anything about these matters and consequently very little was done. In fact, the railways were left entirely to themselves in the matter of accounts and statistics. As to finance, it seems what was then known by it was largely a question of cash. Each railway kept its own accounts and statistics in its own way and changed its methods as it saw fit. What the Board wanted, the railways could not supply; what the railways supplied, the Board could not use. In short, there was a great lack of sympathy and proper understanding between the central and the local administrative offices. Under such circumstances, effective control over the finance and management of the various railways was out of question. It was the appointment of the Commission on the Unification of Railway Accounts and Statistics by Minister Chu Chi-Chen and the creation of a special department to take charge of the administration of railway finance and accounts by Minister Liang Tun-Yen that began to give importance to this phase of railway administration. These actions of the two Ministers mark a formal recognition of the fact that scientific accounting and a system of standardized records is essential for the success of the policy of administrative control over industrial enterprises which the Government has adopted. Without a clear understanding of accounting principles and a strict adherence to accounting laws, no Government can carry on great industrial enterprises with success. It marks the most significant step, as remarked by several authorities, taken in recent years towards the attainment of efficiency and economy in Government industrial enterprises.

While the functions of the different departments are clearly divided, yet it must be evident that there must be many questions which overlap the dividing lines. In fact, a considerable amount of the work involves all the questions of general administration, engineering and finance. In such cases, the departments concerned are held jointly responsible, while one is designated to be in charge. After a thorough examination is made by each department separately, conferences are held for the decision and settlement of such joint cases, over which the Vice-Ministers sometimes preside. Similar meetings are held for the transaction of the business of each department, which the sectional chiefs are required to attend. Such meetings have proved of great value in facilitating matters.

To effect this administrative work between the Ministry and the local directorates, the administration of which will be discussed in another paper, a large amount of correspondence is necessary, besides conferences, frequent inspections, and examinations by special delegates. Thus in 1915 a total number of 12,900 despatches and telegrams were received and 14,348 were sent by the three departments in charge of railway affairs.

The Minister is of the "Specially Appointed" class, and is alone responsible to the highest authority, while the two Vice-Ministers are of the "Directly Appointed" class and are the immediate assistants to the Minister. The departmental chiefs and the councillors are also directly appointed by the Chief Executive, but of a lower grade. Practically all the administration work of the Ministry is done in the departments, while the Councillors' Office is in charge of legal and other matters that are of a miscellaneous and isolated nature. While the departments have ample power in the transaction of the every-day business, all questions of policy or of importance must be decided by the Ministers. Practically all the despatches are sent out either in the name of the Minister or in that of the Ministry. Those which are sent out in the names of the de-

partments or departmental chiefs are, as a rule, submitted to the Ministers' perusal first. The departments, however, must examine into each case, and furnish all the data and particulars which may be required by the Ministers for deciding each case. Thus the Minister, standing at the head of the whole organization, with the two Vice-Ministers as his eyes and ears and the departmental chiefs as his hands and feet, can always have a general view of the whole situation and is always supplied with the necessary amount of detailed information for deciding questions of policy or importance.

In addition to these regular organizations, there are a number of committees and commissions which are created for the conduct of special works or for the investigation of special questions. Chief among them may be mentioned the Committee supervising the purchase of stores. On account of the supervision which this Committee has exercised, considerable economy in the purchase of stores has been effected. Next may be mentioned the Committee on the Unification of Railway Terms, whose duty it is to standardize all the railway terms which are so widely different with the different railways. This work is more important, perhaps, than it appears, in that with the development of through traffic such a standardization of railway nomenclature is a first requirement not only to efficiency but also to safety. Then there is the Standing Committee on the Unification of Railway Accounts and Statistics, which grew out of the Commission bearing the same name. This committee is closely connected with the Department of Railway Accounts and Finance, and is helpful in the proper execution of the uniform system of accounts and statistics which was adopted a year ago. All questions involving the interpretation of the accounting rules or accounting principles are solved through the committee, of which the ministerial officials in charge of accounts and the chief accountants of the important railways are members. This committee helps to make the uniform system of accounts a living institution. In addition there is also a number of other committees on various questions.

A library of literature pertaining to questions of communications is kept for the benefit of the staff. A training school is operated throughout the year for training young men for special services on the railways. The Ministry also maintains a Museum of Communications, which contains about 5,000 models of different engineering and mechanical apparatus and structures of railways and telegraphs. This Museum is open to the public.

SOME IMPROVEMENTS.

There is no room in this paper to go into the details of the work done or the improvements which have been made during recent years. Suffice it to say that, besides overcoming unprecedented difficulties caused by the abnormal circumstances of recent years and gradually tightening up the strings of control which got rather loose during the latter years of the Tsing Dynasty, persistent efforts have been made in the direction of making a number of fundamental reforms. The consolidation of the system of national railways, the nationalization of the provincial and private lines, the arrangement of through traffic, the improvement of the train service, the betterment of passenger accommodations, the battling against financial and commercial depressions, the standardization of railway materials, the unification of railway accounts and statistics,—these are some of the reforms which have either been accomplished or got under way. Some of these measures are of such a fundamental character that the benefits derived will be cumulative as the railway system spreads from year to year. Another distinct improvement is in the choice of practical men to take the place of "a number of the old literati whose knowledge of railways was confined to writing poetry about them." We lay emphasis on this point, for in any system of organization the most important unit is the individual. Take the departmental chiefs,

for instance, every one of them has spent more than ten years in the study and working of railways, while formerly the posts would have been filled by some expectant taotais who might never have had a ride on a railway. The same thing is largely true regarding the other classes of the staff. Take the Department of Railway Accounts and Finance as an instance, fourteen out of a total of fifty old men are graduates of universities of foreign countries, eight men have had the experience of actual work on railways, while practically all the rest have had a modern education of a fairly good sort. This forms quite a contrast to the fact that a few years ago only three men with a university education were found in the whole Board, and these three were employed only as interpreters. The result of this change is that the Ministry is gradually proving more useful and more effective in exercising a wholesome control over, as well as in working more smoothly into the system of the whole railway organization. The Ministry knows more thoroughly about the Railway Managements, and the latter also understand more about the Ministry.

THE NEW RUSSO-JAPANESE CONVENTION.

There can be no doubt that a closer understanding between Russia and Japan in regard to their respective rights and interests in the Far East must tend to assure the maintenance of peace in Asia. For the nations outside of the combination, the important question is what precisely are those rights and interests, and how does their safeguarding affect treaties and conventions not within the purview of Russo-Japanese relations. That happens to be a question to which no satisfactory answer has been forthcoming. The conventions bearing on the question begin with the Treaty of Peace between Russia and Japan signed at Portsmouth on September 5, 1905. Under this instrument the lease of Port Arthur and Talienwan "and all rights, privileges and concessions connected with or forming part of such lease," and the southern half of the Manchurian Railway, "together with all rights, privileges and properties appertaining thereto," were transferred to the Japanese Government, subject to the consent of China. Of the exact nature of the rights, privileges, concessions and properties thus ceded, nothing is said, but the language of Article III of the Convention would lead to the inference that they do not comprise "any territorial advantages or preferential or exclusive concessions in impairment of Chinese sovereignty or inconsistent with the principle of equal opportunity." This might be accepted as final, but for the doubt whether the Japanese view of the concessions transferred to them was precisely the same as that formulated by Russia, and that both are in agreement with our own view of Chinese sovereignty and equality of opportunity. On July 28 and 30, 1907, two additional Russo-Japanese Conventions were negotiated—a railway agreement and a treaty of commerce. Here the only new fact bearing on the status quo is afforded by Article II of the Protocol attached to the treaty of commerce. This places the trade between the leased territory of Liao-tung and the Russian Amur and Maritime Provinces on the same tariff basis as the trade between those two regions and Manchuria proper. What that tariff basis is, however, we are not told.

Then came the Convention of July, 1910, which opens with the declaration that the object of the contracting parties is the consolidation of peace in the Far East. To this end they engage to assist each other in the development of their respective railway systems, and to abstain from all prejudicial competition. Further, "each of the high contracting parties undertakes to maintain and re-

spect the status quo in Manchuria, resulting from all the treaties, conventions and other arrangements concluded up to this date, either between Russia and Japan or between these two powers and China." It will be observed that the status quo is defined as exclusively a triangular affair between Russia, Japan and China, whereas it is legally quite as much, if not more, the resultant of treaties between China and the other powers, or agreements between certain groups of those powers which have at least the same legal validity as the Russo-Japanese agreement, and finally of a series of assurances, declarations and undertakings in regard to the rights of third parties to which at various times both Russia and Japan have affixed their signatures. To attain any clear idea, therefore, of the status quo recognized by the Convention of July, 1910, one must examine the triangular fabric of "treaties, conventions and other arrangements," therein referred to, and must ascertain whether the understanding between the two powers is in accord with the rights of other nations as acquired by treaties and other arrangements which apparently have not entered into their reckoning. How very elusive is such a quest finds apt illustration in the dispute between Japan and China in regard to the construction of the Sinminting-Fakumen Railway. Japan had vetoed that undertaking on grounds whose validity were, to external observation, not at all apparent. But the mystery was partially cleared up when in the agreement between the two powers, on August 24, 1909, China confirmed her "declaration of the 22nd of December, 1905," pledging her not to construct any railways in the vicinity of or parallel to the South Manchurian line. This was obviously a new privilege, which from its date, was additional to the privileges acquired under the Treaty of Portsmouth, and its effect was to give Japan a monopoly of railway construction incompatible with the principle of equality of opportunity. It does not mend matters to find that the declaration quoted does not appear in the treaty of the same date, and that it has since been ascertained that it was one of several secret agreements attached to the treaty, which have not yet been made public.

Briefly, the status quo referred to in all the Russo-Japanese conventions is very largely a question of secret treaties closely affecting the principles of Chinese sovereignty and equality of opportunity in Manchuria. While the Government of the United States may be able to do but little seriously to affect the diplomatic situation which has thus been created in the Far East, it can, with entire propriety, insist that all these secret arrangements and any others calculated to elucidate the status quo should be made public. Nor ought it to be forgotten that since the establishment of a republic in China an entirely new group of questions has arisen concerning Mongolia, to which the treaty powers, other than Russia and Japan, can hardly be indifferent. Before the revolution Manchuria was acknowledged by treaty to be an integral part of the Chinese Empire, though the special interests of Russia in the north and Japan in the south were tacitly recognized. Mongolia was admittedly a portion of the Imperial Dominions, but with the success of the Republican arms in China Mongolia declared its independence. The Chinese Government has been compelled to give at least tacit recognition to the Hutukhtu—the "Living Buddha"—as the ruler of the new State, and two years ago it entered into negotiations with the Princes of Eastern Inner Mongolia with a view to creating a new Chinese province coterminous with Manchuria. It was in 1914 that, with but slight regard to the susceptibilities of China, the Russian and Japanese governments proceeded to define their railway rights both in Mongolia and Manchuria, and it will probably be found that directly or indirectly this question is dealt with in the new convention.—*N. Y. Journal of Commerce*.

THE WAI-CHIAO-PU.

The Chinese Board of Foreign Affairs, after the Revolution in 1911, was again reorganized on a system common to all the other ministries and the Wai-wu-pu was changed in name to the Wai-chiao-pu. The official system has undergone several minor changes during the four years of the Republic. When the Cabinet system was in vogue, the Minister of Foreign Affairs was a Cabinet Minister and could introduce important questions for discussion at meetings of the Cabinet. With the abolition of the Cabinet system important international questions have since been referred to the President for decision, with or without the advice of the Ministers or the State Council.

In its present organization, the Wai-chiao-pu, like the other ministries, is under the special charge of a Minister and a Vice-Minister. They are assisted by four Councillors, four Secretaries, a certain number of Chiefs of Bureaux, junior secretaries and attachés. The Minister, subject to the orders of the President, controls the affairs of the Ministry, supervises the working of members under him and the diplomatic and consular officers. The Minister supervises and directs the provincial governors and highest administrative officials in the different localities in the discharging of functions concerning the Ministry, and may report to the President for consideration such acts or decisions of provincial authorities as may be considered to be in contravention to laws or *ultra vires*.

The Vice-Minister assists the Minister in regulating and administering the affairs of the Ministry. The four Councillors, under the orders of their superior officers, have charge of the drafting of laws and ordinances or instructions relating to the affairs of the Ministry. The Chiefs of Bureaux, under the orders of their superior officers, have charge of the affairs of their respective bureaux. The four Secretaries, subject to the orders of their superior officers, have charge of confidential affairs. There are thirty-six junior secretaries and sixty attachés in the Wai-chiao-pu.

The Wai-chiao-pu is divided into the Department of the Chancellery, the Bureau of Political Affairs, the Bureau of Commercial Relations and the Bureau of Protocol. The Chancellery Department has charge of treaties and international documents, the seal of the Ministry, records of the official movements of its members and the government property under the control of the Ministry. The Department is also charged with the duty of examining and compiling diplomatic cases, drafting, preserving, receiving, dispatching and publishing documents, controlling the expenditures of the Ministry, the estimated and executed budget of its receipts and the accountancy, auditing the accounts of institutions under the immediate control of the Ministry, compiling statistics and reports and controlling miscellaneous affairs not assigned to any of the bureaux. The Department is under the charge of the four Secretaries and is divided into five divisions—the Division of Correspondence, the Division of Statistics and Archives, the Division of Accountancy, the Division of Miscellaneous and the Division of Receipts and Expenditures. Each division is under the charge of a division chief and several assistants. The Department has control of the telegraph service of the Ministry and the library.

The Bureau of Political Affairs has control of the following affairs: International political questions; territory and boundary disputes; the Red Cross Society; The Hague Conferences and international treaties; international prohibitions, judgments, law suits and extradition; civil and criminal cases of the Chinese abroad; missionary question, travel, protection, claims for compensation of foreigners and nationality. The Bureau is divided into six divisions: The Division of Territorial Affairs; the Division of Judicial Matters, the Division of International Prohibitions,

the Division of Missionary Affairs, the Division of Treaties and Conventions and the Division of Civil Affairs and Litigations.

The Bureau of Commercial Relations has charge of the following matters: The establishment of ports and consulates, trade relations and navigation; the protection of commerce and industry of the Chinese abroad; international questions relating to customs revenue and foreign loans; the employment of foreigners, educational missions abroad and traveling; international conferences and expositions; and international questions relating to commerce. The Bureau is divided into six divisions: The Division of Commercial Conventions, the Division of Commercial Affairs, the Division of Financial Questions, the Division of Industrial Affairs, the Division of the Protection of Emigrants and the Division of Expositions.

The Bureau of Protocol has charge of the following matters: Letters of chiefs of state, credentials and international ceremonies; audiences and interviews of foreign officials and the reception of foreign guests; the approval for the Chinese receiving foreign decorations, and the conferring of honors on foreign diplomatic and consular officers and foreign residents in China. The Bureau is divided into the Division of Correspondence of State, the Division of Official Ceremonies, the Division of Receptions and Visits and the Division of Decorations.

Each bureau is under the charge of a Chief of Bureau, and each division is under a Chief of Division, who is assisted by a Junior Secretary and several Attachés.

In modern times the apportionment of work in the foreign offices tends toward geographical divisions, and this is true of the British, French, American, Russian and Japanese foreign offices. In China, during the time of the Tsung-li Yamen, the office was divided partially according to geographical divisions and partially according to the nature of the affairs. So far as the experience of China is concerned, the distribution of affairs according to geographical divisions has not worked with success, especially on account of the fact that diplomatic questions have usually been based on some provisions in the treaties which are generally more or less similarly worded and which are either concluded directly with the countries concerned or with some other power. It often occurs that several or all of the Treaty Powers are interested in the same questions. It is most difficult to assign the work to any particular bureau, if the geographical divisions are strictly adhered to. In order to avoid the duplicating of the same work by several bureaux, it has been the practice to refer the questions to the bureaux according to their subject matter, instead of according to the countries concerned. Thus, it has come about that the organization of the Foreign Office as it existed under the Tsung-li Yamen was discarded and the present system adopted. It is understood that the question of the conflict of jurisdiction may thus be avoided. How the Wai-chiao-pu should best be divided is, however, still under consideration, and it is likely that time alone can solve the problem, as time is needed in order to have a proper understanding of the working of the present machinery well collaborated and compared with the experiences gained by the working of the same kind of machinery in foreign countries.

JAPAN AND CHINA.

A Reply to the Far Eastern Bureau.

In the July number of the JOURNAL OF THE AMERICAN ASIATIC ASSOCIATION, Mr. Patrick Gallagher, Editor of the Far Eastern Bureau, published a letter objecting to certain

statements contained in the editorial entitled "The Foreign Propaganda in America," originally appearing in the English section of the *Japanese-American News*, a San Francisco daily circulated mostly among Japanese on the Pacific Coast, and reprinted in the June issue of the JOURNAL. As I am responsible for that editorial I wish to offer the following explanations:

We deeply regret that the Far Eastern Bureau should feel offended by any of the statements we have published, for it is certainly not our intention to discredit the work of the Bureau. If our editorial views were based upon misconception we would not hesitate to withdraw them and offer our sincere apology.

But if Mr. Gallagher had read the editorial more carefully he would not have been so seriously concerned with it, for the statements which Mr. Gallagher thinks were directed against the Far Eastern Bureau were not directed against it at all.

We never said, as Mr. Gallagher says we did, that either Professor Jenks or the Far Eastern Bureau "has been ferreting out every fault and defect about Japanese character, Japanese manners, Japanese civilization."

We never said that either Professor Jenks or the Far Eastern Bureau has been "painting Japan in the blackest colours."

We never said that either Dr. Jenks or the Far Eastern Bureau "seems to think that in order to arouse American sympathy for China they must destroy the friendship which the Americans now entertain towards Japan."

But we did say that there were certain propagandists for China (not Dr. Jenks or Mr. Gallagher, or the Far Eastern Bureau) who were doing all of the things which we have just enumerated. The context of our editorial in question clearly shows that our charges were directed against these "certain propagandists" and not against the Far Eastern Bureau.

At the same time we did say that these "certain propagandists" found a sympathizer in Professor Jenks. This is what we did say: "With all our profound respect for Professor Jenks, director of the Far Eastern Bureau, we must deeply regret that he is evidently in sympathy, and even co-operating, with this class of propagandists."

In making the above statement we do not think we were misinformed. The Far Eastern Bureau, for instance, circulated "Analysis of the Chino-Japanese Treaties: Their Bearing on American Interests," written by Mr. George Bronson Rea. The contents of this pamphlet are merely Mr. Rea's personal opinion, which is, to us, highly prejudiced and is neither fair nor faithful in presenting the facts.

Again, Professor Jenks wrote a preface to another pamphlet of Mr. Rea's entitled "Japan's Place In the Sun: The Menace To America." This was distributed broadcast among congressmen, newspaper and magazine editors, and military and naval officers throughout the country. Dr. Jenks' preface to the pamphlet contains this message:

"The facts with regard to Japan's persistent policy of preparedness are serious. Moreover, these facts cited by Mr. Rea are from Japanese sources. If they truly reflect the real situation in Japan—hidden from us by the screen of censorship and an intricate publicity system—then it does seem that the American preparedness proposals now before Congress are remarkably modest in their character—apart altogether from the relative wealth of the United States and Japan."

This is a misinterpretation of the real motives, and a misstatement of the real status, of Japan's armament. Moreover, Professor Jenks permits himself to be influenced by the sinister allegation so widely spread in this country by certain propagandists that Japanese newspapers

are subject to strict censorship, not only in time of war but in time of peace, for the purpose of hoodwinking foreign observers. This particular insinuation is perhaps the most vicious.

In our judgment this pamphlet of Mr. Rea's is a mass of misstatements, if not deliberate misinterpretation. Of course, we did not expect Dr. Jenks to investigate the authenticity of Mr. Rea's statements. But are we not justified in saying, as we actually said, that Professor Jenks is "evidently in sympathy and even co-operating with a certain class of propagandists" who are neither wise nor broad-minded? We think we are.

In presenting the celebrated demands to China last year Japanese diplomacy did certainly commit a grave blunder. Not that those demands were excessive, but because the same thing could have been done in a manner far less objectionable. The domineering attitude which Japan assumed towards China in pressing those demands is highly reprehensible. But the demands themselves were nothing extraordinary or extravagant.

The prejudice of Americans against Japanese policy in China is due to their ignorance, if not deliberate disregard, of the complicated diplomatic history of the Far East. That policy can be understood and appreciated only when viewed in proper historical perspective. Any man endowed with single-track mind has no right to discuss the Far Eastern question, or any question for that matter. There are American critics who are really ignorant of Far Eastern history and international relations, but there are also men who prefer deliberately to close their eyes to the real conditions in the Orient and thus wilfully misinterpret and misrepresent Japanese policy in China.

We do not expect Western critics of Japan to be unprejudiced. Race prejudice is ingrained with them. Naturally they apply one standard of morals to Japanese

activities in China, and another standard to the activities of the Western nations in the same country. A policy which is reprehensible when practiced by Japan, is not reprehensible at all when followed by a European Power. Did not Russia take advantage of the Chinese revolution of 1911 and instigate Mongolia to declare independence from China, with a view, of course, to the ultimate absorption of that vast country of a million square miles? What did the American and European press say about that? Nothing at all. Has not England steadily been advancing in Tibet until today that country has become her virtual protectorate? Has the American press raised any voice against this encroachment? Not a word. Compared with what European powers have done to China, Japan's recent move in China is a mild affair. And it must be borne in mind that it was because of what Europe has done and is doing that Japan is anxious to strengthen her hold upon China.

After all has been said and done we must frankly admit that the propagandists for Japan will make a great mistake if they do not endeavor to establish a better understanding with the propagandists for China and, if possible, to find means to co-operate with them for the good of China and Japan. On the other hand, the propagandists for China must likewise try to understand the Japanese point of view and thus purge themselves of the prejudice which has apparently been influencing them in their activities. It is to be hoped that they will "get together" and frankly and unreservedly exchange their views and see if they cannot find common ground upon which they may work together for the promotion of American-Japanese-Chinese friendship. To be at loggerheads with each other is to waste their energy and to defeat the very purpose for which they are working.

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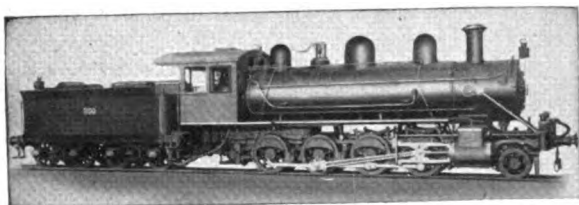
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In the Act making appropriations for the Diplomatic and Consular service for the fiscal year ending June 30, 1917, appears the following item: "For purchase, alteration and repair of consular premises or purchase of a site and the erection thereon of a suitable building or buildings, for the use of the Consulate General and the United States court, jail, post-office, marshal's and other Government offices at Shanghai, including the residences of officers, \$355,000." It has taken several years of importunity from the Department of State and persistent agitation by this Association and its affiliated organization in Shanghai, to bring about that result. When Mr. Taft, then Secretary of War, visited Shanghai on October 8, 1907, he was entertained at dinner by the American colony and made an address characterized throughout by the statesmanlike poise of its author. Its closing sentences were these: "What you need is a great Government building here, to be built by the expenditure of a very large sum of money, so that our Court and Consulate should be housed in a dignified manner. Our Government should give this substantial evidence of its appreciation of the importance of its business and political relation to the great Chinese Empire. In the Orient, more than anywhere else in the world, the effect upon the eye is important, and it must be very difficult for Chinese to suppose that the Government of the United States attributes proper importance to its trade with China when it houses its Consulate and its Judges in such miserably poor and insufficient quarters as they now occupy."

ON this hint, the American Association of China addressed a memorial to the President and Congress of the United States submitting that the needs of the United States Government in China should be met by the erection at Shanghai of a Federal Building to provide for the various services of the Government. The Association earnestly urged that Congress place at the disposal of the Secretary of State, to be applied at his discretion, the sum of \$1,000,000, or so much thereof as may be necessary to buy a site and erect suitable buildings for the Consular, Postal, Judicial, Commercial, Medical and other Government services at Shanghai. Among the considerations by which this appeal was sustained were the following: The United States shared with England in the commercial opening of China; at one time American shipping contributed over a third to the entire tonnage engaged in the China trade; American trade in 1905 sent one-fifth of the imports and took one-seventh of the exports of China; and American

At the suggestion of Mr. Julean H. Arnold, Commercial Attaché of the United States in Eastern Asia, a China Club has been organized by professional and business men in Seattle to aid in the promotion of trade with the Orient. Mr. Arnold believes that Seattle has a wonderful future in trade with the Far East; that no other city is as well situated and as well favored to take the initiative in promoting a good understanding and in building up trade between the two countries. It is his conviction that the Chinese understand America better than America understands China. Hence the necessity of trying to inculcate here a better knowledge of China as an essential foundation for the promotion of business. All this is very much to the point and suggests work in the right direction. The example set by Seattle is one which may well be followed by other cities on the Pacific Coast. But it should be obvious that the effort to bring China and the United States into more intimate commercial relations is one that must take on national proportions to achieve any lasting result. The local club has its undoubted uses, but the larger movement, dependent as it must be on conditions of national policy and the attitude of American investors to Chinese loans, must derive its strength and impulse from such an organization as the American Asiatic Association. The influence of this Association can be considerably broadened by the multiplication of local societies having objects in common with it, and whose activities might fitly be co-ordinated through regular correspondence with the central body. It is certain that through this body they could most effectively convey information and counsel to the President and Congress, as well as to the manufacturers, merchants, and bankers of the United States.

Of the interest in matters Chinese, which seems to be in the air, the latest manifestation is the joint resolution, elsewhere reproduced, which was presented to the Senate by Mr. Smith of Georgia, near the close of the last session of Congress. Its declared purpose is to provide for "an American Congressional Commission for the investigation of commercial trade opportunities in China and the establishment of direct relations between China and the United States of America." The avowed reasons for the appointment of this body are the reorganization that has taken place in the markets of the world, the necessity to broaden and widen the markets for American products, and the possibilities and opportunities for enlargement of trade with China, "especially for such enlargement as a result of direct trade relations between China and the United States." The Commission is to be composed of four Senators and five Members of the House of Representatives to be named by the President of the Senate and the Speaker of the House, and the President of the United States is requested to name five citizens selected from those interested in trade development in China, who shall also be members of the Commission. All the members of the body thus constituted are to serve without compensation, and they are to visit as soon as practicable the Republic of China, its principal commercial and manufacturing cities, as well as its agricultural districts. For the use of the Commission in making the trip, the President is authorized

to furnish a vessel of the United States, and the Commission is required to submit a report to Congress as early as practicable, giving the result of its investigations and such recommendations as it may see fit to make.

HOWEVER admirable may be the motives that have inspired this resolution, no one who has any intimate knowledge of the conditions under which our commercial intercourse with China is conducted can fail to discern the futility of the investigation for which the resolution provides. It carries with it an underlying assumption, which is absolutely false, that "direct trade relations with China" do not exist; in other words, that our business with China is not done through American agencies. There is an implied conclusion, equally without foundation, that men engaged in the China trade need to be informed of their opportunities and instructed as to the causes of their lack of success in making rapid progress in the marketing of American products. By way of capping the climax of absurdity, it is proposed to have the neglected sources of knowledge discovered and exploited by certain members of Congress who know next to nothing about China, and are but slenderly informed as to the industries of their own country which are drawn upon for the supply of China's needs. The five citizens to be selected from those interested in trade development in China, and presumably intended to furnish the Senators and Representatives of the party with expert knowledge, would inevitably be a disappointment, since the job could possess no attraction for the kind of men who alone are capable of discharging its duties with any degree of credit. The members of the American Congressional Commission might, conceivably, come back wiser than they went, but it is quite impossible to imagine that they could bring with them any information that would be of the slightest value in the expansion of our China trade or the betterment of any relations, political, commercial or financial, between the United States and the Republic of China.

A REVIEW of the foreign trade of the Philippine Islands for the fiscal year 1916 will be found elsewhere in this number. The fact may be recalled that for the fiscal year ending June, 1914, Philippine imports were valued at \$56,011,570 and exports at \$51,233,048. For the fiscal year 1915, the imports were \$44,479,861 and the exports \$50,915,061. For the last fiscal year there has been a slight increase in imports, though the total of 1914 remains untouched, but the exports have attained a record figure. The exact values are: Imports, \$45,973,625, and exports, \$61,464,031. With the exception of copra, all the leading articles of export show a substantial increase over 1915. There is an increased value in hemp of \$5,000,000, in sugar of \$7,500,000, and in cigars and tobacco of \$1,600,000. The United States accounts, in round figures for \$24,000,000 of the imports and \$29,000,000 of the exports of the Islands for 1916, the French East Indies and Japan coming next. The United Kingdom is fourth in the import table, but second on the export side with a round value of \$13,000,000.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the twelve months, ending June 30, 1915 and 1916.

EXPORTS TO CHINA.

Months. 1914	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
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	.....	.....
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
Total.....	17,047,095	\$1,194,930	86,907,372	\$5,178,336	13,273	\$57,066
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
October.....	2,408,026	155,457	3,741,675	210,376	386	1,736
November.....	1,182,579	69,055	.....	.....	995	4,850
December.....	13,280	3,757	4,893,057	306,515	2,739	13,323
1916						
January.....	17,284	3,457	6,763,296	332,568	313	1,623
February.....	84,992	10,021	7,853,697	450,753	131	652
March.....	338,722	22,894	7,608,149	409,449	2,315	12,691
April.....	177,589	13,183	12,708,384	939,725	703	3,523
May.....	173,507	14,304	7,043,850	643,885	1026	4,806
June.....	206,388	17,874	10,498,350	819,280	501	1,896
Total.....	11,812,618	\$842,510	90,789,505	\$5,736,842	10,762	\$54,631

EXPORTS TO HONGKONG.

1914						
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	98,540
May.....	12,076	2,771	.....	.....	16,911	109,014
June.....	41,680	5,500	1,000	182	14,273	82,619
Total.....	184,083	\$30,171	24,660,103	\$1,296,038	626,978	\$2,840,779
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
October.....	35,963	5,387	800,000	63,234	58,801	250,332
November.....	45,961	4,137	409,750	31,070	63,909	305,676
December.....	38,457	4,810	1,000	100	3,821	15,994
1916						
January.....	400	70	2,020,948	164,410	2,413	10,954
February.....	76,834	16,059	4,135,028	335,180	53,832	244,198
March.....	.....	.....	.....	.....	56,051	248,294
April.....	28,485	4,086	.....	.....	10,771	52,115
May.....	108,415	19,627	3,074,380	167,897	150	1,183
June.....	55,716	13,490	2,628,640	254,218	6,007	26,478
Total.....	519,531	\$92,077	16,861,451	\$1,217,624	356,263	\$1,620,227

DEPARTMENT OF COMMERCE,

Bureau of Foreign and Domestic Commerce.

WASHINGTON, D. C., August 13, 1916.

**Imports of Tea and Silk into the United States for the twelve months ending
June 30, 1914, 1915 and 1916.**

Imported from	1914.		TEA.	1915.		1916.	
	Pounds.	Dollars.		Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	14,077,601	3,858,970		12,869,968	3,386,476	19,066,241	4,670,251
Canada	3,112,383	864,814		3,446,615	981,933	2,600,705	861,236
China.....	20,139,342	2,755,512		23,100,548	3,149,308	20,422,700	2,990,751
East Indies.....	10,551,735	1,813,131		12,645,303	2,152,532	14,855,825	3,005,911
Japan.....	41,913,273	7,171,202		43,869,012	7,683,356	52,359,526	8,975,993
Other countries	1,336,481	271,673		1,056,496	159,014	560,938	95,715
Total.....	91,130,815	16,735,302		96,987,942	17,512,619	109,865,935	20,599,857

RAW, IN SKINS REELED FROM THE COCOON OR REREELED	1914.		SILK.	1915.		1916.	
	Pounds.	Dollars.		Pounds.	Dollars.	Pounds.	Dollars.
Imported from							
France.....	66,230	236,228		49,843	170,841	127,076	331,763
Italy.....	1,997,428	8,781,430		2,610,570	9,899,554	2,545,845	12,157,282
China.....	5,926,745	15,918,730		5,097,169	11,433,400	7,419,616	18,604,121
Japan.....	20,196,212	71,344,861		18,217,083	58,804,325	22,914,898	88,057,600
Other countries	408,057	1,546,994		56,260	223,665	63,467	333,457
Waste..... free	5,949,744	3,100,664		4,970,254	2,563,658	8,657,322	4,706,689
Total unmanufactured	34,544,416	100,930,025		31,001,179	83,130,557	41,728,224	124,333,655

A CONGRESSIONAL COMMISSION FOR CHINA

In the Senate of the United States, September 7, 1916, Mr. Smith of Georgia introduced the following joint resolution, which was read twice and referred to the Committee on Foreign Relations:

JOINT RESOLUTION.

Providing for an American Congressional Commission for the investigation of commercial trade opportunities in China and the establishment of direct trade relations between China and the United States of America.

Whereas it is apparent that the markets of the world are undergoing and will continue to undergo reorganization as the result of changed conditions caused by the European war; and

Whereas it is necessary to broaden and extend the markets for American products to the end that with the close of the war the largest possible demand for American products should exist throughout the world; and

Whereas there are great possibilities and opportunities for enlargement of trade with China, and especially for such enlargement as a result of direct trade relations be- or sink, as they might, with restricted and often contra-

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That a commission, to be known as the American Congressional Chinese Commercial Commission, composed of four Senators and five members of the House of Representatives, shall be named by the President of the Senate and the Speaker of the House of Representatives to investigate and study the opportunities and inducements for enlarged commercial trade with China, and the development to the fullest extent of direct trade relations between that country and the United States of America.

Sec. 2. That the President is requested to name five citizens of the United States selected from those interested in trade development with China, who shall also be members of said commission, all the members of the commission to serve without compensation.

Sec. 3. That the said commission shall visit as soon as practicable the Republic of China, its principal commercial and manufacturing cities, as well as its agricultural districts, and the President is authorized to furnish a vessel of the United States for the use of the commission in making the trip; and the said commission shall submit a report to the Congress as early as practicable, giving the result of the investigations and such recommendations as it may see fit to make.

NEW CONDITIONS IN THE PHILIPPINES

BY PATRICK GALLAGHER.

"Fundamentally, conditions are sound and more healthy than at any time since American occupation, nor is this era of prosperity likely to be adversely affected at the close of the war."—Mr. William H. Taylor, Manager, International Banking Corporation, Manila, P. I.

There is a new government in the Philippines. New conditions confront the American business man having trade relations with the islands as a result of the fundamental changes which are being carried into effect under warrant of the Jones Act.

The government of the Philippines is now, and for the first time, broadly speaking, in the hands of the Filipinos. While Congress has reserved to the President of the United States and to the Governor-General certain specified powers of veto, the legislation and the administration rest upon the shoulders of the Filipinos themselves. Under their new charter, the Filipinos are conceded rights which are not enjoyed by the people of any state or territory in the United States.

Except with the approval of Congress and the President, they cannot change the terms of the acts of Congress which now govern American-Philippine trade relations; but, as between the Philippines and the rest of the world, they have full freedom to legislate on tariff matters as they may themselves deem right and proper. Such tariff legislation, however, will require the approval of the President.

Without the approval of the President they cannot make any changes affecting the Conant currency; without the approval of the President they cannot disturb the immigration laws now in force. But, with the approval of the President, they can legislate on either currency or immigration matters. No state or territory of the American union enjoys such privileges.

The public lands acquired from Spain under the Treaty of Paris, as well as the lands purchased from the friars, are now the property of the people of the Philippines. The Senate and Legislature at Manila can take such steps as they may deem proper to hasten the development of this Philippine demesne.

The Senate and Legislature of the Philippine Islands can authorize such changes in the mining and forestry laws as, in the judgment of the Philippine government, will best conserve the interests of their people and aid the development of their resources.

Upon all those matters most nearly affecting the American business man having trade relationships with the Philippines, the power has been transferred from Washington to Manila. His interests are now in the hands of men who are on the spot and who are in a position to know what is best to be done.

This is a great and sweeping change. It is a change which should be welcomed by every interested American

manufacturer or exporter. In the Philippine Islands there are no two opinions as to the administrative features of the Jones Act. They are welcomed, as they should be.

Those who remember the heartbreaking efforts of Mr. Frye, Mr. Cooper, and others, to wrest from Congress concessions in the interest of American business in the Philippines will be heartily glad that the old, bad way of doing things thousands of miles from the place of actual operations is no more. No longer can it be said that we are following in the blunder-blotched footsteps of Spain. Spain jealously sought to retain all power at Madrid and Toledo, leaving the captains-general to swim or sink, as they might, with restricted and often contradictory powers under the royal cedula. We have removed the greatest danger to good government in the Philippines and to the success of our efforts in the Philippines.

I earnestly recommend American business men now trading in the Philippines or intending to trade in the Philippines to secure a copy of the Jones Act and to read carefully the provisions of this Act. It is very important to them; it is most important to all who have the real interests of the Philippines at heart that there shall be a due realization of the new conditions which now obtain in the islands.

The people of the Philippines have been granted a very generous measure of self-government; how they will use it is a matter for themselves to decide. In regard to their use of the legislative and administrative freedom conceded by Congress, there are one or two considerations which it may not be out of place to put before the members of the American Asiatic Association.

We have come to a critical turning-point in our relations with the Philippines. It should hardly be necessary to say that it is up to us, as to the Filipinos, to step cautiously and guardedly. Some of us have had our differences of opinion. There has been too much friction. There is now presented to us an opportunity for bringing about a friendly, a comradely understanding which may produce dividends for all of us.

The Filipinos have their aspirations. They are entitled to them. In pursuit of these aspirations they have had to encounter and overcome numerous difficulties. It is an unfortunate fact that a certain element of suspicion has been permitted to gather force as between certain American business interests and influential leaders of Filipino public opinion. Filipinos have told me, and with evident regret, how much injury has been done to purely American business interests in the Philippines by what they have regarded as unnecessary and unfortunate meddling in purely political matters, but particularly because of misrepresentation of Filipino character and Filipino efforts and actions. It is very well, indeed, for all concerned that this situation—which I personally know does exist—should be

borne in mind, in order that it may be overcome and ultimately, let us hope, forgotten. "There is no use whipping a dead horse"; what some of our good friends may have desired is not. Let them now address themselves to the facts of a new situation in their own interest.

I have quoted a statement made by Mr. William H. Taylor at the recent banquet given to Judge E. H. Gary by the Manila Merchants' Association. This statement is confirmed from numerous other sources. Business conditions in the islands are good, and the Jones Act may be utilized to make them much better.

I think I know most of the ideas now operating in the minds of the Filipino leaders, and I am sure I can say that legitimate American business has nothing to fear from the new Philippine government. The men who will undoubtedly play the leading parts in the political evolution of the Philippines during the next few years are able, honest men who seek only the good of their people, the welfare of their islands. Human nature is human nature the world over. But, for the benefit of those who may think that the Philippine government now created is likely to be moved by sordid or selfish considerations, let me say that such ideas will not be shared by any man who really knows these men and their aims. I believe that they have put their shoulders to the wheel to give to

the Philippines a government as honorable, as clean, and as efficient as is humanly possible, and that any suggestion of corrupt practice will be summarily and openly dealt with.

The Filipinos have learned much since May, 1898. They are not unmindful of their obligations to us and to themselves. They have seen their beautiful islands ravaged by war and by plague. They have felt the strong hand of the army from the investment of Manila until the organization of civil government by a republican administration. The successive establishment of provincial governments which gave the opportunity for the training of men like Mr. Quezon of Tayabas, Mr. Osmena of Cebu, and others, the application of the organic law of 1902, the unification of the Philippines through the welding together of Mindanao, the Visayas and Luzon, have each in their turn paved the way for the profitable utilization of the powers now granted in the Jones Act. The American business man who addresses himself in a friendly spirit to the new powers that be at Manila is sure of a cordial welcome. The American business man who frowns at misrepresentation of Filipino character and Filipino effort will conserve his own best interests, as he will assist towards the full fruition of American effort in the islands, whatever, ultimately, that may be.

PHILIPPINE FOREIGN COMMERCE FOR THE YEAR ENDING JUNE 30, 1916

Unprecedented activity characterized the Philippine export trade for the year ending June 30, 1916. In both volume and value all previous records were far exceeded according to customs returns compiled by the Bureau of Insular Affairs of the War Department. The export tonnage was over 15 per cent. heavier than in 1915, while the total value of \$61,464,031 was approximately 25 per cent. above the average of the preceding five years, and exceeded that of 1915 by \$10,548,970. Though the important factors in these much larger figures were sugar and hemp, improved prices and larger quantities were very general features in the year's trade with the one notable exception of copra.

For the first time during American occupation exports of sugar reached the maximum of 257,389 long tons established under Spain in 1893. Beet sugar competition and the development of more scientific methods of production elsewhere resulted in a period of Philippine decadence, with exports falling below a hundred thousand tons annually in early American times. Free trade with the United States in 1909 began a new era of better remuneration, increasing production, and modernizing of the industry, until, under the further stimulus of war prices, exports in 1916 reached 307,491 long tons, against 184,060 in 1915 and 209,606 in 1914, the previous high record of the American period. The \$17,203,318 trade, almost double that of 1915, was 28 per cent of all exports. Excessive freight rates on distant shipments were unfavorable to American purchases in spite of free trade advantages, but this was offset by heavy British competition in the Oriental market

to supply the demand formerly met by Germany. In consequence exports to the United States were only nominally larger and amounted to but a third of the greatly increased total, while shipments to China, Hongkong and Japan materially increased, and British purchases of 76,321 tons constituted a new trade—war created—second in importance only to that of the United States.

Though exports of hemp failed to reach the heavy volume of 1910, 1911 and 1912, the total of 143,292 long tons for 1916 was a substantial recovery from the reduced production of the two previous years, and this together with advancing prices during the heavier movement of the latter half of the year produced a value of \$24,575,300, the largest ever recorded in the history of the trade, and constituted 40 per cent of all exports. The British buyer, as in the first year of the war, again yielded the lead in volume of tonnage to the American, with shipments to the United States amounting to half the total. The smaller proportion of British purchases showed even greater disparity in value in view of the lower grades taken by that market as compared with the American, while the relatively small but very select and high-priced trade of Japan was somewhat smaller than in 1915. The new grading law providing for standard grades and government inspection was fully operative throughout the year and is stated to be finding much favor with the manufacturer.

In the case of copra, the third great export industry of the islands, the returns were far less satisfactory than those of sugar and hemp. Complete recovery in production

from the drought and typhoon of 1912 was indicated in the exports of 1915, and this compensated for the low prices during the first year of the war, but following the drought of 1914-15 with its succeeding typhoons, exports in 1916 were only little more than half those of the previous year and dropped almost to the low level of 1914, while the price was even under that of the first year of the war. However, there was a sharp upward movement in recent months, but this was coincident with greatly reduced exports, and the value of the trade for the year was only \$6,533,265 in comparison with \$12,394,712 in 1915 and \$16,514,749 in 1912, the record year, combining high prices and large production. Though France continued to be the largest consumer, there were no shipments to that country during the last four months of the year. American trade followed the general shrinkage with a decline in quantity of nearly half, while market readjustments due to the war were evident in considerable shipments to the United Kingdom and Italy.

Coconut oil, though in extensive use locally, has only in the last few years developed importance as an export industry, and has already surpassed in value not only the leaf tobacco, but also the cigar trade, two products long and peculiarly identified with the islands' exports. Shipments of coconut oil amounted to nearly three million dollars in 1916, and though the increase was only nominal, further development is looked for through a new and large plant about to begin operations. The present output is practically all shipped to the United States, which in recent years has consumed imports valued at from four to six million dollars annually from British and British colonial sources in addition to the Philippines.

Exports of cigars amounted to \$2,284,848, but in the larger trade for the year the improvement was confined to American purchases, other countries as a whole continuing to be characterized by the restricted demand of the early war period. In leaf tobacco there was a substantial recovery in the quantity exported as well as improvement in average price. Though American purchases trebled in value they were still a nominal feature in the two million dollar total. But legislation recently enacted, providing for government supervision and inspection in both leaf tobacco and cigar industries, is expected to operate toward the development of an American market for Philippine leaf, as well as to further extend the already important American demand for the Philippine cigar, amounting in 1916 to about half the total quantity exported.

Among exports of minor importance maguery in sympathy with hemp advanced in price, and, with an increase from the extremely low level of 4,677 long tons to 12,478, yielded a value of \$1,226,337, far in excess of any previous year. This fiber is still extracted by the primitive and laborious retting process and is only awaiting the introduction of machinery for the production of a higher grade of fiber and the rapid extension of the industry, differing in this respect from hemp, which still waits upon the inventor for a successful machine.

Philippine embroidery is a household industry that the government has shown much solicitude in developing, through instruction in the public schools and provisions for marketing the product. The small trade of earlier years was almost wholly with the United States and the disturbed conditions in Europe have greatly stimulated the interest of the American buyer in this field. The year proved a very successful one for the trade, with exports amounting to over six hundred thousand dollars, or more than threefold those of recent years.

The war was also a factor in a greatly increased scrap copper and miscellaneous metal trade, amounting to a quarter of a million dollars. And to the same cause and its dislocation of normal trade channels and sources of supply must be attributed an export trade in foreign mer-

chandise exceeding a million dollars in value, which under normal conditions prior to the war was less than half this amount.

The import trade for 1916 was less satisfactory than that of exports, and though the total of \$45,973,625 was about a million and a half more than that of the previous year, the figures continue to show the subnormal conditions of the war period, and the gain for the year was practically made up of American goods, with little recovery in the aggregate for other countries.

The drought that cut the rice crop of 1914 short still found heavy expression in imports during the earlier half of the fiscal year 1916. High hopes were entertained for the crop of 1915, but these were not realized, and imports continued in disappointingly heavy proportions from January to June, resulting in a bill for foreign rice of nearly six million dollars, or somewhat more than the already large imports of the previous year. The situation well justifies the efforts of the government toward the improvement in seed varieties and the extension of irrigation, with a view to larger yields and to the elimination of the speculative element of constantly recurring droughts under the prevailing system of "providence" rice.

Among the increases for the year the cotton textile trade took the lead with a larger value by nearly a million dollars than in 1915. The movement was very heavy in the opening months of the year, but was not maintained, and this was true of the import trade as a whole, being generally lighter in the latter half of the year. The textile increase was rendered subject to some discount by a further decline in imports of cotton yarns, which reached the lowest level of recent years and were only about two-thirds the normal volume.

There was a recovery of a quarter of a million dollars in the iron and steel trade, but the total was still far below the antebellum average, indicating the pressure of war prices, the stress of war demands and imports restricted to the bare margin of necessity.

In the distribution of the import trade by countries, American goods with a value of \$23,804,367 represented 52 per cent of the total, but, though there was some improvement, the United States total was still nearly five million dollars below the pre-war period of 1914. French trade increased some, but was still only half that of 1914, while British further declined and was scarcely 60 per cent of normal. The three million dollar German trade of earlier times became negligible, and Spain, though neutral, also suffered a further decline, with a value of about 70 per cent of that of 1914. Drought-affected products, such as cattle, beef, etc., entered into the continued heavy decline in imports from Australia, which were less than half those before the war. The Australian coal trade also dwindled and disappeared toward the end of the year, being taken over by Japan, whose shipments also expanded along other lines, while the larger credits to French Indo-China reflected the larger rice trade. Exports to the United States amounted to \$28,838,526 and were 47 per cent of the total. Exports to other countries followed the general lines of other years, with the notable exceptions already referred to.

The already tense situation concerning ocean tonnage and freights existing at the beginning of the fiscal year 1916 continued throughout, and became much more acute about February, when there was almost a doubling of the current high freights, and the great export staples were called upon to pay rates from five to ten times those prevailing just prior to the war. Though there was an easing off toward the end of the year, export rates were still much higher than at the beginning, and doubtless the extreme situation that confronted the importer during the latter half of the year was a factor in the lighter import trade of that period to which reference has already been made.

AMERICA AND THE RUSSIO-JAPANESE ALLIANCE

BY K. K. KAWAKAMI.

In the conclusion of an alliance with Russia, Japanese diplomacy, after a series of serious blunders since the opening of the war, once again comes to its own as a factor in world politics.

Considered from a purely selfish point of view, Japan should not have leaped into the melee at the first call of England, but should have watched the developments of the situation at least for half a year. Picture in your mind what might have happened in that time. Germany's Far Eastern squadron, with Kiau-chow as its base of operation, would not only have harassed the Allies' trade, but would have become a grave menace to their Asiatic possessions as well as Canada. Had Japan waited until such a critical moment before joining hands with the Allies, her assistance would not have been misconstrued by any nation as an eagerness to push sinister ambitions, but would have been fully appreciated by the Powers lined up against Germany and Austria. Apparently Japanese diplomats failed to foresee that the titanic struggle was going to last for many months, and were anxious to make a short job of the reduction of Tsing-tao. Or could it have been that Okuma and Kato were influenced by the *Samurai* spirit, rather than that of diplomacy, and were actuated by sentiments of chivalry in hurrying to the relief of Japan's allies?

The second grave blunder was committed when Tokio pressed upon Peking those twenty-one demands last winter. Not that those demands were anything extraordinary or extravagant, but because the way the Japanese diplomats tried to put them through was reprehensible. To the layman, at any rate, it would seem that the same thing could have been accomplished in a manner far less objectionable to China and to outside powers.

With those glaring mistakes fresh in our minds we turn with great relief to the consummation of Russo-Japanese rapprochement in the new pact whose object is to secure each other's position in the Far East.

IS THE CONVENTION AN ALLIANCE?

To call the new convention an alliance is, perhaps, not quite correct. A treaty of alliance must provide mutual obligations on the part of the high contracting parties to render armed assistance to each other in case their respective interests are in danger.

The new Russo-Japanese convention contains no such provision. Let the convention tell its own tale:

First. Japan will not become party to any arrangement or political combination directed against Russia. Russia will not become party to any arrangement or political combination directed against Japan.

Second. In case the territorial rights or special interests in the Far East of one of the High Contracting Parties recognized by the other are menaced, Japan and Russia will act in concert on the measure to be taken in view of

the support or co-operation necessary for the protection and defense of these rights and interests.

This is the text of the laconic instrument. We have yet to see what Russia and Japan really mean by "support or co-operation." Does it simply mean a moral support, or is it another phrase for armed assistance? If the purpose of diplomacy be, as it has too often been in the past, to make a treaty capable of two constructions, the convention may be an *entente cordiale* or a downright alliance, according to the convenience or inconvenience of the high contracting parties.

The most significant part of the convention lies in the wide application which it apparently permits. While it is obvious that the covenant aims chiefly to secure the respective interests of the contracting parties in Manchuria and Mongolia, its scope is not restricted to these two countries, but covers the entire Far East. Where are we to seek the *raison d'être* of such a comprehensive convention? Against what particular power or powers do Russia and Japan propose to protect their interests after the present war?

In spite of the fatuous efforts of certain American publicists and newspapers to create the impression that the convention is directed against the United States, its real objective is Germany. Japan fears that Germany, smarting under the surrender of Kiau-chow, will let no opportunity pass unutilized to challenge Japan's political and commercial influence in China. At the peace conference that is to follow the war, Germany will employ every means to regain Kiau-chow, which Japan promises to restore to China with the consent of the Powers. Should she fail to regain Kiau-chow, she would by all means try to restore the Shantung railways now held by the Japanese. To forestall such eventualities it is of the foremost importance that Japan should enjoy the support not only of England but of Russia. As for the United States, neither Japan nor Russia fears her, though the Japanese advocate of "preparedness" may endeavor to conjure up the bogie of an "American peril."

WHY JAPAN NEEDS RUSSIA'S FRIENDSHIP.

Viewed from the Japanese side, even greater reason than the German "menace" attaches to the new convention, and that is Japan's fear of Russia. This may sound paradoxical, but the situation can easily be explained.

Notwithstanding all insinuations indulged in by American newspapers that Japan has been increasing her armament with an eye upon the United States, no one familiar with Japan's real motives can doubt for a moment that her absorbing concern has been Russia's possible revenge upon her, as well as China's precarious condition, which threatens to become at any unexpected moment a storm center of international rivalry. Japan's victories over Rus-

sia in the war of 1904-5 were far from dealing a fatal blow to the Russian position in Manchuria. When the smoke of battle cleared away the Japanese found the gaunt figure of the Muscovite looming upon the horizon of Manchuria even more menacingly than before the war. After a sacrifice of a hundred thousand lives and a billion dollars in the titanic struggle, the Japanese succeeded in dislodging Russia only from one-fourth of Manchuria, leaving the remaining three-fourths in the clutches of the Muscovite. Not only was Russia permitted to strengthen her hold upon by far the greatest portion of Manchuria, but she embarked, immediately after the war, upon the gigantic scheme of converting the vast territory of Mongolia into her protectorate, thus hoping eventually to reach and dominate Peking.

In the vast empire scheme conceived by the Czar's military *entourages* in the historic days of Viceroy Alexieff, nothing short of complete absorption of Manchuria and North China was Russia's aim. With his way in Manchuria blocked by the Japanese, the northern bear set another snowball rolling from the frozen shores of the Baikal in the direction of Mongolia. Who knows but that the snowball may yet roll on until it reaches the gulf of Chili by way of Peking? In the light of the history of Russian expansion such an apprehension is more than justifiable. It is, undoubtedly, with a view to preventing such an eventuality that Japan has been striving to establish a foothold in Eastern Inner Mongolia. In persuading China, in the treaty of May 25, 1915, to open Inner Mongolia to the trade and residence of foreigners, Japan hoped to erect a protecting wall between Peking and that section of Mongolia already dominated by Russia.

Japan has been taking every precaution to protect vulnerable points against any emergency that may develop from the Russian domination of Mongolia and North Manchuria. At the same time she has been fully aware that her resources are too limited to wage another war against the Northern Colossus. We must frankly confess that in the war of 1904-5 her resources both in men and money had come to the verge of exhaustion before she had even approached the goal, thus compelling her to accept peace terms far from satisfactory to her. And when the peace treaty of Portsmouth was signed, the world was reluctant to give credit for what Japan had accomplished in the interest of the open door and integrity of China. On the contrary, she was made an object of suspicion and fear, and was charged with pursuing a policy which ran counter to the open-door doctrine enunciated and defended by the late Secretary Hay.

As a matter of fact, it was not America which initiated the doctrine; neither did she make any serious effort to defend it when Russia was about to absorb Manchuria. Before Secretary Hay issued the famous "open-door" notes in September, 1899, and July, 1900, Great Britain enunciated the same principle. But both England and the United States, when confronted by the imminent danger of China's disruption, failed to back up the doctrine. Upon receipt of Secretary Hay's first note Russia not only expressed herself in favor of reserving for herself the right

to levy special duties within her sphere of influence, but demurred to the American proposal with regard to harbor duties and railway charges. With characteristic audacity she hoisted, on August 4, 1900, the Russian flag over the Chinese custom-house at Newchwang.

The Russian Administration at Dalny (now Dairen) refused the Americans the permission to build warehouses for the storage of American kerosene, and announced the intention of excluding American oil altogether from Manchuria. The Russian authorities looked upon the Americans with keen suspicion if they ventured farther than a couple of miles from Newchwang, and refused to recognize British passports in Manchuria, insisting that all British subjects traveling in that country must possess Russian passports. In April, 1903, the Czar demanded that the Peking Government agree not to open any new port in Manchuria, or permit new consuls from any third power without previous consent of the Russian Government. Russia had also obtained the exclusive right to navigate the Amur, the Sungari, and the Ussuri. Thus isolating Manchuria from the outside world, Russia was busy pouring her troops into that country, and was preparing her way for the immediate absorption of a vast territory of 363,700 square miles.

Put to this test, what did America do? Not only did she not take any positive action to enforce the open-door policy, but she declined to assist Japan, the only nation determined to stay the Russian advance. In the early spring of 1901 Japan, alarmed by the ominous activities of Russia, approached England, Germany, and the United States with a view to securing their co-operation in preventing the Russian absorption of Manchuria. None gave encouraging reply. Even the United States, the very sponsor of the open-door policy, would go no further than offering "moral" support.

Thus Japan was compelled, alone and unaided, to challenge Russia, staking her very existence upon the issue of the combat. In the war that followed, Japanese blood soaked every inch of South Manchurian soil. When the conflict came to an end, Japan was rewarded with no praise, but found herself indicted by the very nations whose avowed principles of the open-door in China she had so valiantly defended. The world apparently forgot that had it not been for the sword of the doughty Japanese the much-heralded open-door notes would have been converted into scraps of paper, and that the way would have been opened then and there for the disruption of China's huge territory.

Japan was frankly disgusted at the unreasonable attitude of the powers, and was convinced of the folly of assuming an antagonistic attitude towards Russia, which might oblige her once more to fight a single-handed battle with the Northern Colossus. She saw no alternative to a policy whose purpose was to secure her positions in Korea and Manchuria by establishing friendly relations with Russia.

There is another factor which has influenced the Japanese mind in favor of an *entente cordiale* with Russia. Japan must have Russia's co-operation to turn her Man-

churian railways into a financial success. For some time after the war the Russian Government tried to cripple Japan's railway enterprise by refusing to establish any traffic connection between its eastern Chinese and Japan's South Manchurian railway. Without this connection the South Manchuria system could not expect to have any share in the inter-continental traffic between Europe and the Far East. How was Japan to attain this end without befriending Russia? She had borrowed of England \$20,000,000 for her railway enterprise in Manchuria. How was she to pay this debt if she did not take advantage of every opportunity that could be utilized without infringing upon the rights of other nations?

AMERICA'S INTEREST IN THE CONVENTION.

As far as American interests are concerned, the new Russo-Japanese convention will make but little change in the present situation in the Far East. This is obvious not only from the text of the convention, but in the light of the motives which prompted the two powers to conclude it.

Long before the conclusion of the new pact America was unmistakably given to understand that any enterprise or investment, having political and commercial importance, could not be launched in Manchuria without due recognition of the preponderating interest held by Russia and Japan in that territory. This is not to say that Japan and Russia are anxious to bar out American enterprise from Manchuria. It simply means that America must not ignore this peculiar position, but must consult them before launching any scheme which will seriously affect the political and economic status of Manchuria.

That principle was fairly well established when Japan and Russia opposed the neutralization of the Manchurian railways proposed by Secretary Knox, and when they combated the Chino-American project to construct a railway of 1,000 miles between Chinchow and Aigun.

Secretary Knox's proposals with regard to the Manchurian railways did not emanate from any sinister motive, but were advanced with the best of intentions. His only fault was his failure to realize the singular political situation in Manchuria. To Japan, her railway holdings in Manchuria meant a loss of 100,000 lives and a cost of \$1,000,000,000. In the face of such an appalling sacrifice, it might well have been conceded that she had the right, as long as she conformed to the principles of the open-door, to operate the railways, so that proceeds from the traffic might assist, if ever so little, in lightening the financial burden entailed by the war.

As for the Chinchow-Aigun railway scheme, Japan, in virtue of the Chino-Japanese protocol of 1905, had the right to veto it. She was, however, willing to waive the right and was ready to indorse the American enterprise on the condition that she be allowed to build a line to effect a junction between the South Manchuria system and the proposed Chino-American line. But Russia was uncompromising and was determined to put her foot upon any such scheme.

And so both the Chinchow-Aigun railway scheme and the proposal to neutralize the Manchurian railways bore no fruit. This unhappy incident dealt a serious blow to America's further enterprises in Manchuria. Had America realized more fully the singular position which Japan had attained in Manchuria through the ordeal of blood and fire, and shown herself more considerate in dealing

with the Japanese in the initial stage of her Manchurian diplomacy, American capital and enterprise might have been welcomed at least in that section of Manchuria which had come under Japanese influence.

The new convention between Russia and Japan is not intended to put a ban upon American enterprise in the Far East. To be frank, the United States, thanks to her unfortunate diplomacy, made herself a negligible factor in Manchuria in the eyes of both Japan and Russia. If, in the future, America wishes to resume her activities in that country, she must be prepared to face facts as they are, and take Japan and Russia in confidence in launching any scheme of magnitude in that country.

America's objection to the Russo-Japanese entente is chiefly sentimental. Most Americans entertain innate dislike of Russia. Viewed in the lurid light of her exile system and her oppression of the Jews, Russia presents an unpleasant picture.

JAPAN'S MATERIAL GAIN.

When the new Russo-Japanese convention was made public both at Tokio and at Petrograd, it was rumored that the convention had attached to it a set of secret agreements. As a matter of fact, there is nothing secret about these agreements, which will be made public at the proper moment.

Their substance may be summarized as follows:

(1) Russia cedes to Japan the Changchun-Taolaishao section (about 75 miles) of the Changchun-Harbin branch of the Manchurian railway. For this Japan pays Russia about \$7,000,000 in war supplies.

(2) Russia, with the consent of China, extends to Japan the privilege of navigating the Second Sungari River.

Of the two terms, the first is the more important. It will be recalled that at the peace conference at Portsmouth, Japan insisted upon securing the Russian railway from Port Arthur to Harbin, measuring some 576 miles. Russia, however, strenuously opposed the Japanese demand, and agreed to cede only 436 miles between Port Arthur and Changchun. Japan has ever since been coveting the remaining 140 miles from Changchun to Harbin, for that section of the line traverses the heart of a rich agricultural country producing enormous quantities of beans, Manchuria's premier product.

No less important is the newly acquired privilege of navigating the Second Sungari River. In virtue of the Aigun treaty of 1858, Russia has hitherto enjoyed the exclusive right to navigate the Amur, the Sungari, and the Ussuri rivers. Now, the Second Sungari River, which is the largest tributary of the main Sungari, traverses the Japanese sphere of influence, and yet the Japanese have been denied the privilege of sharing with the Russians and Chinese in the benefits offered by that great artery of trade. The Second Sungari originates in the Chang-Pai-Shan, the Eternal White Mountains, on the Korean border, and becomes navigable for vessels of shallow draught at the city of Kirin, the capital of Kirin Province, about three hundred miles from the point of its confluence with the main Sungari. Kirin is fitly termed by the natives the "Inland Dockyard" of Manchuria, as it is the center of the shipbuilding industry, producing numerous junks to be used on the Sungari River.—*American Review of Reviews*.

THE JAPANESE DEMANDS ON CHINA

WASHINGTON, Sept. 12.—Ambassador Guthrie, at Tokio, cabled the State Department today that the Japanese Foreign Minister had informed him there was nothing in Japan's demands upon China in connection with the Cheng-Chiatun incident that infringed the sovereignty of China or impaired the Root-Takahira agreement.

In making public the report, the Department revealed the fact that the Ambassador had been instructed to advise the Foreign Office that the report of the demands published in this country "had greatly disturbed the American Government, which trusted that it was not true."

The State Department's announcement follows:

"The State Department on September 6 instructed the American Ambassador at Tokio to call the attention of the Japanese Foreign Office to the report published in American newspapers of certain demands made upon China by Japan in consequence of a disturbance of the peace at Cheng-Chiatun, involving Chinese and Japanese troops. The Ambassador was instructed to ask for a statement of the facts and to inform the Foreign Office that the report of the demands made had greatly disturbed the American Government, which trusted that it was not true.

"Today, September 12, a message has been received from the Embassy at Tokio, saying that the Japanese Minister for Foreign Affairs had replied to his inquiries that some of the items reported as included in Japan's demands were approximately true, but that others were colored by a mixture of untruth and exaggeration.

"He stated that there was nothing in the demand infringing the sovereignty of China and nothing impairing the Root-Takahira agreement.

"The clash at Cheng-Chiatun, being between military forces, was of a serious character and, therefore, in order to prevent a recurrence of such trouble, Japan was requesting, in addition to proper apologies and monetary compensation, that Japanese officers should be reappointed as instructors in the cadet school (probably at Mukden), and suggesting that the Chinese Government should ask for the appointment of Japanese advisers to be stationed with Chinese garrisons in South Manchuria and Eastern Mongolia, and that as an extension of its extra territorial rights the Japanese Government should be permitted to station Japanese policemen in towns where there are large Japanese settlements.

"The American Minister at Peking reports more briefly very nearly to the same effect; that is to say, that the Japanese Government has demanded the stationing of Japanese police in towns where Japanese reside and the appointment of Japanese advisers to the Chinese police and the appointment of Japanese military instructors in addition to the usual indemnities and apologies."

Ambassador Guthrie's report of the demands substantially is the same as that which caused the State Department's inquiry, although the Japanese and Chinese interpretations of the demands are widely different. Further than the formal statement, Department officials declined to comment, although it was indicated that more information would be sought before the attitude of the American Government was determined.

By the Root-Takahira agreement Japan and the United States again pledged the integrity of China and agreed to keep each other informed as to any steps which might change the status quo. The Japanese position is that the present demands do not threaten the status quo, and consequently it was not necessary that the United States be advised in advance.

Whether the Washington Government will accept these assurances as conclusive depends on the interpretation which Japan places on her demands as her negotiations with China proceed. Officials here are uncertain as to Japan's real intentions, though it was revealed today that in an inquiry on the subject the Japanese Foreign Office was notified that the demands had "greatly disturbed the American Government."

Ambassador Guthrie reported that the Japanese Foreign Minister confirmed the outline of the demands printed in this country as "approximately true." A similar confirmation from the Chinese Government was received during the day through American Minister Reinsch at Peking. Officials would not add to the State Department announcement summarizing these reports, but there was every indication that developments would be anxiously watched. It was pointed out that so far the entire negotiations were in a preliminary and indefinite stage.

The Japanese demands, as outlined to Ambassador Guthrie by the Foreign Minister, seek apologies, indemnification and installation of Japanese military advisers throughout South Manchuria and Eastern Mongolia and in the cadet school at Mukden, together with Japanese police wherever in those sections there are large Japanese settlements.

These rights throughout this whole territory, with a population of nearly 8,000,000, are sought "to prevent a recurrence of such trouble" as the Cheng-Chiatun incident, in which 17 Japanese and 50 Chinese soldiers were killed.

It is not the mere terms of the Japanese demands, however, which have been well established throughout, so much as their real purpose, that has caused anxiety here. If the recrudescence of Mongolian banditry in conjunction with a monarchist revolution has, as claimed, produced a condition of outlawry where Japanese lives are endangered, officials are said to be willing to admit that Japan is as much justified in having troops in those sections as the United States is in having troops in Mexico. If, on the other hand, it develops that Japan is magnifying a small local disturbance into an international complication to exact political concessions, the United States is expected to object, holding that the integrity of China is being invaded.

In this connection officials note the promptness with which Japanese soldiers were on the scene, and the fact that a few days later troops quickly appeared when a similar difficulty broke out at Chaoyanpo, 75 miles inside the Mongolian border and far away from any railroad concession where their presence is authorized.

While the acts of reparation demanded are thought very severe and are characterized by Peking as humiliating, officials point out that this is a matter between China and Japan only. But the rights of police and military advisers are international. If Japan seeks merely an extension of extra territorial rights, officials assert that all other countries under "the most favored nation" clause may do likewise. That merely would mean that all cases where a Japanese is a defendant would be tried by a Japanese court applying the local Chinese law.

In case the demands are coupled with a "special rights" clause, however, as previously reported, it is pointed out that Japanese will practically share with China the administration of that whole section to the exclusion of all other powers. This probably would be interpreted here as a violation of the status quo as mutually guaranteed by this country and Japan in the Root-Takahira agreement and a step toward the destruction of Chinese integrity.

ANNUAL REPORT OF THE (BRITISH) CHINA ASSOCIATION

It is well-nigh impossible within the limits of an annual report to give more than a bridging-over account of political events in China since the date of the last general meeting. China has remained outside the vortex of the great war, but she has not escaped the general unrest which has affected so large a portion of the world. The political situation has throughout the year been extremely perplexing, and at one time it seemed that the many conflicting interests surrounding the Central and Provincial Governments would have landed the whole country in chaos.

The late President had assumed autocratic powers differing in little more than name from those exercised by the Emperor under the Manchu *régime*. He met with little active opposition so long as it was felt that the country was passing through a period of transition, but when an attempt was made to settle the constitution on a permanent basis serious trouble arose. Experience shows in China, as elsewhere, that it is much easier to upset the constitution of a country than to erect a new one in its place.

The tradition of personal power had its roots deep in the past; it was not beyond dispute that the revolution of 1911, which drove the Manchus from power, was an uprising of the masses against the principle of autocratic Government; it was held by many men of experience to be a movement directed against Manchu misgovernment, while the abortive revolution of 1913 was in no sense a revolt of the people generally.

Under the Republic the working system had become more and more assimilated to that of the Empire rather than to that of a Constitutional State on a Western model. It was obviously impossible to establish a form of government which would be directly representative of the masses of the people in a Western sense. Under these conditions it doubtless appeared to be the simpler plan to perpetuate the existing *régime*, under which power and responsibility were already concentrated in the head of the State, by re-establishing the Empire under a Chinese dynasty. It was clearly unwise to do anything likely to cause internal disorder, but in the belief that the Government had complete control of the country and that no comprehension of trouble need be entertained, steps were taken, which proved to be ill-advised and shortsighted.

THE MONARCHY.

On October 6 the Tsanchengyuan or State Council passed a bill defining the composition of the Koumin-huiyi or Citizens' Convention which was to decide for or against the establishment of a constitutional Monarchy. This convention was composed of 2,000 members who were

to vote by ballot by November 10 at twenty-eight different centres of administrative areas. On October 28 the Japanese Minister, with whom were associated the British, Russian and French Ministers, intervened, and advised the Chinese Government to postpone the proposed "reform." Notwithstanding this serious warning, the Citizens' Convention, in due course, unanimously voted in favor of the Monarchy, but in view of the representations made by the Foreign Powers, a final decision was not taken until December 11, when Yuan Shih-kai accepted the nomination to the Throne, describing it as "a task of extraordinary magnitude imposed on him by millions of people."

Almost immediately there was a strong opposition to the change in the South. Yunnan took the lead in demanding that the monarchical movement be abandoned, and finding its protest ineffectual, followed it up by formally declaring the Province independent on December 26. Kueichow and other provinces followed; unrest spread over the southern provinces, and as it eventually became evident, in the words of the Mandate of March 21, that the acceptance of the Throne was not suited to the demands of the "time," the Monarchy was cancelled on that date, after having lasted exactly 100 days.

The abandonment of the Monarchy, however, had no effect in allaying the unrest in the Provinces; the opponents of the President demanded his resignation, and in different parts of the country passive resistance gave place to disturbances of a more or less serious nature. Only five provinces had declared independence, but trade was held up everywhere by the uncertainty of the situation, disorder spread over a large area, and the finances of the country became seriously deranged.

Efforts to arrange a compromise between the President and the Southern party met with no success. The situation had become a "deadlock," until, on June 6, the sudden death of Yuan Shih-kai, caused by uraemia, induced by nervous prostration, was announced.

The Vice-President, Li Yuan-hung, immediately assumed office as President *pro tem.*, and for the time being, at any rate, the feeling of uneasiness was abated.

The political problem is still to be solved. It would appear to be inevitable that under any new constitution the Republic will be administered as an oligarchy, whether supreme power is vested in the President or a Ministry. The task before the ruling classes whose energies have hitherto been absorbed in pulling down, is now to show their ability to build up. The problem is to select from amongst a huge population, divided into many Provinces, which for centuries have enjoyed all the advantages of "Home Rule," an electorate, whose

representatives will have sufficient power and authority to establish an Executive capable of controlling the finances and armed forces of the nation.

YUAN SHIH-KAI.

The sudden death of this prominent leader brings to a close his part in the bitter controversies in which his administration had involved his country. Seeing that his health had been somewhat precarious for many months, it may be doubted whether he was himself the prime mover in the attempt to re-establish the Empire—his repeated refusals to accept the Throne may have been quite sincere, and the chief responsibility may have rested with others. His judgment may have been affected by ill health, and it remains to be seen what will be the effect of his removal. It is too soon to form a sound opinion about his career, but his name will always be associated with Liu K'un-yi and Chang Chi-tung in the masterful part these three great men played in the Boxer crisis.

In the early part of the year there was a fair prospect that China was gradually surmounting the financial difficulties that embarrassed the opening period of the Republic. By the outbreak of war, which put a stop to any further borrowing from the Western Powers, China was thrown entirely on her own resources, and by not a few this was considered a blessing in disguise, as likely to force her to adopt reformed methods of taxation, which otherwise might be long delayed. One such method which had in effect been forced on her by the lenders of the re-organization loan came most opportunely to her aid. The salt tax under the control of Sir R. Dane rose from some 12 or 14 million taels under the old system, to 48 millions in 1915. The contributions from the Provinces, it is understood, began to come in fairly freely, though no specific figures have been published of actual results. The income from the newly imposed stamp tax was also reported as yielding considerable amounts, and in addition the Government succeeded in placing two small local loans of, it is said, 24 million dollars each. With these resources the foreign obligations falling due during the year have been fully met.

Stimulated, perhaps, by the success of the Salt Gabelle, various projects of reform were mooted. The collection of the land tax was to be entrusted to a separate Bureau controlled by a Foreigner; a scheme for the conservation of the Huai River and the reclamation of inundated lands, was to be entrusted to an American Syndicate; industrial banks were to be formed for the promotion of agriculture, and improved methods of tea and silk production; the long standing project of currency reform was to be seriously taken in hand, and so forth. It is deeply to be regretted that all these projected improvements have come to nought. And not only so, but all the time-worn abuses of the Manchu Dynasty are as flourishing as ever. Peculation and corruption in high places continue, it is alleged, as before, in spite of the efforts of Yuan Shih-kai by one or two drastic examples to

stem the tide. Writing in September, the Peking correspondent of the *Times*, says:

"What is obvious is that the administration of China today is exceedingly rotten. Reform is conspicuous by its absence, and corruption by its increase. Disastrous floods, largely due to official neglect and incompetence, are causing widespread ruin."

Whatever prospects of improvement may have been entertained if Yuan Shih-kai had kept his place and power, have been dashed to the ground by the calamitous events of the last few months. The ill-advised, or at least premature attempt, of Yuan to assume the Imperial dignity, alienated half the provinces, and the consequent withholding of supplies seriously deranged the finances of the Central Government. A fatal and most disastrous step was taken shortly before his death in directing the two Government banks, the Bank of China and the Bank of Communications, to suspend specie payments. The motive for this extraordinary step is set out in a Cabinet order dated May 12, the terms of which deserve to be recorded as a new departure in the field of political economy. It runs:

"A custom prevails in foreign countries at a time of extraordinary financial stringency, for notes issued by the Government Banks to be temporarily rendered inconvertible, and the withdrawal of deposits forbidden in order that the situation may be maintained, silver preserved, and the various trades supplied with funds. Such an excellent practice of the West being of far-reaching benefit should speedily be imitated in China."

RAILWAYS.

In the British sphere of interest no new contracts have been entered into. The surveys of the Pukow-Sinyang line and the Nanking-Hunan line, contracts for both of which are held by British companies, are completed, but further work is suspended until the loans can be issued. Work, however, is being continued on the northern half of the Hankow-Canton Railway, and it is expected that the line will be opened as far as Changsha by the end of the year. The short line connecting the termini of the Shang-hai-Nanking and the Shanghai-Hangchow is nearing completion.

Funds for both these works were provided before the war. In Manchuria the Japanese obtained a concession for a short line connecting the South Manchurian Railway with the important market of Taonanfu. A loan for the construction of the first section of this line was floated in Japan at a price, it was stated, of 86 per 100 yen. A contract was also recently signed with the Russo-Chinese Bank for the construction of a line from Harbin to Blagoveschensk on the Amur River; the loan to be floated after the termination of the war.

Traffic is increasing very satisfactorily on the recently opened Tientsin-Pukow line, in spite of harassing exactions by likin officials. A considerable portion of this traffic is ferried across the Yangtze at Nanking, and

passes over the Shanghai-Nanking line to the benefit of the latter. The through traffic would be immensely improved by a project which has been mooted, viz., a train ferry at Nanking, whereby wagons could be ferried across from one station to the other without breaking bulk. The net revenue of the Tientsin-Pukow has grown more rapidly than that of the Shanghai-Nanking, the latter having all along had to contend with water-borne traffic, and being also handicapped by differential likin duties. Both lines are now earning approximately 4 per cent. on the capital, and would do much better if a freer and firmer hand were given to the foreign superintending officials.

MINING.

No progress can be reported in this branch of industry, notwithstanding the liberal promises which were held out by certain Republican officials at the dawn of the new era. An influential British syndicate was formed during the year to see whether by virtue of these promises a practicable working concession could be obtained in respect to a certain province which had long been a subject of dispute. Two engineers of high standing were sent out to conduct the negotiations, but after spending six months in fruitless endeavors, they reported that there was no prospect of the Peking officials granting any terms that were worth having, and they were consequently withdrawn. The incident had a rather curious sequel. One of the engineers who had been most strenuous in combatting the exaggerated value that the native officials seemed to put on mineral prospecting rights, and in pointing out the folly of supposing that foreign capital would ever be attracted on these terms, was asked to stay behind and help them to draw up a fresh code of mining laws, which should be at once liberal to the prospectors, and fair to the Chinese Government. He did so, and in collaboration with Chinese delegates, prepared a new and revised edition of the mining regulations. The new code has not yet seen the light, and it is unknown whether it will be adopted by the Government, or whether, like much other good advice, it will be pigeon-holed for the benefit of future generations.

The Standard Oil Company appear to have finally withdrawn from the contract they held for exploiting petroleum in the province of Shensi. It is understood that the boring tests which they carried on at great expense and over a considerable period of time, yielded no satisfactory results. This is distinctly disappointing, because a workable petroleum field, even in such a remote province as Shensi, would have immensely improved the trade of China, and would have been a rich source of revenue to the Government.

PURSUING THE CHINESE TRADER

The policy of the China Coast merchant for several centuries has not been that of the fleet hunter who pur-

sues his game, but rather that of the pompous person in an upholstered shooting box who waits languidly for the beaters and dogs to run something into the open. There has been dignity and conservatism to spare in the China trade, and a fair profit all around. There was little competition in the old days and life in the East was pleasant, placid and remunerative. The Chinese are unchanging because they are pleased with their own ways, and for the same good reason the business methods of the biggest firms on the China Coast have been as stereotyped as those of their Chinese neighbors. But in the last two years there has been a radical change in methods, and very recently an open revolution in the attitude towards the trade of China which has given the old-timers a series of severe shocks and has fired the newcomers with no little zest and enthusiasm.

In the old days, when one came to found a business in China, he built a house, an office, and a warehouse, and erected a ten-foot wall around them. His next step was to employ a Chinese manager, known in the East as a "comprado re," to whom he showed the goods he had to sell, named the things he wanted to buy, and said "go to it," or the equivalent in the parlance of the day. This done, the business was established and the founder proceeded to wear a path from his front gate to the club. He never did any direct business with a Chinese buyer or seller; he never learned a word of the language, nor a scrap of Chinese tradition. He knew nothing about the Chinese clerks or coolies in his employ, for they were the comprador's employees and the comprador was responsible for them. His duty was to check the goods which arrived from abroad and ship the Chinese products which his comprador bought for him. He had no idea where they came from and did not care. That was the comprador's business.

There are scores of men in China today who have lived in the country 30 years, who do not know ten words of the Chinese language, who have no idea how many provinces there are or how they are governed, and cannot pronounce properly the names of the cities they live in nor the names of their most intimate Chinese business associates. A knowledge of such things they have always regarded as a frivolous and superficial accomplishment, so the daily lives of the people from whom they are supposed to extract a profit are as much a mystery to them as the career of a Chinese washerman in New York is to his immediate neighbors.

The revolution has come since the war began, and the attention which the war has drawn to German trade in China is largely responsible for it. The staid and conservative, who believed that their businesses were so old and so firmly established that they could not fail, have been vaguely aware for some time that the Germans, and a few British and American firms, altogether lacking in dignity, have accomplished as much in ten years by methods which were believed to be too contemptible and vulgar

to deserve investigation, as the majority of the rock-founded, iron-bound, for-ever-and-ever "hongs" had achieved in the last half century. They were vaguely aware of this before the war, but they are sharply aware of it now, and the passionate yearning after new things displayed by the orthodox is almost as pathetic and as pathetically amusing as the Chinese nation's striving after modernity and a place in modern affairs.

The despised Chinese language has become a vogue in the Treaty Ports, and those who have been saying for twenty years that pidgin English could bring them into as close touch with the Chinese as they cared to get, now rise early to keep appointments with their instructors, to pry into the mystery of radicals and chant over the all important intonations, before anyone else gets up. The British Chamber of Commerce has founded a Chinese language school, which all the staid, respectable firms have been in haste to support, and the great commercial factotums of Shanghai, whose gossip was once of races, lotteries and kindred topics, now pound the table—or the bar, as it may be—to emphasize their arguments for doing direct business with the Chinese, getting travelers into the country to advertise and sell European goods, and for making a study of the business morals and methods of the people with whom they have to deal. The Chamber of Commerce school also lays emphasis upon instruction in Chinese etiquette, and one now finds the "taipans"—the managers—of the old school drilling themselves in the manners of the Celestials, to which they would have given no more thought ten years ago than to the antics of monkeys or savages.

The new gospel of trade proclaims that it is vitally important to dispense with the Chinese manager, get into the country, find out what the Chinese people want from the people themselves, and how it can be got to them; and then proceed to put the goods required under the noses of their retail dealers. The compradore, useful as he has been to the foreign trader, never could and never would undertake more than a local wholesale trade. He sold and bought through his own little clique of wholesale merchants, who passed the European imports along to their little cliques of wholesalers in the interior and who in turn supplied their retailers. There was no attempt made to get the goods into the district where they were most wanted or most needed. No thorough canvassing or even distribution was possible. The compradore sold where he had connections, and his clients sold where they had them, and whatever part of the country they missed was missed. After four hundred years of European trade on the China Coast there is at least a third of agricultural China, excluding the dependencies, in which no European firm does enough business to be aware of it. Many of the big wool buyers in Tientsin, who ship abroad the fine wool of the Tibetan border, would have no idea where to go for the goods which their Chinese find for them if the Chinese staffs were to go on strike and leave the foreigners to shift for themselves. And there are scores of firms, great and small, who carry the burden of an incubus, in the form of a compradore whom they dare not discharge, whether honest or dishonest, because the whole trade has been built by him and would fall to pieces without him.

The most successful firms in China are the new houses which have come in prepared to find out for themselves what the country is like, which have spent fortunes, and have made bigger fortunes, by sending European travelers into the interior to learn what each district produces, what it could produce, what it could use, and what it could afford to buy. In such work as this the Germans have come into more intimate relations with the Chinese than any other people. They have not only learned what each district produces, but they have developed new districts, taught the people to turn out new products, advanced them money to bring new land under cultivation, and have purchased their output when it was ready for the market.

The agents of proprietary lines have been the pioneers in selling directly to the Chinese, although without exception each agent, as he arrived in China, was solemnly warned by the oldtimers in firms and banks that he was sowing his company's money on a rock heap and would return a poorer and wiser man. One patent medicine house, for instance, has contrived in ten years to make China its best market, has had travelers in every province and dependency in the empire, has sold goods directly in districts which no white man, except an occasional explorer, had previously visited, and now has on file data on geography and trade routes which are embodied in no existing map and are unknown to the intelligence offices of the great powers. The gathering of this information has been expensive, but use of the data has netted the company a huge profit over all initial and running expenses. In like fashion sewing machines and cigarettes, soaps, medicines and kerosene have been advertised, sampled and sold hundreds of miles from the railways and channels of navigation, and among the firms which have experimented seriously with direct selling there have been no failures.

There are nearly ninety daily newspapers published in China. Of these one conspicuously successful house, which has been in China just ten years, uses fifty, and ninety per cent. of the firms which have been in China fifty years use none.

All these things are now patent to the orthodox, and the Chinese buyer, who had to go around to the back door of a "hong" a few years ago and whisper that he wanted to see the compradore's third assistant if he cared to make a purchase, is now pursued by hordes of penitent salesmen, who scour the country, dictionary in hand, prodding an interpreter before them and dragging sample cases from shop to shop and from town to town.

The compradore is a passing institution, and the "taipans" who do not know the names of the Chinese provinces and know no other trade route than the well worn trail to the club, are passing down to extinction. The man who can order his meals or hire a cart in Chinese is worth 20 per cent. more to a firm now than the man who cannot remember his Chinese name, and the time is coming when the man who can take a Chinese order without insulting his client, will be the only man that a firm can employ. Competition was keen before the war and it will be so much keener after the war that not even the ancient and venerable "hongs" will be able to camp on the fringes of China and wait pompously for trade.—*The Far Eastern Review*.

CHINA'S INDUSTRIAL REVOLUTION

BY CHOW Tsz-CHI,

Former Minister of Commerce and Agriculture.

To the uninitiated who knows China only through books that have not followed the changing times, and to the tourist who cannot penetrate beneath the surface, the Celestial Empire means dusty temples falling into ruin, yellow and jade tiled roofs, porcelain dragons, beggars and bargaining for bits of faded brocade. To them, China is a country of strange superstitions, picturesque customs and archaic methods of doing business. They do not realize that China is discarding its mediaevalism very swiftly, and striving to catch up to the Western countries in internal development, commerce and industry. Her old indifference to the material development of the West is being replaced by a new spirit introduced by a generation of young men who realize that China must turn the way of her ancestors into the sterner and more efficient mold of the twentieth century, if her future is to be assured among the congress of nations.

During the four years of the republic this spirit has had an opportunity to produce actual results. The Government salt monopoly has been completely reorganized on an efficient basis, a comprehensive railroad scheme embracing seven lines with a total mileage of more than 7,000 has been projected, and partly put through in spite of the European war and the inavailability of foreign funds; a Bureau of Irrigation is making a preliminary survey for channels, a Bureau of Conservancy is engineering and carrying on a war against the floods which devastate certain large areas yearly, cart roads are being built in the provinces, mining is being encouraged by more favorable regulations, large loans have been subscribed by the people of China for the reform work of the Government, and trade and commerce are generally being stimulated.

Perhaps no single force has been more responsible for introducing improved methods of agriculture and encouraging industry than the Department of Commerce and Agriculture. Under the direction of this department, the first Bureau of Forestry has been established with a young American forestry expert as co-director; model farms and experiment stations have been opened; a Bureau for Collecting Statistical Data from the various provinces in regard to their trade and commerce has been created; steps have been taken to organize on a large scale the principal industries of the country, such as tea and silk, and to standardize them for purposes of export trade; and in every way the most earnest efforts are being put forward to lift merchants out of their narrow ruts into the wider fields of world commerce.

Agriculture has from time immemorial been the occupation of the masses in China, and therefore the prosperity of the country largely depends on the well being of the farmers. The old Emperors always took a great interest in agriculture. The Temple of Agriculture in Peking, where the Emperor, dressed in a peasant garb of imperial yellow, offered up prayers for the harvest in a festival

very much like the American Thanksgiving, and a vast bonfire of many different kinds of wood was made, and the Temple of Earth, where he came every year during the Summer solstice to make an offering at an altar composed of white, yellow, red, and black earth, testify to the dignity of the agricultural occupation.

The most impressive imperial recognition was that made at the famous Temple of Heaven, where a compound was set aside for harvest prayers. In the first year of the republic these ceremonies were abandoned, but the people were so displeased that the President was forced to restore the annual pilgrimage to the Temple of Heaven. During the Manchu dynasty a Board of Agriculture, Commerce and Industry was actually established, but nothing was ever accomplished in a serious way. An experimental station was opened just outside the walls of Peking on the road to the Summer Palace, but it was really only for the amusement of the old Empress Dowager, who wanted to see what farming was like. No serious work of a scientific nature was attempted.

This play farm of the Empress Dowager has been reorganized as the Peking Agricultural Station to help the farmers of Peking and vicinity and to serve as a radiating force for all the experimental work done in the provinces. Exhibitions and lectures, distribution of seeds and fertilizers, night classes and classes for children, and expert information freely given out at any time gradually are bringing the farmers to appreciate the difference between their own poor and generally unsatisfactory products and the products grown on the model farm. There are now twenty-two experimental stations distributed throughout the various provinces, under the supervision of graduates of the provincial agricultural colleges. Two months ago the administration of the provincial experimental stations was reorganized under the control of the central experimental station at Peking, which is to act as a kind of clearing house for the reports of all other stations. These reports form a basis upon which inspectors will be sent out to give definite assistance where it is needed. Besides the experimental stations, many model farms have been established. In the vicinity of Peking alone there are four such farms, and in the metropolitan district in which Peking is situated there are twenty, each extending its influence over a radius of twenty or thirty miles. Important services are rendered in the improving and analyzing of the soil, in practical demonstration of scientific farming, in distributing improved seeds—wheat, maize, millet, and soya beans; in distributing fertilizers, and in destroying injurious insects.

Another means extensively adopted is the special public exhibit and the annual provincial exhibit of agricultural products, at which selected seeds are distributed, for it has been proved that one great cause of bad crops in China

is the deterioration in the quality of seeds. Finally, in more than twenty provinces conferences of farmers have been held, and local farmers' organizations have been established in 207 districts. Agricultural experts are being trained more and more in the provincial agricultural colleges, but large numbers of them have gone to foreign countries, principally Japan and in the United States, to receive their education.

Closely allied to the educational propaganda and scientific experiments in agriculture are the efforts of the department to induce merchants to form organizations for mutual benefit, and to improve the quality of standard articles for exportation. It is almost as difficult to get the business men to co-operate and adopt progressive methods as it is to make the farmer see the necessity of farming scientifically. The tea trade, which should be one of the most prosperous of all in China, has been rapidly declining before the increasing popularity of Ceylon and India tea, partly because there has been no association among merchants to push sales abroad and control market prices, and partly because no effort has been made to improve the color and taste, so that China tea can compete with teas from other countries.

The Ministry of Commerce and Agriculture has established an experiment station at Keeman, Anhui Province, which is the best tea-producing centre, to show the producers how to plant, fertilize, gather, manufacture, and put the tea on the market. Rewards and bonuses have been offered to the most successful producers, and the tax on tea lowered for their benefit. Circulars have been sent to the Provincial Governments giving concise instructions regarding the treatment of the tea plant in the early Spring, and picking and packing. Bureaus have been established in Hankow, Shanghai, and Foochow, to try to do away with artificial coloring and other irregular practices, such as mixing the tea leaves with buds and stems.

The tea trade is concentrated in Hankow and Shanghai. A Central Chinese Tea Association, with general offices in these two cities, has just been formed for the purpose of raising the standard of Chinese tea, and of standardizing it as a product by means of trademarks and uniform prices for different grades so that it can be ordered from samples. Finally, the association will launch a vigorous advertising campaign for the purpose of popularizing Chinese tea in foreign markets.

Tea merchants are beginning to look to the department for assistance. Recently the Hankow merchants sent a memorial to the Ministry, requesting that immediate steps be taken to encourage the manufacture of red tea to meet adequately the demands of the market. The Hankow authorities and the Ministry co-operated to meet the situation, and in a short time the merchants and growers were receiving considerable profit. The measures taken to improve the tea trade have already resulted in the best tea season that China has had in ten years, the export to Great Britain alone showing an increase of 15 per cent. from 169,198,000 pounds for 1913-14 to 189,250,000 pounds for 1914-15. With the increasing interest in making a better article for export there is no reason why China should

not take its place with Java, Ceylon, and Japan in tea production and exportation.

In the silk industry not much interference or assistance is necessary on the part of the Government. The silk merchants are among the most wealthy and progressive business people of China, and if they are shown the first necessities in the manufacture of silk for foreign markets they will continue independently along progressive lines. The importation of weaving machinery is being introduced. Collections of samples are being made under the direction of the department of the kinds of silks wanted in foreign markets. Already a large assortment has arrived from the United States. A special mission is being sent to the silk-producing provinces with an exhibit of these samples, and definite instructions regarding the needs and tastes of the foreign buyer. In addition, millions of mulberry trees have been distributed to the farmers of Chihli, Shansi, and Shantung Provinces, and at the same time improved methods of seri-culture are being taught.

There are no cotton factories belonging to the Government, but special efforts are being made to develop the cotton industry, and a regular campaign has been inaugurated. An American cotton expert, H. H. Jobson, has been engaged to direct the work of the new bureau, pamphlets on improved cotton growing are being distributed, and men sent out to lecture in the provinces where cotton is grown.

China ranks second in the import of cotton manufactures of all kinds, India taking first place; it takes first place as an importer of yarn and third place in cotton production, the United States and India exceeding it. About 70 per cent. of the cotton exported from China goes to Japan, the remainder going to the United States. The raw cotton coming into China is imported from the United States and India.

According to the last available statistics, there are approximately 1,000,000 spindles in operation in the Chinese cotton mills and about 4,500 looms. Over thirty modern cotton factories have been established in six provinces, and more are being built. Recently a contract was placed with a Boston firm for two large spinning mills of 25,000 spindles each, to be built in Tien-tsin. They will be the most modern and well-equipped mills in China. Important factors which make China a splendid field for the development of cotton manufacture are the large market for yarn and cloth of a coarse quality which does not necessitate skill in production, a good supply of locally grown cotton, an abundance of cheap labor, and cheap power, owing to the proximity of coal supplies.

With the organization of railroads and internal arteries of communication the great mineral regions of China will be thrown open to development. In order to consolidate all the work relating to mining, a special mining bureau has been created under the Ministry of Commerce, with controllers in the different provinces to promote mining enterprises and encourage the people who wish to engage in this industry. A Bureau of Geology is working on a survey of the utmost importance, which will not be completed for ten years. The same bureau is conducting a

metallurgical laboratory for the purpose of research and investigation. New mining laws have been passed, and these are more favorable to the development of mining industries. Recently the taxes have been considerably reduced.

The owners of small mines have found it increasingly difficult to operate under the old conditions, and many have deserted their mining to enter other occupations. As a result, China has actually had to buy iron and brass from abroad at high rates, when great unworked fields are lying neglected at home. Every effort is being made to stimulate interest on a large scale in mining enterprises by introducing modern methods of smelting ores and modern machinery. If blast furnaces and modern machinery were introduced, the output of pig iron, for instance, would be sufficient to supply not only the home market but the markets of Japan and the United States as well. Under present conditions the annual output is only 300,000 tons.

One of the most important of the minor reforms planned by the Department of Commerce and Agriculture is the standardization of weights and measures. The extreme irregularity of weights and measures in China has a fluctuating effect upon the trade of the country. The carpenters, silk merchants, stationers, and various other tradesmen, all use different measures. In the silk trade alone there are three kinds of measures, and weights vary not only from city to city, but from shop to shop. The Ministry sent a special commission abroad to study the methods of manufacturing weights and measures, and preparations are being made for the ultimate admission of China into the International Congress of Weights and Measures.

A Government factory for making weights and measures has been established in Peking, and, with the co-operation of the police, the old weights and measures are being collected from all the shops in Peking and replaced with those of uniform standard, much against the will of the shopkeepers who carry on dishonest practices through the absence of standardization. Special courses of study will eventually be introduced in technical schools all over the country to fit students to be inspectors in this branch of commerce, and it is hoped that new factories, modeled after the central one in Peking, will be established through private initiative.

Factories and machinery are the two crying needs of China today. We need steel corporations, iron foundries, water power plants, electric lighting plants, smelters, every kind of mechanical and engineering apparatus that will put our country on an equal footing with other nations. America can bring us factories and machinery. The mill wheels in use today are the same as those that were used two thousand years ago, and all the tools in every-day use have been handed down unchanged for centuries. China invented almost all the tools in use by other countries, but China continued to employ the crude original, when other countries were continually improving and perfecting them. We need new tools, modern compasses, planes, farming implements, and we must have factories to make these tools. We can make a beautiful carved brass box or an

inlaid one, but we cannot make a simple tin cigarette box, because we have no proper facilities. There is a great field in China for American machinery and American capital to establish factories on Chinese soil for making machinery.

There is no reason why a flourishing trade should not be developed between China and the United States. At present America's import trade in China is equivalent to 8 per cent. of China's total imports, and at the same time this is only 1 per cent. of America's export trade. China wants many concerns like the International Banking Company. A China America Import and Export Company, of which Mr. Liang Shih-yi, Director General of the Customs, is one of the chief promoters, has recently been formed, and all the leading merchants of Tien-tsin, Hankow, Canton, and Shanghai are interested. The company will deal with all kinds of products. A large capital has been subscribed to handle the goods in America, and Chinese business men are going to America to make arrangements with American firms for buyers, managers, and salesmen in all the principal ports to collect raw materials and manufactured goods.

One of the chief reasons why American trade in China has suffered in the past is lack of effective commercial organizations. Formerly, most of the American trade in China was handled by German or British firms. The Germans, English, and Japanese have been successful in China because they have given the people what they wanted. The British have been in China a long time, and are respected and known to be reliable. The Germans meet the Chinese half way and are always willing to go to any amount of trouble to make their goods satisfactory and to meet infinitesimal demands. In short, they adapt themselves to the Chinese. The Americans can do no better than to combine the best method of the British and Germans.

The first thing that is necessary is infinite patience, for deals cannot be consummated swiftly. It is necessary to win the confidence of the Chinese, who are by nature suspicious of foreigners whom they do not know. A knowledge of Chinese is exceedingly desirable. Americans make the mistake of trying to deal directly with the Chinese, instead of through the *compradore*. Most important of all in the future will be the methods of partnerships now coming into practice. The Japanese have found out that this scheme works for common interests, and many of them are looking for Chinese partners. America's greatest asset is the good-will of the Chinese people, who realize that whatever capital Americans may bring or whatever enterprises they may establish in China will have no sinister significance back of them.—*New York Times*.

CHINESE GOVERNMENT RAILWAYS

BY DR. CHING-CHUN WANG.

During the first few decades of railway history, the chief interest which the public took in the new means of transportation was its mechanical and engineering novelties. It gradually became evident, however, that the non-physical

problems were even of greater importance. With the unforeseen development of railways in the different countries, and the consequent revolution in the social, economic and political life of mankind, the question of administration and control has become as important as it is complex. From the early fifties, the problem of railway administration has been under constant consideration. The different systems adopted by different countries and the different theories advanced by different schools of thought, together with the fact that no system yet evolved escapes denunciation by some, often considerable body of opinion, while its defects are, at the same time, obvious to its strongest advocates, show clearly enough that no sort of finality has been reached. This together with the fact that railways in their bearing upon political power and social and economical development are the most important industrial undertakings, the world over, and that, as it is said, "the politics of China are railway politics" may perhaps afford a sufficient excuse for writing this paper on the administration of the Chinese Government railways during the age when political questions occupy the attention of all classes of society.

Railway administration in its broad sense embraces every phase of the railway problem. From the broad question of national policy down throughout location and construction of the line to the fixing of rates, running of trains or handling of traffic—all constitute certain phases of railway administration. It involves the task not only of analyzing what constitutes the work, but also how the work is or should be done. The object of this paper, however, is rather to show the organization by which the administrative work is accomplished than to go into the details of the work; the few facts of the latter which we have actually covered have been those which have to be kept in mind before the nature and effect of the organization can be properly understood.

Since the introduction of railways in 1876, China's railway policy has undergone a number of changes. At first it was a general policy of opposition, as shown by the fate of the Shanghai-Woosung Railway. The ignorance regarding the new scheme of transportation, the general prejudice against foreign innovations, the fear of foreign influences and the deep-rooted superstitions together with the untactful behavior and irregular methods used by some of the foreign promoters—all these combined to prevent the introduction of the new means of transportation. Moreover, the apathy against railways was not limited to any one class, but extended to all classes of the nation. The railway policy of China then, if any policy existed, was that of exclusion.

Beginning about 1879 a number of the enlightened officials began to realize the usefulness of railways. Efforts were made even at considerable personal risk to introduce railways into the country; but the Court above and the people below were as obstinate as before. In spite of apparently insurmountable difficulties, however, the ingenious and persistent efforts of these enlightened officials gradually removed the barriers. After the Boxer uprising, the Court became too busily occupied with other

questions to maintain its opposition against railways. So, for about eight years, the Government adopted what may be called a *laissez faire* policy.

By 1907 the Peking-Mukden, the Peking-Hankow, the Peking-Kalgan, the Tientsin-Pukow, the Shanghai-Nanking, the Kirin-Changchun, and the Chengtai Lines had been opened to traffic. The enormous returns made by a number of these lines at once made a deep impression upon the people. They began to realize the possibilities of railways as investments. So superstition, formidable as it was, gradually gave way in the face of the increasing usefulness and earning power of railways, and in its place a railway fever set in. The "localization" movement was started, with the slogan that each Province should race against all the rest in building all the railways within its boundaries. Many railway companies were organized. Several Provincial Governments also jumped into the whirlpool. Numerous schemes were embarked upon. Liberal rights were obtained from the Government. A considerable amount of money was raised, and a number of lines put under construction. From all appearances, there was a general enthusiasm for railway building. But the lack of practical experience in this new enterprise more than counter-balanced the force of enthusiasm, in the midst and in spite of which actual railroading did not go very far. In order to prevent these schemes from becoming complete failures and to extend the then favorite policy of centralization, which had been adopted by the young Manchu princes a few years before, the program of railway nationalization was embarked upon. This measure met with immediate and widespread opposition, which led to the Revolution of 1911 and resulted in the overthrow of the Manchu Dynasty. As if heavenly sent, for the special purpose of overthrowing the Manchus, the "localization" movement immediately subsided with the dissolution of the Dynasty.

The spark which started the conflagration, the nationalization policy, however, outlived all the turmoils. This policy has since been quietly carried out until now practically all the provincial concessions are taken back. Side by side with the nationalization program, the policy of making a system of State railways has been definitely adopted. A system of trunk lines which should be constructed and operated by the Government has been carefully mapped out. Thus the policy of creating a system of national railways began with the downfall of the Manchu Dynasty and consolidated itself during the Republic.

By the end of 1915 there were in all 8,342 kilometres of railway under operation in the country. This kilometrage, from the point of view of administration and control, may be divided into three general classes. Of these the most important is the system of Government railways, which comprises fifteen different lines with a total of 5,702 kilometres, thus equaling to 68.4 per cent. of the total kilometrage in the country. With the single exception of the Chengtai Line, which has 324 kilometres of narrow gauge, all the rest are standard gauge railways. The second class embraces 2,399 kilometres of "concessioned" lines, such as the Chinese Eastern, the South Manchuria and the

Chiaochou-Tsinan Lines; while the last class consists of 242 kilometres of private lines which are owned and operated by private Chinese companies.

This system of Government railways has cost the Chinese Government \$398,221,176, being about \$73,783 per kilometre of line. If the Chinese people are considered as the owners, it would mean that it has cost every Chinese about a dollar to build the railways now in operation.

There are 627 locomotives of all classes which were bought from more than five different countries. A total of 823 passenger cars and 10,418 goods wagons were used in carrying the 26,036,152 passengers and 14,586,264 tons of freight in 1915. A gross revenue of \$56,100,000 was earned, while \$48,000,000 was spent for doing the business and paying interest on the capital, leaving \$8,100,000 to the Government as a net profit during the same period. In addition to the lines under operation, there are now about ten thousand kilometres of line which are either under construction or definitely projected. These trunk lines constitute the system of Government railways.

THE COAL RESOURCES OF CHINA

(By V. K. TING, *Director of the Geological Survey, China.*)

Since the time of Richthofen, the celebrated geologist and traveler who explored the greater part of Eastern Asia in 1868-1872, China has been reputed to be one of the richest countries in coal. Nor is this reputation ill-founded, for, although some of the earlier estimates were undoubtedly too high, she is admitted today to have the largest coal reserve in Asia, and with the exception of the United States and possibly Canada, also the largest in the whole world. Of course, owing to the lack of accurate surveys it is impossible yet to give the exact tonnage of her reserve, but foreign explorers and engineers and recently the members of the Geological Survey of China have done a sufficient amount of reconnaissance work to enable us to make rough estimates of the probable resources.

GEOGRAPHICAL DISTRIBUTION.

Coal is very widely distributed throughout China; there is not a single province in which coal is not known to occur, but some are much more favored than others. The northeastern provinces, Shansi, Chihli, Shantung and Honan, are undoubtedly most important. Shansi is, in fact, the richest of all. Inner Mongolia as well as Manchuria are fairly well supplied with coal, though in the former case it is less known. The northwestern provinces are much poorer, though Kansu and Turkestan contain numerous coal fields. The same may be said of the Yangtze Valley and the southeastern coastal region where the possibility of finding coal is limited by unfavorable geological conditions. The provinces of Hunan and Kiangsi are the exceptions, especially Hunan, which is the Shansi of southern China. The western and southwestern provinces are known to possess coal in very numerous localities, but

on the whole they are much less important, as the coal seams are usually much thinner and the fields are broken up into small patches.

The most important coal deposits are of Permean or Upper Carboniferous age. The great coal basins now worked on a large scale in northern Chihli, Shansi, Shantung and Honan all belong to this formation. They are underlaid by the great Ordovician limestone below and covered by sandstone of continental origin. This is, however, by no means the only coal that occurs in China. The fine coal field of Fushun in Manchuria, with its extraordinary thickness of 120 feet, is of tertiary age and is now worked by the South Manchuria Railway Company, producing about 5,000 tons daily. The famous coal fields of Tatungfu in northern Shansi and many of the smaller coal basins in Chihli and Mongolia, as well as the coal in the so-called "red basin" of Szechuan, are Jurassic. The best coal in Yunnan and Kweichow is Trassic, whilst the lignite found in the dried-up lake regions in the two above-named provinces may prove to be younger than Tertiary. It is safe to say, however, that the Permo-carboniferous coal is by far the most important, for it includes not only the greater reserves of northern China, but also those in Hunan and Kiangsi, the only two provinces south of the Yangtze that possess coal fields of any importance.

QUANTITY.

The most recent attempt to estimate the tonnage was made by Drake in the "Coal Resources of the World." The following are the figures arrived at:

	Metric Tons.
Mongolia	1,200,000,000
Chihli	22,668,000,000
Shantung	7,083,000,000
Shansi	714,340,000,000
Shensi	1,050,000,900
Kansu	5,129,000,000
Honan	9,275,000,000
Kiangsu	10,000,000
Anhui	187,000,000
Hupei	117,000,000
Chekiang	24,700,000
Fukien	25,000,000
Kiangsi	3,395,000,000
Kuantung	1,009,000,000
Kuangsi	500,000,000
Hunan	90,000,000,000
Szechuan	80,000,000,000
Kweichow	30,000,000,000
Yunnan	300,000,000,000
Manchuria .....	.....
Total	996,612,700,000

Drake's attempt is largely guess work. He himself remarked that the figures for Shansi, Yunnan and Kweichow might be too large. This is certainly the case. His source of information was chiefly Richthofen and Leclerc. The

former perhaps somewhat overestimated the coal resource of Shansi as he certainly did in the case of iron, and Leclere's work on Yunnan and Kweichow proved to be erroneous—a country much complicated by deep folding and faulting was supposed by him to be a simple plateau, hence his estimate must be many times too large. On the other hand, those for Chekiang, Fukien, Kiangsi, Anhui and Mongolia are all too small. The recent work of Dr. Wong, a member of the Chinese Geological Survey, shows that in Kiangsi the coal field of Pingsiang stretches itself in the E. E. N. direction through the district of Funcheng and Loping to Fouliang in the northeast. This immense belt alone would give a reserve equal to that given by Drake for the whole province, and other smaller coal fields are also known in Kiangsi. The same worker shows also that in western Inner Mongolia the Jurassic coal amounts to over two billion tons. Drake gives very incomplete accounts of Anhui. The numerous fields in northern Anhui, namely, Shusung, Taihu, Shuchow and Hweiyuan, were apparently unknown to him, and his description of southern Anhui, taken chiefly from Ishii's report, is very inaccurate and misleading. Again no mention was made of Chinese Turkestan which contains at least as much coal as Kansu, its eastern neighbor.

On the whole, however, Drake's total figure is certainly of the right order of magnitude, though the figures for individual provinces are very uncertain. It is in fact futile to try to arrive at more exact conclusions, as sufficient data do not yet exist, but it is correct to say that as far as present knowledge goes, 100,000,000,000 metric tons is a fair minimum figure, but the real reserve is probably ten times as large. Taking the total production for the whole world to be roughly one billion tons per year, then China is probably capable of supplying the whole world with coal at the present rate for the next 1,000 years.

QUALITY.

Both bituminous coal and anthracite occur in China, but the latter is probably more extensive, as the coal in Shansi and Hunan, the two richest provinces, is largely anthracite. Anthracite has been in fact more readily used by the Chinese because it can be burnt in open stoves without chimneys. The bituminous variety has in recent years acquired increasing importance, as the coal now worked on a large scale is mostly bituminous; in fact, out of about twenty machine-worked mines, only three are mining anthracite, i. e., the Peking Syndicate in Honan, the Poaching Mining Company in Shansi and the Tungshin Company in Mentakou, west of Peking. Though the character of the coal is independent of its geological age, the proportion of anthracite is greater in the paleozoic. Both of the two varieties are generally excellent in quality. The anthracite of Shansi and Hunan and the bituminous coal of Chihli, Shantung and Kiangsi compare well with the best of its kind in other parts of the world.

PRODUCTION.

According to the statistics compiled by the Chinese Geological Survey, the production of coal of all kinds in

1913 was about fifteen million metric tons. They are distributed in the various provinces as follows:

	METRIC TONS
Chihli	2,701,000
Shansi	2,868,000
Hunan	1,200,000
Honan	1,463,000
Shantung	1,120,000
Szechuan	1,002,000
Kiangsi	949,000
Fentien	1,805,000
Kirin	44,000
Helungkiang	230,000
Yunnan	86,000
Kansu	30,000
Turkestan	600,000
Kweichow	100,000
Shensi	100,000
Anhui	10,000
Kwantung	12,000
Kwangsi	10,000
Kiangsu	25,000
Chekiang	10,000
Hupeh	100,000
Fukien	50,000
Total	14,515,000

These figures are, of course, not exact, though great pains have been taken in compiling them, for only the modern mines can furnish anything like exact statistics and these produce only about one-half of the total amount. The rest is produced by tens of thousands of small shafts scattered all over the country. Their production has been estimated according to the number of shafts and miners. Many of them must have escaped notice and the above figures are really a minimum estimate. It is to be remarked that the total figure agrees tolerably well with that given by Inouye who thought it to be between fifteen and twenty million tons.

FUTURE DEVELOPMENT.

From the above statement it is clear that the consumption of coal in China is surprisingly small when compared with her population. It is simply caused by the lack of transport facilities. Coal is a commodity which travels very far only in countries well supplied with railways, in China where the price is often doubled by a day's journey, coal for household purposes is an article of luxury except in those fortunate places situated very close to the mine or connected with it by modern means of communication. Even a casual study of the history of mining development in China shows at once that all the big coal mines with the single exception of Pinghsiang which supplies the Hanyang Iron Works with coke, are closely connected with railway enterprise. The Kailan and the Fuchun mines could never have existed without the Tientsin-Mukden and the South Manchuria Railways. Shansi anthracite, entirely unknown a few years ago, now

finds a ready market in the Yangtze Valley. As time goes on the projected railways are bound to be built and what impetus they will give to coal mining! For example, if the Haichow (in Kiangsu)—Langchow (in Kansu) railway is completed, it will not only open up the Southern Honan coal fields, but the Mesozoic basins of Shensi, and Kansu will also be tapped.

The rapidity of development will be different for different kinds of coal. Anthracite is to some extent preferred by the Chinese for household purposes, but it must largely depend on local consumption. The great majority of the populous cities in the Yangtze Valley are still depending on straw and dry grass for cooking and are almost totally without means of heating in the winter, though the temperature often descends considerably below zero. Shansi and Hunan anthracite have in recent years been making their way into these regions, but when better business methods are taken to educate the population at large, the consumption can easily be doubled or even trebled, and we need not seriously believe the stories of the anthracite merchants in Shanghai who are ever ready to insist that the Yangtze cities have got as much anthracite as they can possibly consume.

For bituminous coal there is an enormous market—1,500,000 tons of it are imported every year from foreign countries, especially Japan, because not only do the numerous steamers demand a great supply, but the newly established factories of oil, cotton and silk increase it still more. Again, Hongkong, the biggest shipping centre in the Far East, consumes another million. Part of it comes from Australia, but Japanese coal—known as Miike—is most important. It has the disadvantage of being rather sulphurous. The Chinese coal is on the average better in this respect and successful competition is purely a matter of organization. Another potential market for coking coal is the smelting furnace. Nearly 100,000,000 tons of pure high-grade iron ore are known to exist on the very bank of the Yangtze River, and they are bound to be developed in the near future, and that will largely increase the demand for bituminous coal.

In this respect it is important to consider the waterways, especially the Yangtze River. It is something of a surprise that many of the coal fields so near to the mighty river have not been developed at all. No doubt the geological conditions here are less favorable than in the north; folding and faulting often deteriorated the quality or diminished the quantity. But some fields of considerable size and good quality are so excellently situated geographically that it is a wonder that they have not been chosen in preference. The reason is perhaps because they are mostly not in active working by Chinese miners as the coal above water level had long since been taken out. They are therefore more difficult to prospect and less impressive to the unscientific than the northern coal fields which, owing to the demand caused by climatic necessity, and to the relatively modern development, were still actively mined before the advent of European methods. Again, in the time of the Manchu dynasty, legitimate mining was greatly hindered by official obstruction and

the big mines in northern China were either opened up directly in connection with railways or acquired by questionable methods of concession. The mining law of 1914 is certainly incomparably better than any that was framed in the Manchu dynasty, though foreign capital is somewhat put at a disadvantage. The Chinese Government is fully aware of the fact and a revision is actually under consideration. When a more generous and simpler mining law comes into existence, there is nothing to prevent European capitalists investing their money in Chinese coal mines, as cheap labor and ready markets will give them considerably higher profits than the average coal mines in Europe or America, as is clearly shown by the best managed mines now existing in northern China.

CHINA'S TEA TRADE

Some interesting figures have been published relative to the imports of tea in America, figures which showed that while America is buying less China tea, her imports of Japan tea increased considerably, at least for the nine months ended March 31. Inquiries among local tea exporters bring out the fact that not only is China continuing gradually to lose her export tea trade with America, but there is every reason for saying that she is slowly but steadily losing her share of the tea trade of the world. During the past 30 years the world's consumption of tea has increased about three-fold, and in this time China's exports have practically stood still. In other words, she has not kept pace with the increased demand and has allowed India, Ceylon, Japan, and more recently Java and Sumatra, to step in and supply the world's needs when she might have continued to supply her share. Other teas are better liked.

The position is a serious one for China, and it seems evident that unless some steps are taken in the near future toward the betterment of her teas, she will find herself ultimately simply growing tea for home consumption and with all her export business gone.

Changing tastes of nations may first of all be held accountable for the lessening demand for China tea. Many years ago America was a large consumer of China teas, but her tastes are gradually changing and Indian and Ceylon teas are becoming more and more in popular favor from year to year, thanks to the introduction of the small package ready packed for household use. Chinese teas in one-pound tins are not to be found in every corner grocery in the United States, Indian and Ceylon teas are, and, to a limited extent, Japanese, and from the time these branded teas were first introduced in the convenient small package form, people bought them for convenience sake, with a cup and saucer or a glass vase or a cake of soap thrown in as *cumsha*, and since there has been an ever-increasing demand. When the customer asked for a pound of China tea the grocer dug into his lead paper lined chest, scooped out a pound or less, most probably less, weighed it, and tied it up in a paper bag. The customers were quick to appreciate that it is much nicer to receive a

neat red-papered tin down from the shelf, and having got the tea, with a bit of free crockery, they brewed the contents,—and they liked it. They bought more, and finally began to prefer the flavor of the tea that came in a small tin.

OLD-FASHIONED METHODS.

The introduction of the small package of Indian or Ceylon teas may have been the beginning of the downfall of China tea on the American market, although Japan was the first to cut in, but there are other reasons. China is losing her share of American tea trade owing to her old-fashioned manufacturing and cultivation methods to a great extent. China has done nothing toward improving her tea, and, like any other cultivated plant, if it is not scientifically cultivated it deteriorates. Only one solution suggests itself, and that is that China lease her tea lands in the form of large plantations so that the tea may be cultivated and manufactured as in India and Ceylon. The land could be leased outright to foreign capitalists or to Chinese capitalists who would employ foreign experts or Chinese trained in India. Experimental growing is essential before China can hope to improve her tea. That the sale of Japan tea is apparently increasing in America (and Japan teas are also green) is probably due to a great extent to the cheaper freight rate from Japan to America by which Japan is able to compete with China teas on the American market. Also, Japan cultivates better and prepares her teas so as better to suit American requirements. Some foreign firms in Japan are now packing tea in small packages to a considerable extent, labeled with the names of individual retailers. It is not generally believed that Japan's increased sales in America are permanent, as popular taste tends away from green teas.

RUSSIA SLIPPING AWAY.

The export of tea from China to America and to the United Kingdom for 1916 will probably be the smallest on record.

And, although Russia is a big buyer this season owing to abnormal war conditions, even the Russian trade, in black teas, is gradually slipping away. Russia has always been a big buyer of China teas, and it has always been thought that Russia's taste would never change, for the Russians are accustomed to take their tea "neat," without milk. Anyone who is used to taking tea without milk knows that when milk is used it kills the finer flavor. China tea, especially green, is best without milk. But Russia is changing her taste, and while 20 years ago practically all the tea drunk in Russia came from China, to-day it is found that she gets only about a third from this country while the other two-thirds comes from India and Ceylon.

Twenty to 30 years ago about four-fifths of the tea imported into the United Kingdom came from India and the remaining fifth from China; now the importations from China are less than 10 per cent. Speaking broadly, there is not a pound of China green tea drunk in the United Kingdom, nearly all of the comparatively small amount

imported from China being exported to the Continent and north African ports.

TRADE WITH CENTRAL ASIA.

An interesting fact that is not generally known is that China has now a large trade with the non-alcoholic Mohammedan countries such as Turkestan, and other countries of the Middle East, which countries are buying the choicest and finest teas produced in China and paying the highest prices paid for tea anywhere in the world. This trade is an immense one and brings to China much more money than her tea sales to America or other countries. This trade was formerly handled largely by Parsees through Bombay who shipped overland, but was later placed in the hands of Russians who were able to increase it enormously with the opening of the railways to the Black Sea. With the Dardanelles closed since the war this tea makes the long journey to Vladivostock and so by rail direct to Samarkand, etc.

The following figures, from Customs Returns, show the export of tea from all China to all countries, and indicate that China is hardly holding the trade she had 30 years ago, when she was supplying a third of the world's tea. Forty years ago, in the good old clipper times, China supplied the world, but ever since India entered the field China's exports have steadily but slowly lessened.

	Piculs.
1872-81 (annual average).....	1,854,000
1882-91 " "	1,998,000
1902-11 " "	1,518,000
1912	1,481,700
1913	1,442,109
1914	1,495,798

However much she has lost, China is still the largest tea-producing country in the world, as she is the largest tea drinker. With Indian and Ceylon teas down to 9½d. (China common tea is usually 1½d. lower) no great demand may be expected for China tea, as it is only when Indian tea is high priced that there is a demand for the China article. Once let Indian and Ceylon markets be high, then China will come in and supply as much tea as any country may be in need of, at cheaper and profitable rates. But with tea at its present low price there is no hope for a revival of demand for China tea unless a great improvement is made in the article itself.

Some years ago the China Tea Association was formed and secured a grant from the Chinese Government of Tls. 12,000 a year for two or three years, to be spent in an attempt to popularize China tea in the British Isles. Much good work was done in introducing China tea in clubs, restaurants and hotels, and among private families, and, in fact, the Association is still in existence. But the work done had little impression, as the tastes of a nation are not changed in a day. Little can be expected from that direction unless a great advertising campaign is undertaken and China tea is forced on the markets in competition with such great interests as Lipton's and other great tea houses.—*N. C. Daily News*.

SHANGHAI TRADE IN 1915

(From the Report of the Maritime Customs.)

Notwithstanding the continued and ever-increasing disorganization of commerce caused by the European war, and not a little political unrest in China generally, Shanghai is able to look back on 1915 as a year of marked local prosperity. Though the aggregate volume of the trade is smaller than that of some recent years and the revenue consequently somewhat less, it is generally conceded that business has been good all round and that returns to traders have been exceptionally satisfactory, particularly in the case of exports. Owing partly, no doubt, to the restrictions imposed on the import trade by the war and an abnormally low silver exchange during the early part of the year, but largely to demand created by the war itself, the value of the Chinese produce shipped abroad exceeds that of the foreign goods imported for the first time in a half-century of the port's history, and the balance in favor of exports would have been considerably heavier had there been a sufficient supply of tonnage to carry all the cargo offering. As it was, the value of Chinese produce shipped abroad from Shanghai in 1915 exceeded all previous years' returns and was over 20,000,000 taels higher than in 1910 and 1913—till now the record years. The continued influx into the settlements of wealthy Chinese and their families, the steady rise in the value of opium stocks, and the remarkable appreciation of the shares of rubber companies at the close of the year contributed to the development of Shanghai, ample evidence of which is to be seen in the extraordinary activity of the building trade, the largely increased demand for electric power, and the growing returns of the tramway and railway companies. More and more Shanghai tends to become a magnet for the wealth of the populous provinces it serves as market, manufacturing centre, and shipping port. Unfortunately, the attraction of the settlements for the respectable and well-to-do Chinese resident and trader is shared by less desirable classes. Armed robberies have been frequent and too often have gone unpunished, owing to the inmates of the house being too cowed to give the alarm till too late. A study of the Municipal Police reports shows clearly that these robberies are by-products of the political plot-weaving and intrigue of which Shanghai has for long been the centre, making it a haven of unrest for swarms of malcontents, rowdies, and desperadoes of all shades. There was some bomb-throwing early in the year, resulting in the death of six Chinese and the wounding of twelve, and a foreign detective was killed during a raid on a resort of bad characters in May. Finally, on the morning of the 10th of November the brutal murder of Admiral Tsêng Ju-ch'êng shocked as much as it grieved the entire foreign community, by whom he was much respected. The Admiral, who was on his way, without escort, to a reception at the Japanese Consulate General on the occasion of the Emperor's coronation, was shot by two men, who mounted the step of his motor car opposite the Astor House Hotel. He was taken to St. Luke's Hospital, where he died without having regained consciousness. His secretary, seated beside him in the car, was severely wounded and died not long after. Both assassins were arrested on the spot by the Municipal Police and were subsequently executed. But this outrage, perpetrated in broad daylight in one of the most public and frequented parts of the International Settlement, has brought vividly home to the foreign community the disadvantages and dangers of an extreme application of the principle of right of asylum to the vast and fluctuating Chinese population that inhabits the settlements. A noteworthy local event of the year was the practical completion of the culverting of the Yangkingpang Creek—first mooted in 1863, rejected by the ratepayers at successive meetings, the last of which took place in 1909,

and finally adopted by them with few dissentients in 1914. Work was commenced in November of that year. The last section of piping was laid seven months later at the Defence Creek end, and the work of laying and metalling the roadway and lowering the bridges will be completed during the early part of 1916. Shanghai will then possess an artery for traffic, to be known as Avenue Edouard VII, worthy of its fine Bund.

One of the worst typhoons that has ever visited Shanghai burst upon the Settlement on the night of July 27th, doing considerable damage to property ashore and afloat. The electricity supply was cut off, so that during the first day of the storm the trams stopped running, there were no lights or fans, and it took several days before the service could be resumed in its entirety.

On December 2nd a strike—due to the curtailment of jinricsha licenses and a consequent increase in the charge for the hiring of the vehicles—occurred among the jinricsha coolies, but only lasted a day or two.

On December 5th a launch filled with twenty men of the student class went up the river and boarded the *Chao-ho*, a Chinese cruiser of 2,750 tons displacement. The crew having been gained over or intimidated, the guns were trained on the Arsenal and fire was opened, a few stray shots finding their way into the Settlement. The cruiser was retaken by the authorities on the following morning. On the 6th an undisciplined rabble armed with bombs, revolvers, etc., made an attack upon the Chinese city, but was repulsed by the police, and the outbreak collapsed.

REVENUE.

The total collection, *Hk.Tls.* 11,400,000, is the lowest since 1910, being *Hk.Tls.* 650,000 less than that of the previous year. Whilst exports yielded a higher revenue than ever, viz., *Hk.Tls.* 2,360,000, or *Hk.Tls.* 300,000 more than during 1913, the record year, import duties show a considerable falling off. Tonnage dues have receded, as was only to be expected in view of the shortage of ships all over the world. Opium duties and likin have also helped to contribute to the extent of *Hk.Tls.* 217,000 to the serious decline in revenue.

FOREIGN GOODS.

Imports, Direct and Coastwise.—The gross value of imports for 1915 was *Hk.Tls.* 206,000,000, representing a decrease of *Hk.Tls.* 35,000,000 on the return for 1914 and *Hk.Tls.* 40,000,000 less than in 1913. Opium, piece goods, metals—in fact, the import trade generally—shared in this decline. The outlook for piece goods at the commencement of the year was far from bright, the then ruling local prices being lower than the rates at which the stocks on hand had been purchased. A marked improvement set in during June, and, although the feeling of uncertainty produced by the monarchical movement and the fluctuations of exchange acted as a brake on trade generally, business in all grades of piece goods, especially grey and white shirtings, black cotton Italians and Venetians, was fairly brisk throughout the latter half of the year. Almost every kind of grey and white piece goods was turned out by the Japanese and local mills and, their prices being much lower than similar English and American manufactures, their competition was keenly felt. The principal piece goods showing decreases are grey shirtings and sheetings, drills, T-cloths, printed cottons, plain and figured cotton poplins, fancy woven cottons, velvets, velveteens, and velvet cords; whereas the importations of Japanese piece goods, with the exception of crepes and crimps, show corresponding

increases. Japanese jeans have arrived in enormous quantities—322,000 pieces, against 70,000 pieces in 1914 and 9,800 pieces in 1913. Russian prints have not maintained their phenomenal increase of 200 per cent. in 1914, having declined as compared with last year about 70 per cent. This, however, is mainly due to an embargo having been placed on the exportation of cotton goods from Russia during 1915. Cotton velvets and velveteens have decreased 80 per cent., as a result, no doubt, of changing fashion. Notwithstanding that Japanese blankets showed double the quantity of the previous year, the total importation of cotton blankets from abroad declined 50 per cent.—this being probably accounted for by the production of fairly large quantities by the local mills. Twills and limbrics increased, the latter by over 90 per cent. This is a comparatively new cloth for the Shanghai market and may come more into fashion in the future. Dyed figured cottons show a considerable decrease, owing to the shortage of dyes all over the world. Woolen and cotton unions evidently reached high-water mark in 1912, since when they have declined steadily. Woolen imports, as was only to be expected owing to the demand to supply military requirements in Europe, have decreased by over 80 per cent. Silk and silk mixture piece goods also dropped from *Hk.Tls.* 1,500,000 in 1914, to *Hk.Tls.* 1,100,000. Owing to Germany's exclusion from the market, the import of artificial indigo declined considerably, only 27,000 piculs having passed the Customs in 1915, against 228,000 piculs in 1914 and 281,000 piculs in 1913. Aniline dyes, of a value amounting to *Hk.Tls.* 3,571,000, were imported at Shanghai during 1913. This dropped to *Hk.Tls.* 1,939,000 in the following year, but, although the value of dyes had risen enormously, the quantity which arrived in 1915 represented only a value of *Hk.Tls.* 122,000. These figures speak eloquently of the serious injury suffered by the aniline dye industry so far as Shanghai trade is concerned. A considerable drop is also to be noticed in machinery, of which only 2,200,000 taels worth was imported in 1915, against over 4,000,000 taels worth in 1914. Comparing these statistics it must be remembered that the European war has caused an unprecedented rise in freight and in prices of raw materials and labor in all manufacturing centers, necessitating a demand for very much higher prices from local consumers. Yet, in spite of all these drawbacks, a certain volume of business has been done in some kinds of machinery, notably cotton-spinning, for which several large contracts have been closed. The total value of metal imported during 1915 declined by about 8 per cent. when compared with the previous year. During the latter half of the year it was almost impossible to import such goods from Great Britain, and resort was had to the metal markets of Australia, from which country imports steadily increased. To give some idea of the general rise in the value of metals during 1915, it might be of interest to compare the local prices at the beginning and the end of the year, viz.: bar iron, *Sh.Tls.* 4.75 and *Sh.Tls.* 10; wire nails, *Sh.Tls.* 5.75 and *Sh.Tls.* 10; bamboo steel, *Sh.Tls.* 9 and *Sh.Tls.* 15 per picul respectively. As a result of Germany having been cut off from this trade, needles have fallen considerably, only 158,000 mille arriving in 1915, against 1,100,000 mille in 1914. Regarding coal, Messrs. Hopkins, Dunn & Co. remark: "The business during the year has been very steady, and a strong market existed for all good quality coal, both Japanese and Chinese. Owing to the high rates of freight, mine-owners naturally had to raise their prices during the latter part of the year." Brown sugar shows an increase, 622,000 piculs having arrived during 1915, against 560,000 piculs during the previous year. The higher prices for refined sugar during 1914 and 1915 have given quite a spurt to the trade in Chinese sugar. No Formosan or German

beet sugar was disposed of in the Shanghai market during 1915.

F. S. UNWIN,
Commissioner of Customs.

THE RUSSO-JAPANESE CONVENTION

The following is the text of the treaty signed between Russia and Japan on July 3:

"The Imperial Government of Japan and the Imperial Government of Russia resolve to continue their efforts for the maintenance of a lasting peace in the Far East, and have agreed upon the following:

"Article 1. Japan will not be a party to any political arrangement or combination contracted against Russia. Russia will not be a party to any political arrangement or combination directed against Japan.

"Art. 2. In the event of the territorial rights or special interests in the Far East of one of the contracting parties recognized by the other contracting party being threatened, Japan and Russia will consult with each other on the measures to be taken with a view to support and co-operation being given to one another for the safeguarding and defence of those rights and interests."

The British Government has expressed its satisfaction at the conclusion of a Treaty of Alliance between Russia and Japan, which is regarded, Reuter's Agency is informed, as in every way strengthening the Anglo-Japanese Alliance and consolidating the general relations between all the Allies in the East.

From an authoritative Japanese source Reuter's Agency learns that by the treaty just signed at Petrograd, Germany's hope of seducing any member of the Alliance has been most effectively dispelled. It is the strongest possible reply to the numerous offers that have been made both to Japan and to Russia with a view to bringing about a separate peace. As to the actual negotiations which have just reached so satisfactory a conclusion, it should be noted that for months past the newspapers both of Japan and Russia have been strongly advocating closer political relations between the two countries.

The negotiations of which the convention is the result presented no difficulties whatever, and the Allies of Japan and Russia were advised several days ago of their progress. The new convention is the natural outcome of the past relations between the Governments of the Emperors of Russia and Japan, which have borne evidence of increasing and steady growth of the rapprochement between former enemies. In July, 1909, within two years of the conclusion of the Russo-Japanese War, a political entente was concluded in which the two Governments, desiring to consolidate the peace and good relations established by the Portsmouth Treaty, entered into an engagement, with a view to removing all future misunderstanding one with the other, to respect the territorial integrity of each other, and all the rights arising from agreements between themselves as well as their conventions with China.

Three years later this was followed by a second agreement, which was destined to develop the effect of the first convention. In this the two Governments agreed to mutual co-operation in the improvement of railways in Manchuria and of their connecting services, and to abstain from harmful competition. They agreed to maintain the *status quo* in Manchuria resulting from existing treaties not only between the two contracting parties but also between the latter and China. They further pledged themselves in the event of the *status quo* being menaced jointly to concert measures for its maintenance. This agreement was again a natural development of those preceding it, and was doubtless accelerated by certain actions of Germany which eventually resulted in the present war. Subsequently an

understanding was arrived at between Tokio and Petrograd concerning their respective interests in the region of Mongolia contiguous to Manchuria. This treaty has never been published, although its conclusion is an open secret.

Evidence of Japan's closer relations with her Allies in the West is furnished by Japan's adhesion to the London Pact to make no separate peace. That of itself constituted a step which brought Russia and Japan more closely together. Meanwhile Japan has been in a state of industrial mobilization in order to help Russia, evidence of which has been forthcoming in recent events on the fields of battle. The appreciation of Russia for the loyal co-operation of the Tokio Government found expression in the recent mission of the Grand Duke George Mikhailovitch. The new agreement is parallel with and complementary to the existing alliances between Great Britain and Japan and Russia and France, and it is in the spirit of those alliances that it has been negotiated and received by the Allies.

YOKOHAMA AND KOBE

That the foreign trade in Japan is gradually shifting from Yokohama to Kobe is shown by the returns of foreign trade at the two cities during the first six months of the year. The total amount of exports and imports in Yokohama the first half of this year was 299,411,000 yen: exports, 200,346,000 yen, and imports, 99,066,000 yen, with a balance of 101,280,000 yen in favor of exports. There was an increase of 80,791,000 yen in exports and 25,676,000 yen in imports over the corresponding period last year. The total amount of foreign trade in Kobe during the first half of 1916 was 340,639,000 yen, exports being 143,456,000 yen and imports 197,183,000 yen. Compared with the

foreign trade in Yokohama there was an increase of 41,288,000 yen. This difference will be greatly increased by the end of this year. In 1914, the foreign trade in Kobe exceeded Yokohama's by 1,248,000 yen, which was increased to 21,509,000 yen last year. Much of this may be due to the wartime exports to Russia which involve so much material in iron and steel, but should Kobe continue this progress, Yokohama will become the second port in Japan.

INCREASE IN JAPANESE POTTERY EXPORTS

The export of Japanese pottery goods has considerably increased, says the *Japan Advertiser*, since the war, as a substitute for European, especially German goods. The increase is all the more conspicuous this year, and every center of production presents a scene of unusual activity. The demand is mostly for the cheaper household goods, especially imitations of European makes, such as plates at about 60 cents per dozen. The destinations are nearly every country in the world, except those now at war. The United States annually demands about \$500,000,000 worth of pottery goods, of which about \$270,000,000 is produced in its own factories, and over \$200,000,000 worth is imported. Before the war the United States derived the goods mostly from Germany, but since the German supply has been stopped, the demand has turned to Japan. Consequently, the export of Japanese pottery goods to the United States is now ten times as large as before the war, with the prospect of further increase. It is reported that Morimura & Co. and two other firms in Nagoya, largely engaged in American trade, have secured contracts which will cover all the production at full capacity till the end of next year. It is certain that the brisk demand for export has caused the price to rise 30 or 40 per cent.

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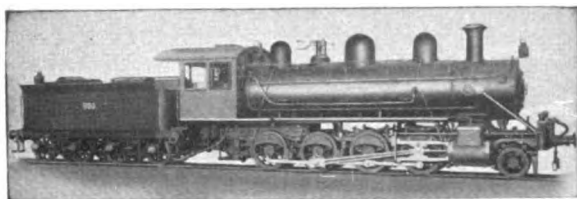
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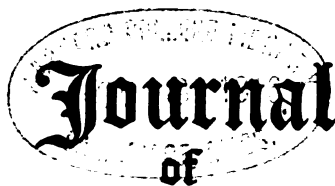
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The American Asiatic Association

VOL. XVI.

November, 1916

NUMBER 10

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AFTER the issue of the January number, completing the Sixteenth Volume of the JOURNAL of the Association, the JOURNAL will be issued in a new and enlarged form, with text and illustrations designed to appeal to the general body of American readers. The primary object of the change is to try to create among the people at large a wider and more intelligent interest in affairs relating to the policy and purposes of the United States in Eastern Asia. This Association was founded "to foster and safeguard the trade and commercial interests of the citizens of the United States, and others associated therewith, in the Empires of China, Japan and Korea, and in the Philippine Islands, and elsewhere in Asia and Oceania." It has had from the first the active, earnest and generous support of the chief American firms and corporations engaged in Far Eastern trade. The endeavor to defend and promote these interests has, necessarily, involved considerations affecting the policy of our Government in protecting the enterprise of its citizens abroad, and, more specifically, in dealing with questions touching equality of commercial opportunity in the markets of Eastern Asia. The Association has been compelled to recognize the fact that this policy cannot advance faster and farther than the public opinion of the country is disposed to go. But to the supreme importance of maintaining American influence in the Asiatic Orient, the great body of the American electorate has been strangely blind. From its earliest days, the Association has not ceased to use all available vehicles of information to contribute to the education of the American people on this subject. It has seemed to the Executive Committee that the untried expedient of a popular magazine offered highly promising possibilities as a medium of instruction. A few members of the Committee have assumed the financial risk of the venture, and on January 31, 1917, the subscription list and advertising contracts of the existing JOURNAL will be turned over to a new publishing syndicate acting under the auspices of and in the interest of the Association. The Secretary of the Association will continue to be the editor of the JOURNAL in its new form. It is believed that the experiment has the approval of the general body of the members of the Association, and that their active co-operation may confidently be reckoned on toward making it a success.

It is a subject for profound regret to those who have been associated with him in the direction of the affairs of

the Association, that Mr. Willard Straight should have felt compelled to decline re-election as President. Mr. Straight was first elected to that office in October, 1913, and in the three years he has held it, he has given a remarkable demonstration of his accurate and clear-sighted conception of the problems of the Far East. His experience, gained by actual contact with public men and affairs of moment in China and Japan, has been of inestimable service in furnishing for his associates an accurate point of view in regard to the possibilities of American activity there. While fully recognizing the desirability of a policy of vigorous diplomatic initiative for the United States in the Far East, Mr. Straight has been too keenly alive to the difficulties of such a course to counsel the entering of protests whose only effect would be to produce irritation. He has steadfastly opposed any demand for the making of vague threats that could not possibly be the prelude of resolute action, and all his influence has been exerted on the side of trying to reconcile conflicting interests and to find some method of adjusting discordant claims. It has been Mr. Straight's constant effort to discover means to demonstrate the ability of the Association to subserve the aims of its constitution, and to enlist a larger measure of public support in the prosecution of its work. The Association has had no more capable and tactful a presiding officer at its banquets, and no more assiduous participant in the work of its Executive Committee. Fortunately, Mr. Straight will continue to serve on that Board, and to give his fellow members the benefit of his exceptional experience in the past promotion of American enterprise in the Far East, as well as of his intimate acquaintance with the present efforts that are being made to enlarge the scope of that enterprise in the immediate future.

THE Association is to be congratulated on having been able to secure so thoroughly competent and accomplished a successor to President Straight as Mr. Lloyd C. Griscom. There is not in this Republic to-day a man with a larger and more varied diplomatic experience gained in his country's service than Mr. Griscom, and none who has played so important a part in the conduct of our diplomacy in the Far East. As American Minister to Japan, Mr. Griscom was intimately conversant with the process of what may be called the new Asiatic reconstruction which followed the Russo-Japanese War, and no one can be better qualified to deal with the complex problems which that process has left behind it. Certainly no one brings to the work of mediating between the divergent claims of China and Japan a more thorough acquaintance with the subject matter, or a more intelligently sympathetic attitude toward both Powers. To pave the way for such an effort is one of the greatest services that could be rendered to-day to the cause of human progress and to the future peace of the world. As President of this Association, Mr. Griscom may be able to give substantial aid to the furtherance of such an enterprise. He is at least well fitted to command the confidence of all the parties to a controversy which is unfortunately daily growing in bitterness. With his highly exceptional qualifications to deal with the larger questions of public policy in whose consideration the As-

sociation may properly intervene, Mr. Griscom's accession to its Presidency is an event whose importance transcends the immediate bounds of the activities of this organization.

ABOUT the present situation in China, only two things seem perfectly clear; first, that China is in urgent need of money, and, second, that she has been setting about the business of borrowing in a very maladroit way. The trifling amount received from a Japanese source on the pledge of some extremely valuable mining properties is open to the severest criticism, whether or not it would be fair to assert that "no Finance Minister in the world ought to be able to keep his place for a single day after contracting so ruinous a bargain." It is certainly true that the transaction shares with the Crisp Loan of five years ago, the objection that it brings China nothing like what she really requires, while barring the way to her dealing with those who could satisfy our needs. One of the conditions of this loan, amounting to some \$2,350,000, is said to be that the money shall be repaid out of the next Consortium loan. But the Consortium will only lend money to China for specified administrative purposes, and cannot stultify its own policy of insisting on supervision by agreeing to repay a loan given to China without any conditions as to its expenditure. Thus, as the *North China Daily News* puts the case, once again the Chinese Government puts obstacles in the way of its own salvation for the sake of an immediate cumsha, which is not merely not worth touching, but ought to have been left severely alone. The difficulties thus created are not, of course, insuperable, any more than they were in the case of the Crisp Loan. Happily, the fact that the Japanese Government is in no way connected with the loan makes it easier to treat the matter purely as a private speculation.

THE formal organization of the Philippine National Bank on May 2, 1916, must be reckoned as an event of vital significance in the development of American interests in the Far East. The Bank has been established under Act No. 2612 of the Insular Legislature; and it has an authorized capital of 20,000,000 pesos, or \$10,000,000 gold, of which 10,100,000 pesos have been subscribed by the Government of the Philippine Islands. The remainder of the stock is offered to public subscription, and is being gradually sold and taken up. Subscriptions of the Government extend over a period of five years, but enough has already been, or is in process of being, paid in, to furnish, with the private subscriptions already made, an actual cash capital of about \$2,000,000 gold. In its broader significance, the Bank is representative not only of local needs but also of the increasing interest in foreign trade between the United States and the Philippine Islands, as well as of the increasing volume and scope of this trade. The Bank expects to establish at an early date an agency in New York for the purpose of extending accommodation to individuals interested in insular business, and to serve the requirements of Eastern trade in general.

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, 1915 and 1916.

EXPORTS TO CHINA.

Months	Cotton Cloths.		Mineral Oils (illuminating).		Wheat Flour.	
1915	Yards.		Gallons.		Barrels	
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
Total.....	13,200,595	\$747,709	62,933,866	\$3,741,271	2,299	\$13,845
1916						
January.....	17,284	3,457	6,763,296	332,568	313	1,623
February.....	84,992	10,021	7,853,697	450,753	131	652
March.....	338,722	22,894	7,608,149	409,449	2,315	12,691
April.....	177,589	13,183	12,708,384	939,725	703	3,523
May.....	173,507	14,304	7,043,850	643,885	1,026	4,806
June.....	206,388	17,874	10,498,350	819,280	501	1,896
July.....	12,757	2,056	3,838,140	353,853	5,001	19,004
Total.....	1,011,239	\$88,789	56,313,866	\$3,949,513	9,990	\$44,195

EXPORTS TO HONGKONG.

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
Total.....	196,134	\$37,543	9,515,451	\$442,020	184,116	\$1,040,845
1916						
January.....	400	70	2,020,948	164,410	2,413	10,954
February.....	76,834	16,059	4,135,028	335,180	53,832	244,198
March.....	.....	.....	.....	.....	56,051	248,294
April.....	28,485	4,086	.....	.....	10,771	52,115
May.....	108,415	19,627	3,074,380	167,897	150	1,183
June.....	55,716	13,490	2,628,640	254,218	6,007	26,478
July.....	120,871	21,684	34,000	4,161	.....	.....
Total.....	390,721	\$75,016	11,892,996	\$925,566	129,224	\$583,222

DEPARTMENT OF COMMERCE,

Bureau of Foreign and Domestic Commerce.

WASHINGTON, D. C., October 2, 1916.

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**Imports of Tea and Silk into the United States for the seven months ending
July 31, 1914, 1915 and 1916.**

Imported from	1914.		TEA.	1915.		1916.	
	Pounds.	Dollars.		Pounds.	Dollars.		Dollars.
United Kingdom.....	7,531,898	2,100,049		7,581,725	1,911,284	12,839,875	3,084,430
Canada	2,001,998	542,889		1,947,998	579,567	1,460,881	479,887
China.....	6,936,007	901,076		6,571,382	829,919	5,195,883	670,641
East Indies.....	6,352,291	1,094,428		6,320,967	1,135,178	6,976,997	1,356,484
Japan.....	16,206,040	3,084,514		15,797,581	3,163,198	13,178,965	2,438,505
Other countries	813,090	169,736		613,848	82,715	318,327	54,382
Total.....	39,841,324	7,892,692		38,833,501	7,701,861	39,970,928	8,084,329

RAW, IN SKINS REELED FROM THE COCOON OR RERELED		SILK.					
Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Dollars.
France.....	52,832	193,884	30,846	85,562	83,720	189,298	
Italy.....	1,255,857	5,607,520	1,994,216	7,131,851	1,236,136	6,876,239	
China.....	2,750,653	7,817,334	3,795,739	7,699,723	3,452,626	11,076,780	
Japan.....	10,441,445	39,619,591	9,659,451	29,295,309	12,665,267	56,313,627	
Other countries	183,375	719,011	45,746	175,375	66,821	356,471	
Waste..... free	3,466,467	1,937,350	3,198,047	1,623,532	6,075,447	3,412,114	
Total unmanufactured	18,150,629	55,895,808	18,724,045	46,019,492	23,580,017	78,265,697	

ANNUAL MEETING OF THE ASSOCIATION

The Nineteenth 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 19, at 3.30 p. m. The president, Mr. Willard Straight, occupied the chair and presented the following statement:

Although during the past year there have been a number of important developments in the Far East, the fundamental situation has remained substantially unchanged. The death and consequent elimination of Yuan Shih Kai, and the conclusion of the agreement between Russia and Japan with regard to their respective interests in Manchuria and Mongolia, were merely the logical results of the trend of events which for some time had been manifest.

Considerable concern has been expressed in this country lest the open door for American trade in China would be closed, and efforts have been made by some to stir up ill feeling and apprehension on the part of the public, with a view to creating difficulties between the United States and Japan. With these efforts your executives have not been in sympathy.

We have felt it to be the part of wisdom to watch developments rather than to attempt to express from time to time our views as to a situation which was constantly changing.

Despite political perplexities in the Far East, American trade, both with China and Japan, has increased consid-

erably. New firms have been organized and old firms have been strengthened, and there seems to be an increasing interest in the possibilities of Far Eastern trade, both among those who wish to export to Eastern Asia, and those who are commencing to import Asiatic products.

Our trade with the Philippines has also increased and, despite political uncertainties, there seems a growing readiness on the part of American investors to place money in Philippine developments.

During the past year also, the ownership of the Pacific Mail Steamship Company has passed to the American International Corporation and Messrs. W. R. Grace & Company; and the trans-Pacific service, which had been discontinued by the previous management, has now been resumed; American banking interests, which for the past few years have evidenced little activity in China, have recently concluded contracts which should materially benefit American trade.

After a number of years of agitation, Congress has finally appropriated a sum sufficient to purchase adequate accommodations for the American Consulate-General, the Consular Court and Post Office in Shanghai. The work of Mr. Thomas Sammons, in this connection, should be highly commended, and I believe the association is to be complimented on the part which it played in bringing about this happy result.

During the year just past Mr. Julean Arnold, Commercial Attaché at Peking, has shown a commendable interest in introducing Americans goods in China. Mr. Arnold is now in this country traveling from point to point, and has been successful in organizing a number of China-American trade clubs.

In order to meet what is apparently a growing interest throughout the country in Far Eastern matters, it has now been determined to enlarge the Journal of the American Asiatic Association and make it more popular in character, with a view to increasing its circulation and, at the same time, enlarging the scope of the activities, as well as the membership of this association.

In conclusion, I desire to express my appreciation of the honor which you have in the past done me in conferring upon me the presidency of this association. I believe the association is to be congratulated in the election of Mr. Lloyd Griscom, for the ensuing year. The fact that Mr. Griscom served as Minister to Japan, his long experience in the diplomatic service, as well as his intimate knowledge of Far Eastern problems, make him particularly fitted to direct the activities of this association.

The following report was submitted by the Secretary:

SECRETARY'S REPORT

The passing of Yuan Shih-kai and with him the experiment of transforming the Chinese Republic into something between a hereditary Empire and a Constitutional Monarchy, has been the event of the year for China. In my last report I took occasion to point out that President Yuan happened to be the one capable administrator then available for the needs of China, and in that fact there was a very obvious element of danger, one life being altogether too slender a basis for the assured prosperity of such a nation as the Chinese. Unhappily, yielding to evil counsellors, some of whom were of his own household, Yuan undertook to make the whole fabric of government dependent on his personality. After the somewhat farcical formula of a Citizens' Convention nominally composed of popularly elected representatives from the provinces, Yuan accepted on December 11 the nomination to the throne, describing it as "a task of extraordinary magnitude imposed on him by millions of people." The new order of things, whether it be called monarchy or empire, did not last much over three months, and by March 21 it was officially recognized that the acceptance of the throne was an act unsuited to Chinese requirements. So the Republic was formally restored. But this action did not allay the widespread unrest which the monarchical movement had provoked. Five Provinces had declared their independence, and short of the resignation of President Yuan, there seemed to be no hope for a united China. What threatened to be a period of serious disorder was brought to an end by the death of Yuan Shih-kai on June 6, and, pending the new election, the Vice-President Li Yuan-hung assumed the office of President in his stead.

President Li's proclamation issued on his assumption of power was in excellent taste and admirable temper. He

paid a graceful tribute to the constructive work of his predecessor without indulging in any criticism of Yuan's departure from the straight line of patriotic duty. He equally refrained from offering magniloquent assurances of what he proposed to do for China, contenting himself with an appeal to the moderation and good sense of the popular leaders to co-operate with him in the restoration of the reign of law and the re-establishment of public order. Li Yuan-hung occupies the unique position among Chinese public men of being universally respected and trusted. It is not necessary for him to foreswear ambitious designs, because everyone knows that he is constitutionally incapable of harboring them. He does not need to go out of his way to placate powerful enemies, because he has none. His purity of intention and simplicity of character are assets of the highest value to China in her present straits, because the financial support she greatly needs will be most readily forthcoming under the auspices of such a President as Li.

The question of whether a republic represents more to the vast majority of the Chinese people than a not very intelligible abstraction, is perhaps of less importance than the question whether there is among the ruling class of China enough of self-denying patriotism, incorruptible honesty and administrative capacity to make the Republic respected at home and trusted abroad. The most serious dangers it has to fear are unquestionably from within, and no adverse foreign influence can seriously interfere with the congruous development of the vast resources of China if the men charged with its government have an intelligent conception of the nature of their trust, and are prepared to subordinate considerations of personal profit to the interests of their country. A promising indication of capacity for intelligent and well directed effort in Chinese administrative circles is furnished by the conduct of the new Conservation Bureau. The recommendations of the Director-General and his Deputy in regard to the improvement of the Grand Canal and the control of the destructive floods of two or three of the great rivers mark a new era in the activities of Chinese public men. The American contracting firm of Siems & Carey, of St. Paul, Minn., is said to have been selected to carry out a systematic scheme for restoring the uninterrupted navigation of the Grand Canal and improving the flow of the rivers and lakes tributary to it. A railroad development project, of as yet indefinite proportions, is also in the hands of the same firm, and both enterprises, though still inchoate, encourage the belief in the coming of a new day for American engineering and financial prestige in China.

The Association has been able to make a sensible contribution to the feeling of good-will between the United States and Japan. At its meeting of March 1 your Executive Committee took occasion to express their approval of a movement to equip and endow, on the basis of the existing St. Luke's Hospital in Tokyo, an International Hospital under American auspices, primarily for the benefit of foreign residents and travelers in the Far East, but also as an aid to the relief of sick and suffering Japanese.

Japan, having already given the undertaking, the strongest possible endorsement by subscribing Yen 150,000, of which Yen 50,000 was the Emperor's personal contribution to the required fund, the committee earnestly recommended the members of the association to subscribe to the fund of \$500,000, required for the building and equipment of the proposed hospital. A special committee was appointed to receive subscriptions of which Mr. James R. Morse was chairman and Messrs. Howard E. Cole, H. T. S. Green and Martin Egan the other members. Through their efforts, the sum of \$17,735 was collected and added to the pledges already received by Dr. R. B. Teusler, to whose personal guidance and service St. Luke's owes its existence, and by whom it has been brought to its present unique position.

The so-called Jones Bill, drawn for the purpose of reconstructing the government of the Philippine Islands in harmony with repeated pledges of Democratic platforms had an amendment added to it in the Senate under which the President was authorized and directed to withdraw and surrender all rights of possession, supervision, jurisdiction, control, or sovereignty now existing exercised by the United States in and over the territory and people of the Philippines within not less than two years nor more than four years from the date of the approval of the Act. This policy was very generally stigmatized as one of "scuttle," and a recalcitrant Democratic minority in the House of Representatives had little difficulty, in combination with the Republicans, in securing its defeat. Shorn of what was known as the Clarke amendment, the Jones Bill became law, and the first native Legislature elected under its provisions is now in session. It is satisfactory to have the assurance that fundamentally, conditions are sound and more healthy in the Philippines than at any time since American occupation, and that the era of prosperity which has set in is not likely to be adversely affected at the close of the war. The government of the Philippines is now, for the first time, to all intents and purposes, in the hands of the Filipinos, and under the new charter of their liberties, the people of the islands are conceded rights not enjoyed by the people of any state or territory in the United States. The use that will be made of these new found rights and privileges will form one of the most interesting chapters in the history of colonial administration.

According to the report of the Maritime Customs the trade of China for 1915, with foreign nations, showed a value of Hk. Tls. 873,336,833, a falling off to the amount of Hk. Tls. 52,131,128 as compared with the value in 1914, but higher than in any year previous to 1913. The value of the direct foreign imports was less by Hk. Tls. 114,765,663, but exports increased by Hk. Tls. 62,634,535, and the total value of Hk. Tls. 418,861,164 was higher than any previous record. Translated into American money, at the average rate of exchange for the year of 62c. per Haikwan tael, the imports reached the value of \$281,774,946, and the exports amounted to \$259,693,921—a total foreign trade equal to \$542,468,867. Our own share of Chinese trade for the year, as recorded by our official re-

turns, was a total of exports amounting to \$20,973,823, and of imports amounting to \$53,155,487. But, according to the figures of the Maritime Customs, the imports from the United States were valued at \$22,966,938, and the exports to the United States at \$37,559,139—a total of only \$60,526,077. Adding the figures of our trade with Hongkong as supplied by the statistics of the Department of Commerce, and it appears that, according to our own valuation our total trade with China and Hongkong, reached a total of \$85,608,032. For the fiscal year ending with last June, the entire amount of the trade of the United States with China and Hongkong attained the very respectable figure, of \$116,170,293, against \$68,600,412 for the fiscal year 1915.

The exports to Japan for the fiscal year attained a new high level of \$75,098,188, while in imports from Japan there was a record figure of \$147,644,228. The foreign trade of Japan for the calendar year 1915 presents some very striking figures. Exports reached the record total of 708 million yen, the last highest being in 1913, when the total was 632 millions. Imports for the year were valued at 532 millions, as compared with 595 millions in 1914, 729 millions in 1913, and 618 millions in 1912. The excess of 175 millions of exports over imports in 1915 is a record, only four times within the last twenty years having shown anything that could be called a favorable balance of trade. The figures so far at hand for 1916 show that Japan's era of prosperity is being fully sustained and that the close of the year is likely to show a quite unexampled aggregate of foreign trade of probably not less than 1,600 million yen.

A long agitation in which this Association has borne a prominent part has at last yielded the substantial result of an appropriation by Congress of \$355,000 for the purchase, alteration and repair of consular premises or purchase of a site and the erection thereon of a suitable building or buildings, for the use of the Consulate-General and the United States Court, jail, post-office, marshal's and other government offices at Shanghai, including the residences of officers. As Mr. Taft remarked, when he visited Shanghai, in October, 1907, it must have been very difficult for the Chinese to suppose that the Government of the United States attributed proper importance to its trade with China when it housed its Consulate and its judges in such miserably poor and insufficient quarters. At last, that reproach is in the way of being wiped out to the immense satisfaction of every American in Shanghai, and to the no less lively gratification of the older hands who have returned home.

One would like to consider this action by Congress as evidence of reviving interest by our people here in the relations between the United States and the countries of Eastern Asia. In this connection, it was rather encouraging to find a party of American Senators and Representatives preparing for the organization of a Congressional group through which the Chinese Parliament may keep the American Congress and people informed on Chinese affairs. The committee formed in Washington to draw up resolutions declaring the purpose of this group is a

highly intelligent and influential one, but it has not yet been able to make any definite report. Of somewhat more dubious expediency is the resolution now pending in the Senate, introduced by Mr. Smith, of Georgia, to provide for an American Congressional Commission for the investigation of commercial trade opportunities in China and the establishment of direct trade relations between China and the United States of America. It is doubtful whether action will be taken on this proposal, and equally doubtful whether it would have any good result should it be carried through. But it is at least significant of a desire on the part of our legislators to have more accurate information about China—a desire apparently prompted by a growing interest in Asiatic matters in all sections of the country. For the purpose of satisfying the apparent thirst for information on subjects coming within the sphere of influence of this Association, it has been resolved by your Executive Committee to transform the Journal of the Association into a magazine of a more popular and comprehensive character addressed to the general body of readers who may reasonably be expected to become its purchasers. In this way it is believed that the influence of the Association would be greatly enlarged and that its function of educating the American people into a clearer perception of the importance to this Republic of its relations with Eastern Asia might be more effectively discharged. It is proposed to issue the first number of the new series of the Journal next February on the completion of the sixteenth volume of the Journal in its present form. It is earnestly desired and confidently expected that the general body of members of the Association will take an active interest in this enterprise and will do all in their power to help toward its success.

TREASURER'S REPORT

The Treasurer presented his report, of which the following is a summary:

The last annual report dated October 21, 1915,	
showed funds on hand of.....	\$1,003.21
Since that date receipts have been as follows:	
Dues collected from members.....	1,831.00
	<hr/>
	\$2,834.21
Disbursements to date.....	1,958.74
	<hr/>
Balance in National Bank of Commerce....	\$875.47

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 17, 1916.

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..... Lloyd C. Griscom.

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
Ellison A. Smyth, Pelzer, S. C.

For Treasurer..... Joseph R. Patterson, New York.

For Secretary..... John Foord, New York.

For Executive Committee,

Class of 1919... George G. Allen, New York.
Martin Egan, New York
H. E. Cole, New York
Willard Straight, New York.

James R. Morse,
Dr. Wm. H. Stevens,
Elisha P. Cronkhite,
S. D. Brewster.

A committee consisting of Messrs. S. D. Webb, J. R. Patterson and the Secretary was appointed to draft resolutions to be spread on the Minutes setting forth the obligation under which the retiring President, Mr. Willard Straight, has laid the Association. The committee was also instructed to prepare resolutions of condolence to be signed by the members of the Executive Committee for presentation to the widow of the late Seth Low, and to the widow of the late William J. Calhoun.

THE CONSULAR BUILDINGS IN SHANGHAI

The old Clifton Estate on Whangpoo Road, comprising 6.258 mow and having a river frontage of over 275 feet, is now registered at the American Land Office as the property of the United States of America. The title deeds were transferred from Japanese to American registry last Friday morning, after which a representative meeting of representative Americans assembled at the Consulate-General to participate in the handing over by Mr. Thomas Sammons on behalf of the American Government to Mr. Edward I. Ezra of a cheque for Tls. 425,000 in exchange for the sealed and chopped deeds.

As the property was held, under mortgage, by the Mitsui Bussan Kaisha, Ltd., it was registered at the Japanese Consulate-General, Mr. Ezra holding it for such a short time it was not worth while for him to have it registered at the British Consulate-General. Mr. Sammons, accompanied by Mr. T. R. Jernigan who had volunteered his services as attorney, with Mr. G. F. Bickford of the American Land Office, Mr. Ezra and his lawyer, Mr. White-Cooper, visited the Japanese Consulate-General, where they met the assistant manager of the Mitsui Bussan Kaisha, Ltd., who signed over the property, Mr. Ezra attaching a transference document. Armed with the papers, the party returned to the American Consulate-General, where they found awaiting them representatives of the several American organizations, including the presidents and secretaries of the American Association, the American Chamber of Commerce, the secretary of the American University Club, and of the American Far Eastern Bar Association and the officers of the American Women's Club.

The purchase crowns with success the efforts made by American citizens and officials for years to induce the home government to buy a site while an available one was to be had. To those assembled in the reception room at the Consulate, Consul-General Sammons had the following to say concerning the final acquisition of the property by the government:

"For over half a century proposals and representations have been made looking to the acquiring of permanent quarters for American Government officers at Shanghai. Obviously, if the purchase had been made years ago the cost would have been merely nominal.

"The property now acquired is considered the most desirable for American Government purposes to be had at this port, and during recent years options thereon have ranged as high as \$375,000 in gold dollars. The American Government at no time agreed to pay such prices, and that it did not contemplate doing so is shown by the fact that the appropriation as now made is for much less. However, this appropriation contemplated the purchase of a site and the erection of buildings, or the acquiring of a site with buildings thereon and the repair and alteration of such buildings. The amount now paid (Shanghai Taels 425,000) is equivalent to about \$292,000 in gold dollars.

"The appropriation as made for the Consulate-General, the United States Court for China, the American Post Office, Prison, Marshal's and other American Government offices being \$355,000 gold, there will be available approximately \$60,000 gold for repairs.

"The premises will necessarily have to be extensively overhauled; extensions will have to be made and suitable fire-proof vaults must be provided for valuable records at the earliest possible moment.

"While no definite plans have been worked out pending the giving of required attention to duly safeguarding the validity of the title and transfer of the property, it may seem desirable in making the premises more attractive for residential purposes, to park the private roadway; construct suitable iron entrance gateways; add another full story to the row of buildings on the east and rearrange the office quarters.

"From time to time, since taking over charge of the Consulate-General, I have consulted with Judge C. S. Lobingier, of the United States Court for China, American Postal Agent John M. Darrah, and other prominent Americans regarding the matter of securing an appropriation and I have always found all ready and willing to co-operate most earnestly in the effort to bring about the desired result. On my arrival at Shanghai, I found the American Association actively at work, and one of the objects in organizing the American Chamber of Commerce of China was to provide suitable ways and means, in co-operation with this pioneer body of organized Americans, to interest powerful commercial bodies in the United States in this project.

"It was early realized that effective work would only result from members of Congress and their friends becoming convinced of the merits of Shanghai's call for funds for permanent American Government quarters. Thus, in addition to the urgent representations of the American Chamber of Commerce and of the American Association, numerous American business houses cabled their home offices to urge their Senators and Representatives in Congress to support the American community of Shanghai in this worthy movement to foster American

prestige and trade. Shanghai Americans who now rejoice at the result of all combined efforts may well send messages of appreciation to those good friends and supporters in the United States who have loyally and effectively rendered assistance.

"The critical moment came when the sub-committees of the two branches of Congress met. At that moment American Association and American Chamber of Commerce cablegrams from Shanghai were again sent and Shanghai friends then in America put their shoulders to the wheel, as it were. Result, an appropriation of \$355,000, gold!

"Americans appreciate fully the signal assistance rendered by Mr. Edward I. Ezra, in placing the American Government in possession of the premises now occupied, and they are profuse in their thanks to him. He has turned the property over at precisely what he paid for the same, no commissions of any nature being required or acceptable. In addition to this he has also contributed much time in giving attention to the details of the title and transfer.

"Former American Consul-General here, T. R. Jernigan, Esquire, graciously donated his services in connection with the preparation of the final papers on behalf of the American Government, A. S. P. White-Cooper, Esquire, representing the interests of Mr. Ezra.

"I am of the opinion that the American community is to be congratulated on now possessing this magnificent site as a permanent home for their Government's officers at Shanghai. In due course, the younger men of the American Service in China, together with all other American Government officers, will, no doubt, be housed on this site in an equally magnificent reinforced concrete structure of American design and built of American materials throughout, and containing suitable space for the headquarters and assemblage of prominent American organizations. This, with the foreshore extension and suitable approach by water, will present a conspicuous and lasting monument to American interests in China."

As a matter of sentiment, the gold fountain pen used in signing the document was presented to Mr. Ezra as three American cheers were given for him.

Mr. Ezra, in reply, said that he had long followed the difficulties encountered year by year by the Americans in their efforts to acquire their own consular land, and he was pleased when the opportunity came to him to purchase and still more pleased at the opportunity to hand over the land to the United States Government that it might be used as a basis for its activities here.

This was the second American consulate that he had dealt in, he said, explaining that years ago, when a Mr. Kennedy was consul here, he participated at the laying of the corner stone of the consulate in Kiukiang Road. Those who walk along that thoroughfare will notice at the entrance to Messrs. Brunner Mond & Co., a large black board in the wall with "No. 12" on it. Behind that board there is a chiselled stone within which are certain documents deposited at the time of the laying of it, which documents Mr. Ezra will some day hand over to the

American authorities, should it become necessary to remove the stone, as he is owner of the building.

Mr. T. R. Jernigan, former Consul at Shanghai and a long-time resident, in offering congratulations to the Consul-General on behalf, he felt, of the entire American community, was loud in expressions of thanks to Mr. Ezra for the spirit in which he had acted and for his aid in making the negotiations such a success. "We have an excellent site, a most desirable piece of land," said Mr. Jernigan, "but we are not yet satisfied. All these residential dwellings must be torn down and a representative American structure to cover the entire area must be erected, a structure of which we shall be proud, with spacious corridors and offices appropriately furnished and carpeted, and with marble steps leading to the jetty so that when the Admiral comes ashore he can land directly at the Consulate. This should be a day of rejoicing, we should issue a declaration of independence, for from today we are free from landlords."

Mr. White-Cooper said that in his opinion Mr. Ezra was one of the best judges of real estate values in Shanghai; Mr. Ezra knew what could be done with property here and he foresaw what should be done. Were Mr. Ezra to have held this property he would have torn down the present structures and erected one large modern building on the site, much as Mr. Jernigan had suggested, and he felt that if Mr. Jernigan's suggestion were put into execution he could imagine a building entirely representative of America.

Dr. S. A. Ransom, as president of the American Association and commandant of the American Co., S. V. C.,

had a few words to say to the effect that the day's proceedings marked the end of a hard fight, the success of which was due largely to the tenacity of purpose of Mr. Sammons, and he thought Mr. Ezra's action was one of the most remarkable displays of public-spiritedness he had ever witnessed. Mr. J. H. McMichael, president of the American Chamber of Commerce, reiterated the remarks of Messrs. Jernigan and Ransom and said that the extreme indebtedness which the American community owed to Mr. Ezra would be long remembered. Mr. Paul McRae, representing the Bar Association and the United States Court, had a word of appreciation to say on behalf of the Court officials, and Mr. Stocker, representing the American University Club, referred to the possibilities of slightly extending the property on the water front side. Major Andresen, of the Admiral's staff, who in his cruises all over the world has noted that invariably the American consulate is unsuitably housed and located, said he hoped this acquisition was a forerunner of more such purchases to be made in the future as "we should own our own consulates."

Mrs. Sammons was present during the early part of the ceremony, but had to leave before speech-time for the ladies began, so Mrs. Lobingier, who succeeded Mrs. Sammons as president of the American Woman's Club, assured those present of the full support of the Club, if the plan was carried into effect of erecting a suitable building. Mr. John M. Darrah, the Postmaster, when called upon for a few words, said that if he had his way he would have Dr. Krieg's house converted into stables and garage.

REVIVAL OF CHINA'S TEA TRADE

From the Tea and Coffee Trade Journal.

BY EN-LUNG HSIEH, B. S., M. S., in *Agriculture*.

Pekin, China

Whether the tea plant originated in China or India is a question of no prime importance, but there is plenty of evidence to show that tea was used by the Chinese several thousand years ago. As early as 400 B. C. a Chinese author described a fragrant beverage made by the addition of hot water to the leaves of tea. Many writers have claimed either for China or India the original native habitat of the tea plant, but, according to the famous French botanist De Candolle, the use of tea leaves was certainly introduced into India from China.

In Europe, tea was first introduced into England and Russia at the end of the 16th century, but it did not become a popular beverage until late in the 17th century. In 1657 the first tea store was opened in London. From that time onward China tea was imported into England quite extensively. For instance, in the year 1800, 20,358,826 pounds were exported to England, in 1820 25,712,934 pounds, and in 1840 31,716,000 pounds, in spite of the great distance between the two countries and the poor, slow means of communication.

To America the use of tea was introduced by the English colonists at an early date, the extensive use of which may be fairly judged by the amounts shipped over

from Europe. In 1776 the famous Boston Tea Party dumped a cargo of some hundreds of pounds into Boston harbor, and thereby precipitated the American Revolutionary War. Since then tea has always maintained a strong claim as a fragrant beverage in the United States. In the early days most of the tea was imported indirectly from Europe. Later the importation was carried around the Horn by the New England packet boats, and with the opening of the transpacific shipping trade the amount imported gained a great impetus.

TEA-GROWING DISTRICTS IN CHINA.

Although China is a tea-producing country, by no means can tea be grown in all places. In China, as in other countries, tea grows best between latitude 26 and 30 degrees, and therefore tea bushes are cultivated principally in the following provinces: Hupeh, Hunan, Chekiang, Fukien, Kiangsi and Anhui. Among these provinces Hunan exports the greatest quantity of tea to foreign lands, although Anhui tea is considered by tea merchants to be the best in quality. It must be understood that teas are of two kinds—black and green—the cultivation and manufacture of which are specialized in by producers at certain places. For instance, Hupeh, Hunan and Fukien

provinces produce principally black tea, while Chekiang produces chiefly green tea. Anhui and Kiangsi produce both kinds in almost equal quantities, and their products have become well known in the foreign markets.

THE CULTIVATION OF TEA.

The quality of the tea depends upon the elevation of the locality, for tea grown at the same place, but at different elevation, possesses a wide difference in quality. It has been observed that tea grown at high elevation is superior in quality to that cultivated on the lowlands. For instance, in Anhui province, the most famous black tea is produced on the slope of the Li Mountains in Keemen at an altitude of over 3,000 feet. In Kiangsi province the well-known "Hsienya," or "Fairy-Bud" tea, so much admired by Westerners, is produced by the cultivators at the Koping Mountains in Foliang at an altitude of about 4,000 feet above sea level.

Soil is another important factor which governs the success of tea cultivation; for however favorable the climate may be, if the soil is poor, tea cannot be grown successfully. Thorough investigations in the tea-growing districts have demonstrated that soil of loamy character and rich in iron, which originated from porphyritic sandstone, is the most typical soil for tea cultivation. This kind of soil is most prevalent in Southern Anhui, where both black and green teas of superb quality are produced. * * *

Tea is usually cultivated on the slopes of hills. In winter the lower part of the stem of the bushes is covered with cornstalks for a two-fold purpose, namely, to protect the bushes from being frozen and to prevent the erosion of soil. In March, when young shoots appear, the soil is loosened, and in summer the weeds are eradicated by surface cultivation. After the picking season is over the land is once more cultivated before the arrival of winter.

The fertilizers used by planters are either rape seed cake or bean cake, both of which are rich in nitrogen. Wood ashes are commonly used in conjunction with these nitrogenous fertilizers. Customarily fertilizers are applied in September and February, the number of applications depending upon the nature of the soil and the age of the plant.

Picking is one of the most important functions of tea cultivation. Heavy picking is harmful to the health of the bushes, while light picking is not business economy. On the whole, the Chinese planters pick too heavily, as they are influenced by the desire to obtain greater immediate monetary returns. The first picking time commences in the latter part of April and continues for about three weeks, during which period the leaves are picked for the manufacture of the best quality of tea. After this period the tea bushes continue to produce leaves, but of rather coarse and poor quality. Consequently, they can be made only into common tea, the value of which is much less than that manufactured at the beginning of the season. Tea picking continues from April until August, after which time the leaves are too old to be picked. Thus in China the picking season lasts for only four months.

THE MANUFACTURE OF TEA.

Black tea undergoes successively the following five processes in course of manufacture: (1) withering, (2) rolling, (3) fermentation, (4) firing, (5) sifting.

(1) *Withering*. The picked leaves are usually dried in the sunshine by being placed in thin layers on mats and evenly turned over from time to time. When the leaves have become deep green in color, and are rather soft, a test is made by taking a sample leaf with stem attached and bending it to see if it is withered to the proper degree. If it is, the stem will remain unbroken and the process is complete.

In rainy weather the tea leaves must be dried by artificial heat. They are placed in a well-ventilated room, and heat is conducted from an oven by means of a fan. It is found that this method of withering is rather effective. When the leaves are gathered and brought in too late in the day to be dried, they must be spread out in a well-ventilated place until the next morning, when they can be taken out to be withered properly in the sunshine.

(2) *Rolling*. After the leaves have been properly withered they are then rolled. The purpose of rolling is to break the cells of the leaves and to express the sap and moisture. The leaves are thinly spread on a bamboo tray and are rolled and twisted. This process must be repeated three times, each rolling lasting about fifteen minutes. In the interval between rollings the leaves are exposed to the air for five minutes to quicken the process.

(3) *Fermentation*. In manufacturing black tea the rolled leaves must now undergo a process of fermentation. The leaves on the bamboo tray are covered with a piece of cloth and placed in the sunshine. They are sometimes fermented in a covered basket, under which an oven is placed to quicken the process. Both methods are employed by planters, but the latter is quicker. The process takes from one and a half to two hours, sometimes even six hours, depending upon the weather and temperature.

(4) *Firing*. Firing is rather important, because the quality of the tea depends largely upon the proper degree of this process. Whether the tea leaves have been properly fired or not can only be ascertained by the expert operator. It must be understood that in firing the leaves not only is the moisture driven off but the fine delicate flavor is imparted to the tea. Thus this process is perhaps the most important of all.

The leaves are placed in a bamboo firing basket, which is cylindrical in shape and slightly concaved at its sides. Half way inside the basket a bamboo matting is placed, on top of which the tea leaves are spread evenly. A charcoal oven is built in the ground and the basket is placed above it. During firing great care must be taken to avoid spilling leaves into the oven lest smoke should spoil the tea.

(5) *Sifting*. From the firing basket the leaves are sifted and graded. Numerous sieves are used, the size of the meshes varying from No. 1 to No. 10, and even finer. The tea leaves are sifted successively through a series of these sieves, and are very carefully graded for packing.

In the manufacturing of green tea all the processes employed in the manufacture of the black tea are followed

except that of fermentation. The process of firing must also be carefully attended to in manufacturing green tea.

MARKETING AND EXPORTATION OF CHINA TEA.

The principal ports of distribution of China tea are Hankow, Shanghai and Foochow. Hankow and Foochow are the chief markets for black tea and Shanghai for green tea. In volume of trade Hankow ranks first in the tea business.

Hankow is the principal receiving center for black tea sent from the different localities along the Yangtse Valley. About 400,000 boxes are sent annually from Hunan and Hupeh provinces; 50,000 from Ningchow of Kiangsi province; 100,000 from Keemen of Anhui province. Altogether about 650,000 boxes per annum of black tea are collected at Hankow. (One box contains 60 pounds of tea.)

Black Tea from Hunan, Hupeh, Anhui and Kiangsi.

Year	Boxes	Pounds
1911	874,307	52,458,420
1912	861,701	51,704,460
1913	632,239	37,934,340
1914	754,000	45,240,000

The accompanying figures show the annual amount of black tea disposed at Hankow by the four provinces of Hunan, Hupeh, Anhui and Kiangsi.

The accompanying figures from the latest report show the amount of black tea and brick tea exported to different countries.

Exports of Black and Brick Tea from Hankow.

Countries	Boxes	Pounds
Russia	400,000	24,000,000
Great Britain	116,000	6,960,000
United States	80,000	4,800,000
Germany	26,000	1,560,000
France	6,000	360,000
Other countries	23,000	1,380,000

Shanghai is the collecting and distributing center of green tea from Chekiang and Anhui provinces. In the year 1913 the total amount of green tea sold or exported at this market was 490,000 boxes; of 1914, 575,000 boxes. The sale of black tea was inconsiderable.

The accompanying figures from the latest official report show the amount of green tea exported to foreign countries.

Exports of Green Tea from Shanghai.

Countries	Boxes	Pounds
United States	200,000	12,000,000
Russia	110,000	6,600,000
Great Britain and France.....	120,000	7,200,000
Germany	15,000	900,000
Other countries	20,000	1,200,000

THE BLACK TEA MARKET OF FOOCOW.

Foochow is a market for the collection and distribution of black tea, and occupies the third place among the tea markets of China. Tea from the whole Fukien province is sent and sold at that port. The amount of the annual sale in recent years has averaged about 350,000 boxes, or 21,000,000 pounds.

The accompanying figures show the amount of tea exported at Foochow market during the past years.

Exports of Black Tea from Foochow.

Year	Boxes	Pounds
1909	336,000	20,160,000
1910	361,700	21,702,000
1911	376,360	22,581,000
1912	455,000	27,300,000
1913	239,100	14,346,000

The accompanying figures according to the latest report show the amount of black tea exported to foreign countries.

Exports of Black Tea from Foochow.

Countries	Boxes	Pounds
Great Britain	58,000	3,480,000
Russia	37,000	2,220,000
Germany	37,000	2,220,000
France	8,000	480,000
United States and Canada.....	17,000	1,020,000
Other countries	15,000	900,000

CHINESE GOVERNMENT ENCOURAGEMENT.

The cultivation of tea in Ceylon and India during the past fifty years, and in Java more recently, has produced keen competition in the tea industry. At first the Chinese methods of cultivation and manufacture were imitated by the planters of Ceylon, India and Java, and the best obtainable seeds were purchased by them from this country. Since that time China has suffered from her young competitors. But it is universally admitted that Chinese tea possesses qualities superior to that produced in any other part of the world, due to a large extent to the favorable climate and peculiar soil as well as to the skill of manufacture by generations of producers. The realization of this superiority has led the Chinese Government to take steps towards the recovery of the premier position formerly held by Chinese tea in foreign markets.

The first movement was the Tea Investigation Commission sent to Ceylon and India in 1905 by Viceroy Chou Fu, of Liang Kiang province. As a result of the investigations of this Commission, a Tea Industrial Training School was established at Nanking, where the sons of tea planters from all the provinces were sent to learn up-to-date methods of tea cultivation. A year ago the Ministry of Agriculture and Commerce had the good fortune to have His Excellency Chow Tsz-chi occupy his portfolio. Since then a new epoch has commenced in all agricultural industries. Among his many achievements have been the creation of special bureaus to encourage the cotton and forestry industries, the establishment of tea experimental stations, and the granting of subsidies to certain deserving tea planters. In spite of the short period marvelous results have crowned Minister Chow's efforts.

His scheme for the encouragement and improvement of the tea industry may be divided into three parts:

(1) *Reduction of the Export Duty.* The duty on tea has always been low, but in order to encourage the industry and to increase the exportation of the product a reduction of the duty was advocated and was effected last year. The rate was reduced 20 per cent., from one tael two and half mace (about \$1.74) to one tael (about \$1.40) per picul (133½ pounds).

(2) *Establishment of Experiment Stations.* The important part played by experiment stations in the advancement

of industries has been amply demonstrated in the United States and Europe. Experimentation under proper guidance leads to improvement and towards perfection. In the United States numerous kinds of stations have been created—agricultural experiment stations, which are found in all the States; irrigation experiment stations in the arid region; cotton experiment stations, dry farming experiment stations, etc.

The Minister of Agriculture and Commerce has adapted the idea to the tea industry in China. He has established a tea experiment station in the heart of the tea-producing district of Keemen, in Anhui province, to study and perfect the cultivation and manufacture of tea. In addition to the chief station it is proposed to establish some forty sub-stations in the tea-growing districts in the neighborhood of Keemen. Intelligent and energetic planters will be subsidized by the Government, and will be chosen to take charge of these sub-stations, where new bushes will be planted, old ones improved, new methods of fertilizing the soil and pruning the plants practiced, and more efficient and rapid methods of picking, rolling, firing and sifting of the leaves adopted.

These stations will serve as models to all the planters in the vicinity. In addition, lecturers will be engaged to spread the gospel of better methods of cultivation and manufacture to all the planters in the district. In these forty sub-stations it is expected that 360,000 old bushes can be improved and 470,000 new bushes planted during the first year. These 830,000 bushes will undoubtedly produce more and better leaves, and by practicing the new methods of manufacture better tea will be produced.

After the industry has been improved by these methods in the districts where the stations are located, the funds for maintenance will be transferred to another tea district and the process repeated. Thus encouraged and demonstrated by the Government, the merchants, gentry and the planters will be able to cultivate and improve for themselves, and others observing their success will follow suit. By these means it is expected that the production of tea will be increased, the flavor improve, and higher prices commanded for the product, and that the industry will be rejuvenated within a few years.

(3) *Subsidizing Planters.* Intelligent and energetic planters in various districts where sub-stations are located will be favored with a subsidy from the Government. This subsidy will be granted as an encouragement to the planters who show progressiveness in the adoption of the new methods of cultivation and manufacture of tea.

SUPERIOR QUALITY OF CHINA TEA.

Concerning the superiority of Chinese tea over all others a noted English authority on tea stated: "Any one who has never drunk really fine, pure China tea has missed a great deal." Not only is China tea more fragrant but it is more healthful, since it is far less astringent than any other tea. In a recent issue of the *Lancet*, the leading medical journal in Great Britain, a writer states:

"It is idle and impossible for advocates of Indian tea to deny that their favorite commodity contains and yields when infused a much larger amount of tannin than for the most part do China teas. The latter, in fact, are altogether more suited to the requirements of persons with delicate digestive apparatus. If a dyspeptic is permitted to drink tea at all, that tea should be China tea, because, as a rule, it is much less astringent, and therefore less likely to derange a delicate system. Analysis has proved this again and again, and it is a confidence which has no reason behind it which asserts anything to the contrary."

The accompanying analytic results support the statement made in the *Lancet* regarding the astringency of China tea as compared with others.

CHEMICAL COMPOSITION OF CHINA, JAVA
AND INDIAN TEAS BY A. PELLENS

TEAS	Water	Tannin	Water Extract	Total Ash	Ash Soluble in Water	Thiame
Congo (Ningchow, China).....	4.575	8.070	36.05	5.320	4.045	2.508
Java (Batavia).....	4.580	9.7045	42.75	5.050	3.150	2.538
Orange Pekoe (Calcutta, India.	4.576	9.4365	43.75	5.430	3.580	3.213

The recognized superiority of the quality of Chinese tea was further attested at the recent Panama-Pacific International Exposition held at San Francisco last year, where Chinese tea in competition with teas of other countries was awarded the grand prize. Nor was this distinctive award the only one bestowed upon Chinese teas at the Exposition, for, in addition, several scores of prizes and medals were carried off by Chinese exhibitors for the excellence of their products. It thus seems that Chinese tea is universally admitted to be the best in the world, both from the point of view of fragrance as well as purity.

The success attained in the past has been due to the favorable climatic conditions and to the peculiar and typical soil in the tea-growing districts. In addition to these two natural factors the skill of generations of cultivators and manufacturers has largely contributed. The recent movement to improve the cultivation and manufacture should further perfect the industry. However good and excellent a product may be, there is always room for improvement. It is the recognition of this principle by progressive men which has prompted the Ministry of Agriculture and Commerce to establish experiment stations for the scientific study of the industry and to grant subsidies for the encouragement of the adoption of newer and better methods. Excellent as the article is, it is the endeavor of planters and manufacturers as well as the Government to continue to make it more so. With the reduction of the export duty there is every reason to expect that the exportation of Chinese teas will gain an immense impetus, and that it will recover the premier position which it held for so long in the markets of the world.

IMPROVEMENT OF THE GRAND CANAL

From The Far Eastern Review.

On January 30, 1914, the Government of the Republic of China signed an agreement with the American National Red Cross Society allowing that organization to effect a loan of \$20,000,000 (United States Currency) for the purpose of improving the watercourses embraced in what is known as the Hwai River District—a region periodically visited by devastating floods and consequent famine.

The philanthropic character of the proposed loan for this work militated against its immediate acceptance in America, the war in Europe calling for the employment of vast sums of money in vitally practical avenues. The Red Cross Society, however, determined to pursue an investigation to determine just what labor and expense would be entailed in the scheme, and despatched an engineering commission headed by Colonel Siebert to make a survey. Colonel Siebert dealt with the subject exhaustively in a carefully compiled report, but the war still raged and the bankers of America, desirous as they might be of assisting to relieve a large section of the Chinese people of the terrors of floods and famine, found themselves unable to advance the necessary money to carry out the whole of the scheme. But they were later ready to consider one phase, which is of practical and lasting value, namely, the improvement of the section of the Grand Canal traversing the area, and embraced by the Yellow River on the north and the Yangtze River on the south.

This famous and ancient waterway had been allowed to silt and deteriorate so much that in parts it has become practically useless to serve the country through which it passed, and as a first step in the treatment of the great flood and famine area its improvement should be of far-reaching importance, not only because it will provide uninterrupted communication with the distressed area but also because it will re-establish the Canal as an artery of commerce, thus making it of constant advantage to all traders desirous of reaching the rich regions that it taps.

Agreements have therefore been entered into with American financiers and contractors to undertake the work. It is divided into two sections, one the part of the canal which traverses the Province of Kiangsu from the Yangtze, and the other the section which crosses Shan-tung province to the Yellow River.

The agreements have been made with the American International Corporation, who are called upon to "recommend to the Chinese Government for appointment expert engineers to investigate and report upon the most recent conditions relating to all other works included in the Hwai River Conservancy scheme and to draw up detailed plans for the carrying out of the same, to serve as a basis for its arrangements for raising a further loan or loans in order to complete the whole of the said Hwai River Conservancy works."

With regard to the Kiangsu section the Government authorizes the Corporation to issue a gold loan for an amount not exceeding \$3,000,000, U. S. currency, at 90

per cent., bearing interest at 7 per cent. per annum, to be paid semi-annually to the bondholders. The term of the loan is to be twenty years, and the loan is to be redeemed in fifteen equal annual instalments by drawings, though provision is made that if the Government desires to redeem the loan after five years from the date of issue it may do so by paying a premium of one and a half per cent. on the par value of the bonds. The loan is to constitute a direct liability and obligation of the Government, and is to be secured by all tolls and taxes, exclusive of likin, now levied or to be levied on the Grand Canal in Kiangsu Province, estimated at \$600,000 Mexican currency. Should the tolls and taxes not equal this amount the Government agrees to make up the deficiency from other sources. Safeguards against reckless expenditure are provided, the agreement stipulating that requisitions for loan funds for the carrying out of the engineering work shall be drawn up by the Engineer-in-Chief and approved by the Director-General, who, before endorsing the same for presentation to the banks, shall consult with the contracting engineer as to the feasibility and reasonableness of the work proposed, the Contracting Engineer to furnish a certificate if he approves the work.

A Head Works Bureau, to be called the "Hwai River Conservancy Grand Canal Improvement Works Bureau," is to be established at the town of Tsingkiangpu. It will be under the direction of a Chinese Director-General, appointed by the Government, with whom will be associated an American Chief Engineer and an American Chief Accountant. Statements of the receipts and disbursements are to be made monthly in Chinese and English in the Department of the Chief Accountant, who is to organize and supervise and report upon them for the information of the Director-General and the Corporation.

In order to take charge of the collection of tolls and taxes which constitute the security for the loan, the Head Works Bureau will establish a Canal Department Office, the revenue collected by this bureau to be paid into the fiscal agency of the Corporation to be applied to the interest and amortization of the loan until such is paid in full. The Director-General will have charge of the organization and management of the Bureau, assisted by the Chief Accountant.

The agreement provides that the work shall be done on a percentage basis by contractors designated by the Corporation, "the contractors to be a firm of known reputation, of high standing, and who have had large experience in the successful carrying out of great construction enterprises, and in whom the Corporation have the utmost confidence that the work entrusted to their care shall be carried out rapidly, efficiently and economically." This concern is to open an office in Peking where the principal accounts and records of the work shall be the entrance to Messrs. Brunner Bond & Co., a large black kept, the same to be open at all and any time to the in-

spection of the Chinese authorities and the Corporation. The contractors are to give their personal attention to the enterprise and for this they are to receive as remuneration ten per cent. of the cost of the work.

Insofar as the purchase of materials is concerned it is provided that those of Chinese make shall be employed if prices and quality are equal, otherwise American materials and machines will be used when the price does not exceed the price of the same quality in other foreign markets.

The agreement with regard to the Shantung Section was signed by the Government of Shantung Province, with the approval of the Central Government, and authorizes the American International Corporation to raise a loan similar to the above, the first issue of bonds to be for \$2,500,000 U. S. currency, at 90 per cent. The interest is to be 7 per cent. per annum and the term of the loan thirty years, redemption to be in twenty-five equal annual instalments, dating from the fifth year of issue. The security for the loan is to be (1) the lands which are to be reclaimed and owned by the Government of Shantung Province, approximately 300,000 mow, (2) the revenues of the Government derived or which may be derived from the Government lands effected by the proposed work, and also by additional revenue from the sale of, lease of, or taxation of all reclaimed or improved lands, as well as any special taxes which may be levied by the Government on lands benefited by the construction work, (3) all taxes derived or to be derived from all other lands affected by this improvement which the Government estimates to be approximately 500,000 mow, (4) all tolls and taxes now derived or to be derived from the use of the south Grand Canal in Shantung Province during the life of the loan, and (5) all machinery and tools purchased by loan funds. In case these revenues prove insufficient the Government undertakes to make up the deficiency with other revenues provided for in the budget of Shantung Province. If no money is available for repayment on the due dates then after a reasonable number of days of grace the Corporation shall supervise the collection of the revenues pledged as security for the loan.

The Government agrees to set apart a portion of the surplus receipts turned over by the Conservancy Bureau for the maintenance of the canal. The proceeds of the loan are only to be used for the improvement of the South Grand Canal in Shantung Province, commencing at Pangchiakou and Lanhuangpa in the north, and ending at Weishanhu and Taierhchuang in the south, and for such extensions as may be required, as well as for work in direct connection with the valley of the Wen and San rivers, the Po River and marshes and other tributaries of the main canal, and for the improvement of the reclaimed lands. The work is to be completed within thirty months from the signing of the agreement.

A Head Works Bureau is to be established at Tsininghsien, with a Chinese Director-General in charge, assisted by an American Chief Engineer and Chief Accountant, both appointments to be made by the Director-General on the recommendation of the Corporation. The qualifications of the Chief Engineer are to be five years' experi-

ence in the engineering work of a well-known river; an engineer who enjoys the best professional reputation. The work is to be done by a contracting firm as in the previous agreement.

The well-known contracting firm of Siems and Carey, of St. Paul, U. S., have been selected to carry out the scheme, and the selection is one which carries a guarantee for efficiency. In America the firm is classed amongst the largest railway builders of the world, their latest achievement being the construction in record time of a great section of the Grand Trunk Pacific railroad in Canada.

Mr. W. F. Carey, a partner in the contracting firm, will personally conduct operations. He has recently been in America and returns shortly to manage affairs in China.

The area of the Grand Canal in Shantung covered by the agreement was described in a report published in the *Far Eastern Review* for February, 1916. The Kiangsu section has yet to be surveyed.

In order to study the conditions of the Grand Canal in Shantung, and the various rivers and lakes connected with the canal, the Grand Canal Conservancy Bureau of Shantung was established about a year ago, under the direction of Mr. Pan-fu, and has done a considerable amount of work. Various data were collected, a comprehensive survey was made and a project for a general improvement was drawn up. The proposed work in Shantung covers a distance of about 500 miles along the canal, and is planned to benefit both navigation and reclamation. The returns from navigation are estimated to pay for the whole improvement work. The land which will be reclaimed is estimated at some 100,000 acres in the Tsining and Yutai districts alone, and after the necessary ditches are dug, dykes built, and public uses provided for, it is calculated that 97,000 acres can go into cultivation. This is estimated to yield a net profit per annum of \$2,496,185.

The articles produced and manufactured in the districts dependent upon the Grand Canal for transportation are corn, salt, coal, tea, white wine (kaoliang), bean oil, bean cake, silk and cotton nankeen, dried dates, dried persimmon, hemp, ground nuts, timber, porcelain, bamboo materials, leather, medicine, etc. Foreign imports include cotton yarn, long cloth, kerosene oil, matches, paper, tobaccos, prussian blue, etc.

The craft utilized on the canal for transportation are of fifteen varieties. For instance a boat which loads fish carries nothing else; similarly with coal, etc. There are at present 8,050 boats with a tonnage of 99,000 plying on the canal.

The chief credit for the advancement of the proposition to restore the Grand Canal to the position of usefulness which its ancient builders designed for it must undoubtedly be given to Mr. Pan-fu, the Vice-Director General of the National Conservancy Bureau. Mr. Pan has for many years made a close study of conservancy needs in the great plains of the Yellow, the Hwai, and the Yangtze River valleys, and of late years he has particularly devoted himself to the Grand Canal areas. It was as a result of his labors that the present proposal

was listened to by the American financiers. So methodical had the work of Mr. Pan been that he was able to convince the engineers representing the financiers of the commercial importance of the proposal without difficulty, and it was not very long after his negotiations with them on the canal itself that the agreement to finance and carry out the work was signed. Mr. Pan was able to show that the canal had become useless in places, and vast stretches of territory had become lost to agriculture, owing to the silting up of practically all the drainage systems of Northern Kiangsu—conditions which could easily be corrected. Rivers had lost their courses in time and had taken the Grand Canal as a common outlet, causing recurring inundations each of which left the situation worse than the last.

To correct this and to restore the canal to its proper place in the commercial scheme has long been Mr. Pan's chief aim, and now that he has managed to have that work begun he is planning a wider scope for the energies of the Conservancy Bureau. He strongly advocates the Government to pay careful attention to the vagaries of the Pearl River at Canton; the condition of the Tungting Lake in Hunan Province—sources of annual trouble—and he urges that the Yellow River, China's greatest conservancy problem, should be grappled with tenaciously. He and the Director-General of the Conservancy Bureau, Mr. Chen Pang-ping, are now endeavoring to impress upon the Government the necessity of adopting a consistent conservancy policy with a view ultimately of ridding China of the curse which certain of her rivers have been to her.

Mr. Pan will have the personal direction of the work on the improvement of the Grand Canal, and China is fortunate in having an engineer who is so well versed with the conditions of the region to undertake the work.

THE ECONOMIC CONDITIONS IN JAPAN

Mr. Inouye, President of the Yokohama Specie Bank, presiding at the seventy-third regular general meeting of shareholders of the Bank, on September 9th, delivered a speech about economic and trade conditions during the period under review. He said:—

Despite the fact that the money market was very sluggish during the period under review, no new undertakings of importance have been started, except some special enterprises connected with the international situation. Moreover, the price of rice has shown no signs of appreciation and consequently commercial conditions in the provinces have continued inactive, with the result that no demand for new capital has arisen. On the other hand, due to the favorable state of the export trade, the funds have kept on increasing, and as a result the rate of interest has witnessed a steady decrease. Under these circumstances, the issue of Russian Treasury Bills for 50,000,000 yen, the flotation of a railway loan for the Chinese Government for 50,000,000 yen, and the domestic loan of the Japanese Government, amounting to 40,000,000 yen, and the increase of capital and issue of loans by various com-

panies have affected the money market little. Meanwhile, the Bank of Japan lowered the discount rate by 2 rin on April 17th, but this step brought about little or no change in the market.

Touching Japan's foreign trade, the total value of exports and imports for the term under review is given as 469,000,000 yen and 380,000,000 yen respectively, showing an excess of exports over imports to the value of 89,000,000 yen. If the proceeds realized from the sale of arms and ammunition, which are not given in the list, are added to the above figures, the excess of exports will show a much larger figure. Compared with the corresponding period of last year exports show an increase of 168,000,000 yen, and imports an increase of 91,000,000. In regard to the important export and import of goods, the export of habutaye, tea, braids, rice and marine products shows a decrease of some 4,000,000 yen as compared with the corresponding period of last year, but an increase of 547,000,000 yen is shown in the export of raw silk, of 27,900,000 yen in cotton yarn, cotton textiles, and knitted goods, 11,900,000 yen in copper, sulphur, coal and timber, and 7,300,000 yen in earthenware and porcelain, matches, toys and buttons.

Of imports, rice, peas and beans, and sugar show a decrease of 7,300,000 yen, and phosphorous, oil-cake, and sulphate of ammonia a decrease of 3,800,000 yen, but an increase of 29,000,000 yen is shown in raw cotton, of 26,000,000 yen in iron materials and 5,500,000 yen in rubber, wood pulp and machinery. This favorable state in the country's foreign trade, in the main, is to be regarded as a temporary phenomenon, but it is very reassuring to note that an increase of exports is witnessed chiefly in manufactured goods, and that markets for these goods are found in India, the South Seas and Australia, while the increase of imports is principally in raw materials.

In consequence of this favorable trade condition, the bills handled by the Bank have increased. During the period under review, bills to the value of 167,000,000 yen have been sold to foreign markets, while those purchased amount to 228,000,000 yen. Compared with the corresponding period of last year, these figures show an increase of 39,000,000 yen in bills sold and an increase of 74,000,000 yen in those purchased. On the other hand, bills valued at 133,000,000 yen have been sold to Japan by foreign countries, while bills amounting to 180,000,000 yen have been purchased from Japan. These figures indicate an increase of 58,000,000 yen in bills sold and an increase of 79,000,000 yen in those purchased, as compared with the corresponding period of last year. Thus an increase of 250,000,000 yen has been seen in the total bills handled.

Turning to economic circles abroad, the belligerent Powers in Europe are engrossed in warlike affairs, and are exhausting their military and financial capacity to the utmost. Under these circumstances, commercial and industrial undertakings, except those connected with the war, remain in a paralyzed condition. Consequently, their foreign trade shows an excess of imports over exports. In order to harmonize this, Great Britain and France have enforced the prohibition of importation of

luxuries, at the same time exhorting the people to practice economy. Though they are thus at great pains to replenish the national strength and to maintain their credit, the large quantity of war materials purchased from foreign countries goes on increasing as the war drags on. Though the Anglo-American exchange has somewhat appreciated since last year, it still indicates a remarkable fall in comparison with ordinary times, the minimum and maximum rates being given at \$4.75½ and \$4.37½ respectively. The minimum and maximum Franco-American exchange rates for the period under review were given at 5.82¼ francs and 6.7½ francs respectively, while the Russo-American exchange rates showed a minimum of 27½ cents, and the maximum 32.6 cents. As these countries have great difficulty in settling their liabilities, Great Britain has continued to carry out the mobilization of American bills during the period under review, and she also floated in August last a loan of \$250,000,000, bearing 5 per cent interest, on the American market, to pay for goods purchased. France following the example of Great Britain, effected the mobilization of neutral countries' bills, and she too issued a 5 per cent. loan for \$100,000,000 on the American market. Russia fixed the official exchange rate, and placed restraint on the amount of bills imported. She also opened credit for 50,000,000 yen in America.

The economic conditions in America continue to be very prosperous, owing to the supply of large quantities of war materials and other goods to the belligerent Powers, and the excess of exports over imports during the period under review reached \$1,200,000,000. Not only was there activity in commercial and industrial circles generally, but the Stock Exchange showed great activity. As the result of this large excess of exports, large sums of gold currency and gold bullion flowed into the country, funds were always plentiful, and interest consequently fell. In June, when the relations with Mexico were for a time strained, and the mobilization of troops was ordered, the Stock Ex-

change was somewhat affected, but the money market generally was scarcely influenced.

So far as Eastern countries are concerned, commerce and industry in India continue to suffer from the effects of European hostilities, but there are signs that various economic organizations of the country are likely to show development. As to Indian domestic industries, the manufacture of leather and other war materials show considerable prosperity, and the cotton industry is also doing well. The purchasing power of the farmers has increased. As regards her foreign trade, all business with Germany and Austria-Hungary is completely suspended. Her trade with other European countries is still in a crippled state, due to the scarcity of vessels and the great rise in freight, but trade with America and Japan is in a favorable condition.

In China, civil disturbances were created on account of the monarchy question, and owing to the hostilities between the North and South the people were in a very uneasy state, and foreign and domestic commercial transactions were carried on with considerable caution. On May 12th the Bank of China and the Bank of Communications suddenly declared a moratorium, and it was feared at the time that the money market would be thrown into a state of panic, but fortunately no serious effect was created, as the Branches in Central China did not, as a matter of fact, suspend the conversion of notes, though the money market in Peking and Tientsin was very seriously affected. The sudden death of the late President Yuan in the early part of June had no special effect on the money market generally, but it rather proved an impetus to accelerate a compromise between the North and South, and as such had a beneficial effect on the market. As for foreign trade, in Shanghai and Hankow both the export and import trade was unfavorable, due to the scarcity of vessels and the outbreak of disturbances in South China. In Peking and Tientsin, however, both the export and import trade were very favorable.

CHINA'S COTTON INDUSTRY

From the *N. C. Daily News*.

That China ranks third among the cotton-producing countries of the world is a fact not generally known.

The average crop of America may be said to be between 13,000,000 and 14,000,000 bales, that of India about 7,000,000 bales and steadily increasing in quantity and quality, and that of China is conservatively estimated to be in the neighborhood of 2,000,000 bales. By "bales" is meant the American bale, roughly four piculs. So China to-day is producing, without any special effort, without help from her Government in the way of experimental farms, seed selection, or expert advice, a crop equal to a seventh of that of the United States. Experts who have made a study of cotton cultivation in China are of opinion that it would be no great task to make China the world's largest cotton-growing country. But one thing is needed—Government action.

HAPHAZARD CULTIVATION.

Official data concerning the amount of cotton grown in China is entirely lacking. There are no statistics what-

ever; and no one can say with any degree of positiveness what the crop amounts to as the acreage under cotton cultivation is unknown. Cotton is grown in such an absurd manner that it is difficult to estimate the real acreage in a given district. A patch of a few mow grows here, then a few mow of beans, then cotton again, and so on with no large tracts devoted to cotton. But judging from the great quantities of cotton consumed in the country by the mills, the almost inestimable quantity used as wadding for bed and personal clothing, not to mention the comparatively small amount exported, it is estimated by those in a position to be informed of such matters that the production is in the neighborhood of 2,000,000 bales.

If any real effort is to be made to better the quality of Chinese cotton and to increase the yield per acre, it will not only be interesting but most important to know, first of all, the approximate acreage now under cultivation. Such figures could be obtained by the Chinese Department of Commerce, or Agriculture, were those Departments of the Government induced to take an interest in the matter,

as the information could be got by means of reports from the various likin and tax offices throughout the country.

That China could be made the leading cotton-producing country of the world is no wild statement. Experiments made in the vicinity of Shanghai during the past few years show that the yield per mow can easily be increased three-fold simply by selecting seed, by preparing the land in advance of planting, by the use of bean and other fertilizers within the means and reach of all Chinese farmers, and by properly weeding and caring for the plant from planting time until the plant has matured. The yield per acre could be trebled under ordinary scientific cultivation, and there is practically no limit to the extent to which the acreage might be increased. Acreage has been increased already to some extent, as it is known that much land formerly devoted to poppy-growing is now growing cotton, and farmers who are doing this will probably find that cotton is fully as profitable a crop as the poppy was in former times when opium was cheap.

THE QUESTION OF QUALITY.

There is no question but that the yield of cotton can be increased, but it is still a question whether the quality can be improved to an equal fineness as compared with the American product. The mills may always have to import American cotton for their finer work. Experiments, so far, with American seed in the Shanghai district have proved a failure; the plant grows well and thrives, but the summer season seems to be lacking by one month, for the weather becomes too cold before the bolls have opened. American cotton here goes back to the native Chinese plant in a year or two as the climate seems unsuitable. Experimenters, however, are not without hope of finding a means of acclimatizing American cotton and experiments conducted here this season have been nearer success than heretofore.

Yet Shensi cotton, which ranks as China's finest, is said to be produced from American seed introduced by missionaries a few years ago, and in the absence of information as to whether the seed is renewed from year to year, it may be assumed that the soil and climate of Shensi are more suited to the cultivation of American cotton than the Shanghai section.

Those interested in the improvement of Chinese cotton seem of opinion that the thing to do is to confine their experiments to the cotton already grown here, and to work to the end of improving the quality and increasing the yield of the particular cotton already grown in a particular section of country. In doing this they will be profiting by the experience of the Growers' Association of South Africa who, some years ago, introduced American seed only to find that in three years' time the plant reverted to the old native plant. The American seed was a failure in Africa; yet American cotton originally came from Africa with the slaves. But the South African growers studied their soil, established experimental farms, and grew special seed scientifically, with the result that they improved the native plant so that South African cotton to-day fetches a farthing a pound more than American cotton on the Liverpool market. Similar experiments

conducted by the Government in Egypt likewise have been as successful.

Whether the day will come when China will do likewise depends much on the progressiveness of officialdom at Peking.

TWO PATCHES OF COTTON—A COMPARISON

Catch a Chinese farmer—one who thinks he knows all about cotton growing—and take him into the cotton experimental tract of the Cotton Testing House on Ward Road. There he will see such cotton as he never saw before, but if you watch his face ever so closely you will fail to detect any expression of surprise.

He, in his own way, has been growing cotton plants many of which produce no cotton at all, some producing two, four, or eight pods, and a few bearing so many as fifteen, his average being five bolls to a plant. Show him whole rows of straight single-stemmed plants bearing fifteen to forty bolls each and with an average of twenty, and he will say "Number one," and that's about the only comment he will make. Ask him to see how many weeds he can find and, seeing none, he may remark, "That is good; weeds are bad."

It never occurs to the farmer that he, too, could grow 35-boll plants, as he no doubt looks upon the foreigner's garden-tract as a sort of freak, something far beyond his capabilities. That this is so you may prove to your own satisfaction simply by using your eyes. The three-mow experimental tract on Ward Road is in an open field next to the road; immediately adjoining is a Chinese farmer's bit of cotton land, and his rows of cotton are as close to those of the Testing House's expert as if they were the same ownership. His first two or three rows are comparatively free of weeds—the infection has gone that far—and he will pick more cotton from those three rows than from the next six, for the rest of his patch is more or less neglected and considerably overgrown with weeds. Here is a cultivator who has worked alongside the model tract, slept in the same bed with it, so to speak, and he has learned nothing. He has "had no time" to weed his land; he has let his cotton take care of itself. He looked at what was done by the foreigner, but he did not see that the foreigner was doing no more than he could have done himself.

PASTURE LAND ONLY.

On the same side of the road about a hundred yards away is a mow of land that would make good pasturage for a pony. A crop of wheat was raised on it in the spring and in the grain were planted cotton seeds in the usual Chinese way. The grain was harvested, but the cotton did not grow—it was smothered by the wheat. This is an example of Mother Earth rebelling, and the farmer who planted the cotton has suffered a total out-of-pocket loss. Not far away on the other side of the road is a piece of land at which you will have to look twice before you discover the cotton, so dense and high is the rank growth of weeds, and this is an example of criminal cultivation, for the cotton so grown is inferior and the

seeds from it in turn will produce still more inferior cotton.

Had either of the two farmers mentioned in the preceding paragraph allowed his land to lie fallow for a few months, had he turned the soil over and fertilized it some weeks before planting time, had he planted a fortnight earlier than his neighbors, and had he kept the land free of other growths, he would have had a first class crop. Had he gone further and cut off all his non-flowering plants and most of the wide-spreading ones, and allowed only the fruit of ideal plants to go to seed, he would have seed which, next year, would grow a record crop if properly cared for.

EXPERIMENTS TOO EXPENSIVE.

"But what a waste it is for good land to lie fallow!" the farmer might think, and naturally so, for why should anyone with land allow it to rest idly when it should be growing wheat or other cereals? There is no one to tell the farmer otherwise, and he cannot afford to experiment by himself for he is sure of at least some wheat and some cotton. On the other hand if he lets his land rest and plants no wheat he will get no wheat, that is sure; and who will guarantee that by sowing cotton on prepared fallow land he will raise so much extra cotton as more than to make up for the grain he didn't plant?

If China had a government agricultural bureau with district experimental farms it would be part of its duty to show ignorant farmers how to increase yields by allowing the soil to gain strength by resting. But so far as cotton is concerned, its main work would be to grow selected seeds guaranteed to produce good fruit-yielding plant strains, and to see that the seeds were distributed and intelligently used as in other countries. Were that done China's cotton crop might easily be trebled without increasing the acreage a single acre, and not only would the yield be increased but the quality would be improved.

A CHANCE FOR CHINESE STUDENTS.

Of the forty-five male indemnity students who sailed for America on the steamer China last Saturday, five are to take courses in agriculture—a fair percentage. It is probable that two of the five may learn something about cotton cultivation in America, the world's greatest cotton-producing country. In the list of colleges to which the various students are accredited occur the names of but two agricultural colleges recognizable as such—Massachusetts Agricultural College and Oregon State Agricultural College, one student going to each. Neither of those two students will learn anything about cotton, for Massachusetts and Oregon are over 1,000 miles from the cotton belt. However, two students are assigned to the Louisiana State University, which in all probability has an agricultural course, and as Louisiana is a great cotton-producing state it may be taken for granted that these two young men will return to China with some good cotton knowledge. If they are not intending to take agricultural courses, some of their friends here might do them a service by writing to tell them how badly China needs men with a technical and practical knowledge of cotton growing.

There are some Chinese who have studied cotton in America, men who are doing well here, but there is room in this great country, which some day may lead the world as a cotton grower, for scores of "cotton men," experts. Students now taking agricultural courses in American colleges will be ripe to step into responsible posts when a far-seeing Minister of Agriculture establishes experimental farms in China.

There is another side of the cotton industry, and a very important one, the commercial and manufacturing side. But it is not the intention in this series to dig into such a tremendous subject, involving as it would a mass of statistics and figures, and figures are not interesting reading matter for the average newspaper reader even in such a business community as this. To give some idea of the

importance of the cotton manufacturing industry, however, it might be mentioned that cotton manufacturing directly or indirectly employs one-tenth of the population of England, and England is not a cotton-growing country. How many are employed in other European countries, in America, India, and even here in China cannot be stated.

THE FOREIGN IMPORT.

China's importations of cotton from foreign countries are increasing, and these importations will continue to increase as the mills increase, because, as has already been pointed out, the finer yarns cannot be spun from Chinese cotton; and unless the mills are to confine their output to weight and not length or fineness, they must continue to import American and other cotton for their finer work. From September 1, 1915, to August 31, 1916, Shanghai alone imported from foreign countries 340,809 piculs of raw cotton, as compared with 247,122 piculs the previous year. The usual local yarn is 12's to 16's, and if the mills wish to spin 20's or finer they must depend on imported cotton, as the local staple is not suitable for anything finer than 16's. A pound of cotton, it might be explained in passing, drawn out to 840 yards makes what the mill men call one hank. To produce 14's means that a pound of cotton must be drawn out fourteen times 840 yards, and 20's twenty times, etc. Shensi cotton, which is an American strain introduced into China, is about the only Chinese cotton that can produce a finer yarn than 16's, and at the same time obtain a satisfactory production; and what China needs is more cotton of the Shensi type, or finer. The opening quotations for the new season cotton this year were Tls. 26 for Shensi, Tls. 24.50 for Tungchow, and Tls. 23 for Shanghai. Should China raise finer cotton there would be less cotton imported, which is only another reason why China should start a chain of experimental bureaus.

When you pay \$1.50 a pound for a packet of medicated cotton which your chemist imports from America, the probabilities are that that same cotton originated in China and when it was exported from this country it was valued at about twenty cents. China's export cotton trade is a considerable one and about half of the exported cotton goes to Japan. There is a special grade of cotton peculiar to Shantung in much demand in America, where it is prepared as medicated cotton, for which it is especially adapted as it is so white that it requires no bleaching. It is a short fibre and harsh to the touch, so it makes an admirable imitation wool either when used alone or mixed with wool in the manufacture of cheap hosiery and underwear. America has paid up to 7½d. for Chinese cotton quite recently.

SHANGHAI'S EXPORTS.

Following are the export figures for Shanghai for the period September, 1915, to August, 1916, compared with the same period ended August, 1914. The quantities are piculs:

	1913-14.	1915-16.*
Antwerp	2,584	....
Bremen	9,634	....
Genoa	5,155	....
Hamburg	51,353	....
Havre	3,082	....
Hongkong	29,519	3,361
Japan	404,810	283,935
Liverpool	7,881	26,046
London	1,184	1,790
Marseilles	7,635	648
Dunkirk	661	....
Boston	49,102	47,424
New York	31,902	38,055
China Ports	82,858	102,580
Sundries	29,736	20,660

Total piculs 717,096
 * 1915 was a short crop owing to typhoon. 524,499

It will be noticed that the exportations to Liverpool have considerably increased, as has been the case for several years. Liverpool's importations from Shanghai having been but 3,157 piculs for the year ended August, 1913. This may be accounted for by the fact that there have been no exportations to various war-affected ports and that the manufacturers in England are beginning to make the cheaper grades of goods formerly made by Germany. If it is the intention of British manufacturers after the war to manufacture the sort of goods that had been made in Germany before the war, they will require larger quantities of the sort of cotton that China can supply. The local mills are already manufacturing certain goods that were formerly imported into China in large quantities from Germany, as are the Japanese mills at Osaka. The above figures, it should be remembered, do not at all represent the export raw cotton trade of China but only the exports from Shanghai. Statistics covering the direct exports from such ports as Hankow, Tientsin, Tsingtao, etc., are not available at the time of writing.

MANCHESTER OF THE FAR EAST.

Considering the remarkable growth of the local spinning and weaving industry during very recent years, it is only reasonable to expect that the future will see Shanghai developed into the Manchester of the Far East, provided, however, that the manufacturers are given reasonable protection by the Chinese Customs so that they may be allowed to compete on a fair level with the mills of Japan. Given this protection, the possibilities for expansion seem almost unlimited when it is considered that all of China's millions are clad in cotton clothing. That there is ample room for vast increase in the number of power-driven spindles and looms may be judged from the following estimated figures for the three Far Eastern countries interested in cotton mills:

	Population.	Spindles.	Looms.
China	400,000,000	1,050,000	5,000
India	278,000,000	6,400,000	28,000
Japan	52,000,000	2,414,544	24,000

That Japan, a non-cotton growing country, should have succeeded in developing the mill industry to such an extent, while China, a cotton growing country, lags behind, speaks volumes for the energy of the Japanese and for the far-sighted policy of the Japanese Government, for Japan could not so have developed the industry in 25 years had she not had a protective tariff which places raw cotton on the free list and heavily taxes manufactured cotton when imported.

CHECKS ON ADULTERATION.

Modern cotton manufacturing was introduced into China in 1890 and was extended after the Chino-Japanese war, considerable foreign capital having been put into local mills in 1896 and 1897. Up to 1902, however, there were no returns on the investments owing to the rapid increase of spindles and the inefficient supply of native cotton which was not equal to the demand, and the fact that the price of raw cotton, because of the shortage, increased out of proportion to the price of yarn. The demand for the raw material, however, was met by increased acreage, and the mills have been more prosperous during recent years.

It has long been the local practice to adulterate cotton by adding water to it for the purpose of increasing the weight.

After 14 years of endeavor, in 1911, the Watered Cotton Association was recognized by Peking with the result that the Shanghai Cotton Testing House was organized with an officer attached to it on detail from the Customs. The testing of cotton against water and other adulteration has led to much beneficial results during the past few years. The associated mills, under the rules of the House, are not allowed to accept cotton carrying over 15 per cent. water, and an effort is being made to keep the moisture down to 12 per cent. The natural moisture carried by American cotton is 8 per cent., and in China commonly it is 10 per cent., although Shensi cotton is naturally so low as 9 per cent.

AN UNEQUAL TARIFF.

Under the present tariff China follows the absurd policy of taxing home industry more heavily than foreign, and mill owners are anxious to have the tariff revised so that the Government would foster home industry on the lines adopted in America, Japan and other countries. China grows cotton, yet she exports half to Japan, whence it is returned in the form of yarn and cloth which could be made here. When the mills in Shanghai use Shensi, Shantung, Hupeh, or other cotton not grown in this province, at the port of entry the Customs levy a duty of Hk. Tls. 0.35 per picul, and again Hk. Tls. 0.175 per picul import duty at Shanghai, in all Hk. Tls. 0.525; yet a mill in Japan, using the same cotton, only pays an export duty of Hk. Tls. 0.35, and is better off by 17½ candareens per picul so far as taxation is concerned, although it is admitted that the manufactured goods pay duty when imported. The mills naturally avoid so far as possible using cotton from other than their own districts with the result that a large part of the crop raised in provinces not adjacent to Shanghai is exported to Japan and returned to China in manufactured form. The demand for foreign cotton which is indispensable for certain purposes is increasing annually and mills in China are at a considerable disadvantage as compared with Japan, for local mills have to pay duty on the imported cotton while Japan gets it free of duty.

The following figures show approximately the tax paid to the Government on a bale of yarn from a foreign country in China and in Japan; while Japan has no duty on raw cotton, China levies Hk. Tls. 0.60 per picul. Allowing that piculs 3.45 of foreign cotton make a 3-picul bale of yarn, such a bale spun in China pays

	Hk. Tls.
Import duty at .60 a picul.....	2.07
Excise on yarn at 70 candareens per picul....	2.10
	<hr/> 4.17

A bale of similar yarn made in Japan from the same cotton when imported into China pays

	Hk. Tls.
Import duty at 95 candareens per picul.....	2.85

The spinners here pay Hk. Tls. 1.32 more than their Japanese opponents.

The remedy is to put cotton on the free list, that is, to remove the import duty on foreign raw cotton, and abolish the excise and likin taxes so that yarn and cotton may be transported to all parts of China, free of taxation.

CANTON TRADE IN 1915

From the Report of the Maritime Customs.

The year 1915 will not stand in the annals as a prosperous one for trade—this is the opinion of most merchants apart from the showing of Customs returns. Politically, although closing in the gloom of a menacing revolution already rife in Yunnan, the year was free from disturbance in this province under the strong government of General Lung Chi-kuang; but prevalence of brigandage and piracy in the interior and the strained Sino-Japanese relations—happily of short duration—adversely affected business. Moreover, the unprecedented flood in the summer, by destroying rice and silk crops, considerably reduced the trading power of the country. Further, a shortage of tonnage, coupled with a diminution of supplies brought on by the prolonged war in Europe, abnormally increased the prices of many commodities, thus greatly hampering trade. The year 1915 has gained beyond question, in the Canton region, the title of the Year of the Great Flood; and it is to be hoped that this distinction will never be disputed in after years. Inundations, local and partial, there are every year; but never before, so far as authentic records show, has there been so widespread and destructive a flood as occurred this year from the 10th to the 20th July. The old city of Canton, being higher than the adjoining sections, was for the most part free from the flood; but the new city, the southern and western suburbs, and the Island of Shameen were submerged for 10 days to a depth of 6 to 10 feet; and the surrounding country for many miles in every direction was for the most part under water, villages being laid low, crops entirely destroyed, property of all kinds swept away, and an untold number of lives lost. In previous years, while the country adjoining the banks of the West River has suffered seriously from the overflowing of that river, Canton and its immediate vicinity have escaped serious damage. The disastrous flood of 1915, so far as it affected Canton, was due principally to the bursting of the dikes of the North River, whereby the waters of that river—which would otherwise have been carried between its banks to Samshui and thence into the West River, the Fatshan branch, and the network of streams which flow through the delta country to the sea—escaped, through immense breaches in the east bank, about 30 miles northwest from Canton, and overflowed the whole country to Canton and beyond. In Canton and Shameen the lower floors of houses were inundated to a depth of several feet, and locomotion was possible only by boats. At the height of the flood on the 13th July a fire broke out in the western suburb and, it being impossible to use the ordinary means of extinguishing it, spread rapidly until about 450 houses were destroyed, with great loss of life from burning and drowning. After the subsidence of the waters no time was lost in planting new crops of rice and other food products; and while great deprivations and misery persisted for some weeks, during which food was dispensed

to many thousands of people by charitable organizations, recovery from the great calamity seemed to come more quickly than would have been believed possible; and with the maturing of the new crops, which, however, were sadly cut down in amount by the long drought which followed the floods, the dire distress began to abate and life in the flooded regions to resume its normal course; but the ruins of hundreds of villages remained, mute witnesses of the calamity that had befallen the country, where, from the fragments of their houses, the people have made themselves tiny hovels of rudely heaped-up bricks, loosely covered over with sticks and straw, to serve as their only shelter from heat, cold and wet, until savings can be accumulated for rebuilding on the old sites. The devastation wrought by this flood, though greater and farther reaching than that of any previous flood in recent times, is exceptional only in degree; for almost every year some parts of the delta are flooded, and more or less loss of life and destruction of crops and of property occur. It is gratifying, therefore, to be able to record that serious, practical steps have been taken during the year towards some systematic treatment of the perennial flood menace. A conservancy office has been established at Canton under the direction of Admiral T'an, and early in the year a staff of engineers, foreign and Chinese, was engaged, and plans were made for conducting a detailed survey of certain critical reaches of the West River and of the dike system, as well as a complete hydrographic investigation, with a view to determining whether any radical measures are feasible for detaining and equalizing the flow of water or providing new outlets to the sea and thus reducing the burden borne by the existing waterways. The work of the first year included a detailed hydrographic survey of the West River from Wuchow to the sea, comprising (a) the taking of levels all along the river; (b) taking cross sections at all shallows, junctions, gorges and bends in the main river and the principal tributaries; (c) taking measurements of current velocity and volume of discharge; (d) determination of silt-carrying capacity at different seasons; (e) establishment of rain and water gauges at various stations and of tide gauges where required; and (f) a detailed survey in plan and profile of the principal dikes. Further plans include the establishment of permanent hydrographic observation stations, where measurements and observations may be taken and registered and the changes in the river at important places surveyed and recorded, whereby a flood intelligence service may be gradually established, for the prompt communication to the lower parts of the river of news of the rise and fall of the water in its upper stages. The results of the first year's survey are now being worked out and tabulated. If it appears from them that more radical preventive measures are beyond practical realization, we may at least hope that the conservancy office will eventually succeed in estab-

lishing an organized, comprehensive, permanent control, and maintenance in full strength and efficiency of the existing dikes, which are now of somewhat heterogeneous construction, and which are maintained locally, in different sections, by local associations, without uniformity of plan and method, and often in piecemeal and makeshift fashion. It is to the bursting of these dikes that the worst disasters are due; and if the dikes can be made and kept strong and whole, the mischief wrought by floods will be reduced to a minimum.

The net value of the foreign import trade, *Hk.Tls.* 25,872,000, shows a decrease of nearly nine million Haikwan taels as compared with 1914 returns; the drop in opium alone represents some *Hk.Tls.* 4,500,000, leaving an equal sum to be allocated to articles of a more general use. Cotton goods illustrate a feature of the year's import trade, viz., that on account of the higher cost of most articles, although the total amount of money invested in imports is not so very far from that of the previous year, the quantities of goods imported are smaller. It is ascertained that merchants are running their business with extremely low stocks, much lower at the end of 1915 than at the beginning of the year. For cotton goods the total value amounted to *Hk.Tls.* 5,477,000, against *Hk.Tls.* 5,578,000 the previous year, but the following articles show an important decrease in quantities: English grey shirtings, 90,200 pieces, against 103,800 pieces; plain white shirtings, 245,400 pieces, against 265,900 pieces; lenos and balzarines, 50,400 pieces, against 63,970 pieces; chintzes, 41,400 pieces, against 53,800 pieces; fancy woven cottons, 114,400 yards, against 226,900 yards; handkerchiefs, 81,000 dozens, against 111,400 dozens; while cotton blankets (45,000 pieces, against 32,600 pieces) and English T-cloths (38,200 pieces, against 36,500 pieces) are the only articles exhibiting an appreciable increase, other goods remaining practically unchanged. Japanese cotton cloth sustained only a slight drop; the fabric manufactured by the local cotton cloth weaving factories, however, is becoming a serious competitor, and it is thought that the set-back in the Japanese cloth would have been more serious had not the floods done extensive damage to the local factories, necessitating the cessation of weaving for many days. The prices for cotton yarn ruled lower than before the war, and good profits were made on that commodity. Quantities imported do not show an appreciable change, but it is to be noticed that the Japanese yarn is displacing the Indian yarn; the former gained 15,000 piculs, while the latter lost 10,000 piculs. In woollen and cotton mixtures a diminution is noticed under alpacas (114,200 yards, against 134,400 yards) and unclassified mixtures (394,400 yards, against 493,300 yards); while woollen goods have particularly suffered from enhanced prices—blankets and rugs (74,700 pieces, against 124,700 pieces), spanish stripes and unclassified woollen goods (16,900 yards, against 76,800 yards). In the miscellaneous piece goods category, canvas and cotton duck maintained their ground, but hessian cloth (23,900 yards, against 60,800 yards) and unclassified piece goods (73,700 yards, against 118,100) fell away considerably. Metals generally show a serious de-

cline: brass, 3,500 piculs, against 7,900 piculs; copper, 700 piculs, against 4,400 piculs; iron and mild steel, 63,600 piculs, against 135,900 piculs; the main articles falling short of the previous year's figures being angles, bars, hoops, nails and nail-rods, pig iron, sheets, plates and wires. Lead, however, came on the market in increased quantities (23,300 piculs, against 19,400 piculs); tinned plates remained stationary, but white metal, also called German silver, practically disappeared (73 piculs, against 1,089 piculs). It is, however, under the heading of sundries that the bulk of the year's decline in foreign importation is to be traced, the value of these articles being some *Hk.Tls.* 4,000,000 less than the previous year; of this figure, kerosene oil represents a diminution of *Hk.Tls.* 2,000,000. The trade in that commodity has been very profitable: prices remained fairly normal, although with upward tendency, up to October, when freight difficulties, mostly for American oil, began seriously to be felt; but, as the stock was ample and hopes for quick settlement of the freight question entertained, prices were not raised to any extent until December; then speculation set in, and retail prices went up briskly, wholesale prices following in the same path. The importation of American oil during the year sustained a most serious fall (7,600,000 gallons, against 18,230,000 gallons); Borneo oil also declined (2,058,000 gallons, against 2,433,000 gallons); but Sumatra oil, not affected by the shortage of tonnage, increased its grip on the market (3,670,000 gallons, against 2,235,000 gallons). To be noted is the appearance of Japanese oil, of which 159,500 gallons were imported. It is reported that many trade marts in this district—Fats'han, Shekki, Siulam, Taileung, Chanchuen, Sainam, Shiuchow, etc.—have now established electric light plants for local use. The present enhanced prices of kerosene oil will greatly add to the number of electric light patrons and ensure good prospects for these ventures. Articles of foreign style clothing lost further important ground: hats and caps, 152,000 pieces, against 210,000 pieces; leather shoes and boots, 5,800 pairs, against 15,600 pairs; socks and hosiery, however, continued in favor and, notwithstanding the increased output of the local knitting works, were imported in greater quantities than the previous year, but the quality was not maintained (149,400 dozens, valued at *Hk. Tls.* 65,800, against 131,600 dozens, valued at *Hk. Tls.* 88,400). The Canton Knitting Works Guild, taking advantage of the present high cost of foreign manufactures, have imported a further supply of knitting machines (*Hk. Tls.* 57,200), and socks and singlets are produced in ever-increasing number. These articles find a remunerative sale in the interior, where they are in great demand. In the staples of food, rice shows a considerable increase (401,200 piculs, against 157,400 piculs)—besides an increase of 450,000 piculs in the importation by junks—in consequence of the destruction of summer and autumn crops by flood and drought. For the same cause vegetables were also imported in greater quantities (12,800 piculs, against 3,600 piculs). Flour (46,500 piculs, against 359,700 piculs) and white sugar (196,500 piculs, against

406,400 piculs) suffered from the effects of higher freight and prices. Luxuries dropped generally: wines and spirits (Hk. Tls. 116,100, against Hk. Tls. 151,200), coffee (1,900 catties, against 3,400 catties), ginseng (21,100 catties, against 46,100 catties), fresh fruits (4,500 piculs, against 8,900 piculs); but cigarettes and cigars—always in great favor—gained slightly (Hk. Tls. 522,000, against Hk. Tls. 462,800). Liquid fuel (1,800 tons, against 1,500 tons) and coal (133,000 tons, against 136,700 tons) show little variation in the quantities imported, although prices have advanced. Engine oil exhibits a noticeable increase (204,400 gallons, against 158,400 gallons) proportionate to the steady development of Chinese steam traffic and motive power. Materials for better class buildings increased: bricks and tiles (185,700 pieces, against 83,900 pieces), cement (98,500 piculs, against 69,900 piculs); but owing to the war the stock of window glass, mostly from Belgium, was not replenished, 6,500 boxes being imported, against 18,400 boxes the previous year. The abatement in railway extension is evidenced by the fact that no locomotive was added to the rolling stock, against three the previous year, and that only 16,700 sleepers were passed through the Customs, against 61,600 the previous year. Agriculture

imported a larger amount of manures (Hk. Tls. 66,200, against Hk. Tls. 47,600) and industry called in increased quantities of chemical products (Hk. Tls. 20,700, against Hk. Tls. 900), emery powder and cloth (Hk. Tls. 37,600, against Hk. Tls. 16,800), jadestone (Hk. Tls. 223,100, against Hk. Tls. 137,400), and rattans (59,200 piculs, against 39,300 piculs). Dyes are much in demand but difficult to obtain for paper, mat, and native cloth factories. The importations, valued at Hk. Tls. 138,300, as against Hk. Tls. 245,400, were mostly from coast ports: prices now standing at 500 to 1,000 per cent. above pre-war quotations, the decrease in the quantity imported may be gauged. Artificial indigo has not come through the Customs, while a quantity worth Hk. Tls. 74,600 was imported the previous year. Matches were in greater request (Hk. Tls. 322,600, against Hk. Tls. 157,100); but mats (29,400 pieces, against 339,500 pieces) and chinaware (Hk. Tls. 63,100, against Hk. Tls. 104,800) decreased considerably, the local produce replacing gradually the imported article. Paper felt the effects of the shortage of pulp abroad (60,100 piculs, against 126,400 piculs); finally, "sundries, unenumerated" represent a smaller trade than the previous year (Hk. Tls. 501,000, against Hk. Tls. 859,600).

HANKOW TRADE IN 1915

(From the Report of the Maritime Customs.)

The gross value of Hankow's trade for the year exceeded that of 1914 by 21 million Haikwan taels and that of the record year (1913) by 11 million Haikwan taels; a new record has consequently been established. Considering the shortage of tonnage and the very high freight rates, combined with a large appreciation in the value of most foreign articles, and also a good many Chinese ones, the year's results must be accepted as a most flattering indication of Hankow's capabilities and future possibilities. Although the trade is highly satisfactory now, the completion of the Hankow-Canton and Hankow-Szechwan Railways should certainly double the present figures within a decade or so of years. Hankow bids fair to become not only the largest distributing centre in China, but also the greatest manufacturing town in the country. Improvements are the order of the day, and new and handsome buildings are going up on every hand. New enterprises are also being started, with every promise of success. The gross value of the trade for 1915 totalled 186 million Haikwan taels, against 165 millions in 1914 and 175 millions in 1913. The net value amounted to 160.90 millions, against 141.33 millions in 1914 and 154.03 millions in 1913—a gain of 6.88 millions over 1913 and 19.58 millions over 1914. The trade is said to have been a very lucrative one, and Chinese merchants have made very handsome profits in most of their ventures. Peace and quiet generally prevailed in the districts associated with

Hankow, and trade operations were carried on in comparative safety. Very few cases of brigandage were reported. In the last quarter of the year there was a certain amount of political unrest, but the precautions taken by the provincial authorities succeeded in maintaining order. Crops of all kinds, with the exception of beans, were the best harvested for years. Visitations of locusts were reported in many districts during the summer, and the country in the immediate vicinity of Hankow was badly infested on two different occasions, but strange to say, little visible damage resulted, the outturn of the crops having been above the average. The rainfall of the year totalled 75.60 inches, rain having fallen, more or less, on 129 days. The financial situation improved during the year. Good profits were made, money circulated more freely, and more confidence was daily felt with the existing Government. Foreign exchange was fairly steady the first nine months of the year, ranging from 2s. 3½d. to 2s. 5d. to the Hankow tael, but during the last three months rates jumped up to 2s 8½d. From a commercial point of view, it is certainly a pity that a stable rate of exchange cannot be maintained, for such would greatly facilitate trade and do away with the element of chance which now surrounds all transactions with foreign countries. Currency reform in China itself would also give a mighty impetus to trade between the ports, as it would eliminate the present constantly varying rates between the

different sections of the country. Merchants could then calculate to a nicety the outturn of transactions, and not be at the mercy of banks and money-changers, who arbitrarily raise and lower rates to suit themselves. Even in Hankow the variations in the local currency (taels, dollars and copper cash) in ordinary times amount to from 2 to 5 per cent., and in times of panic they may easily increase to 10 per cent. or more, to the advantage of a few and to the disadvantage of the many. In the Trade Report for 1914 a rough outline was given of a rather ambitious scheme for the development of a "Greater Hankow." During the year since past very little progress was made with the scheme, although some drain and road work has been done. Anyone who has resided in Hankow for a few years, and has seen the frequency with which the mathouses of the coolie classes are destroyed by fire, will acknowledge the crying need that exists of providing these poor people with a permanent style of buildings. For the lack of space these mathouses are crowded closely together, and when one catches fire they all go. On an average, I feel safe in saying that they are burnt out at least twice a year, the occupants generally losing most of their meagre possessions. Any scheme, therefore, that can ameliorate the condition of these hard-working Chinese, whose labor is so essential to the trade and prosperity of Hankow, would prove a great blessing. It is to be hoped that the scheme will not be allowed to fall through as did the rebuilding of a modern Hankow city after the Revolution of 1911, but that it will be carried to a successful termination. Being more or less a Government undertaking, every effort must be put forth to make it a success. From the financial point of view, the scheme, if properly managed, should be a very paying one, as its development would provide space for expansion, which Hankow feels more and more the necessity of each year, each year seeing land becoming dearer and dearer. The railway siding into the British Concession, which has been talked of for a number of years, has finally been arranged for and will soon be a *fait accompli*. A new bund in front of the China Navigation Company's property and the Custom House site has been started and will be completed within a month's time. A new Custom House, to replace the present out-of-date and inadequate building, is being planned, and work will probably begin on it during the coming summer. Through the courtesy of Mr. Z. T. K. Woo, the Superintendent of the Hanyang Iron and Steel Works, I am enabled to give the following *résumé* of the work done during 1915 by the Han-Yeh-P'ing Iron and Coal Company, Limited. "The output of the iron and steel works was as follows: Matin iron, 34,906 tons; foundry iron, 101,635 tons; rail steel, 30,776 tons; mild steel, 16,624 tons. The output of the Tayeh iron mines was 545,819 tons of iron ore, and that of the Pingsiang colliery was 365,000 tons of coal and 273,000 tons of coke. During the year the following additions to the plant were completed or in hand: One blast furnace, capacity 250 tons per diem; eight Babcock &

Wilcox boilers; one steel chimney; one Turbo blower; plant for unloading ore and stone and loading pig and steel products mechanically on the wharves; machinery for removing pig iron from the casting bed and pig-breaking; open-hearth furnace of 70 tons, and, in the dolomite mill, four calcining cupolas and a grinder. An improved water system to utilize water from the river, for which the necessary settling beds and water channels have been also completed. During the year there was a rise in value of 9 per cent. in pig iron and over 100 per cent. in steel structural materials. The present staff comprises 17 Chinese engineers, 10 foreign engineers and foremen, one foreign chemist, 252 general staff, 2,000 skilled workmen, and 2,500 laborers." As to the other local industries, the Wuchang Cotton Mills seem to have had a good year, and a profit of 750,000 taels is reported to have been made. Owing to the strained relations between China and Japan in the spring of 1915, there grew up a big demand for local cotton yarn, and more orders were received than could be executed. The output of yarn is said to have been 60,000 bales of 300 catties each. Four qualities of shirtings were manufactured, besides canvas and cotton duck. One thousand five hundred pieces is the daily output. A part of the mills is now under repair, and when completed it is estimated the daily output of piece goods will amount to 2,000 pieces. The silk factory, run in conjunction with the cotton mills, has also had a prosperous year, a brisk demand having arisen for silk products from abroad. The cocoons used come principally from Mienyangchow and Hanchwanhsien, in Hupeh province. The Wuchang Mills have, since the beginning of 1916, added a hemp factory to the other undertakings. This will manufacture, from a mixture of hemp, silk, and cotton, a fancy cloth or gauze, which is so much worn by the Chinese. It is expected that there will be a big demand for this cloth from all the provinces. The total number of employees of the cotton mills for the three above concerns is over 5,000 males and some 2,900 females. The working hours are from 6 A. M. to 7 P. M., with one hour's rest at noon. A second cotton mill, with a capital of 4,000,000 taels, is shortly to be established on the Wuchang shore, opposite the British Concession. Representatives have already gone to Shanghai for the purchase of the necessary machinery and plant. The Government paper mill at Seven Mile Creek resumed work in 1915. While fitted out for the manufacture of various kinds of paper, it has confined operations so far to producing printing paper for Chinese newspapers. The daily output is said to be 400 reams. The Hupeh provincial paper mills at Wuchang remained closed throughout the year. There is considerable talk of shifting and combining it with the Seven Mile Creek mill. The Yangtze Engineering Works have not been so busy as usual. Mr. Wong Kwang, the superintendent, reports as follows: "Although the year was not a busy one, the works turned out a good amount of work, such as bridges, points and crossings, well curbs, sundry railway work, oil tanks,

launches, lighters, pontoons, steel buildings, steel structural work, repairs, etc. Orders remaining uncompleted at the end of the previous year were all completed, and quite a number of new orders were secured, amongst which were several thousand tons of steel structural work, a number of steel lighters and pontoons, and a lot of long and short span bridges. Had it not been for the short supply of steel materials, the works could have executed much more work." The Tayeh Cement Works, having received financial assistance from the Board of Commerce, resumed operations in May, 1915, under the new name of Chi Hsin Cement Works. The employees number over 1,000, and the daily output is over 1,000 casks of 280 catties each. The quality is good, and the demand for the cement is constantly increasing in this and the neighboring provinces.

REVENUE.

The total collection amounted to *Hk.Tls.* 3,867,216, which is *Hk.Tls.* 176,809 more than the previous year's revenue, and the largest ever collected by the Hankow Customs. Compared with the collection of 1914, import duty shows a decrease of over *Hk.Tls.* 315,000 and tonnage dues of over *Hk.Tls.* 8,000, but export duty shows the handsome increase of more than half a million taels. Coast trade duty and transit dues were practically the same figures as during the previous year.

FOREIGN GOODS.

Imports, Direct and Coastwise.—The value of foreign imports reaching Hankow direct from foreign countries and Hongkong amounted to 27.92 million taels and that of foreign imports from Chinese ports to 25.75 million taels, making a total of 53.67 million taels. From this figure must be deducted the value of foreign goods re-exported—0.01 million to foreign countries and 10.35 millions to Chinese ports—leaving a net importation of 43.31 million taels. This represents a decrease of 7.71 million taels compared with the trade of 1914. With regard to the port's statistics, no opium of any kind was imported. The trade in cotton piece goods generally shows a decrease compared with the previous year, which, in turn, showed a decrease compared with 1913. Grey shirtings increased 66,872 pieces, while white shirtings decreased 55,871 pieces. Sheetings, T-cloths and dyed cottons increased slightly over the 1914 importations, but drills, jeans, printed cottons and velvets and velveteens show large decreases compared with that year's statistics. Cotton yarn, however, shows a gain of 87,961 piculs, and, out of a total importation of nearly 325,000 piculs, valued at over 8 million taels, Japanese manufactures accounted for no less than 311,542 piculs, valued at 7.77 million taels. English yarn figured in the total only to the extent of 48 piculs, and Indian yarn to 6,686 piculs. Arrivals of both varieties are rapidly decreasing each year. The high cost of the English—*Hk.Tls.* 42 per picul—compared with the cost of Indian and Japanese—*Tls.* 25—explains the decreasing trade in English yarn, but between Indian and Japanese yarns there is practically no difference in cost (the Japanese being a fraction dearer), and it must consequently be concluded that the latter is more suitable for the Chinese market. Woolen piece goods show a decrease in the value of arrivals of *Hk.Tls.* 172,000, mis-

cellaneous piece goods of *Hk.Tls.* 20,000, and woolen and cotton mixtures of *Hk.Tls.* 122,000. The metal trade has also been unsatisfactory. Copper ingots and slabs fell off 90,000 odd piculs, representing a value of over 2½ million taels. This copper is imported for the minting of currency by the Wuchang Mint, but as minting operations ceased during the greater part of 1915, owing to there being a sufficient supply of coins for provincial use, importations naturally ceased also. The supply, however, is again getting low, and the Mint has already resumed work. New iron and mild steel declined 147,800 piculs, while the old increased 7,700 piculs. Galvanized iron decreased by 11,362 piculs and hard steel by 4,940 piculs. On the other hand, tinned plates, used principally for making kerosene oil tins for bulk oil, in sympathy with the increased arrivals of oil, show an excess of 13,135 piculs, and lead, used for making tea chests, shows an excess of 1,057 piculs. In foreign sundries, gunny bags increased by over a million pieces, the large export trade creating a brisk demand for packing purposes. Cement arrivals advanced 27,000 piculs, and cigarettes decreased by 61,000 mille. Owing to the appreciation in the cost of the latter, the foreign article is slowly but surely being replaced by cigarettes of local manufacture. Japan coal decreased 32,000 tons—a 40 per cent. increase in the cost has forced all consumers, who can possibly do without, to use Chinese coal. Owing to the European war putting a stop to German trade, the import of aniline dyes, artificial indigo and paints has fallen from a value of 2½ millions in 1913 to about *Hk.Tls.* 268,000 for 1915. All paints and dyes now arriving are made in other countries than Germany. Electrical materials and fittings declined by 97,000 taels in value. This is not due to a falling off in the demand for up-to-date lighting on the part of the Chinese, but simply to the difficulty in getting orders filled and to the increased cost. When conditions become normal again there is sure to be a great expansion in the demand for all kinds of electrical materials from all over China. The Chinese are slow to adopt innovations, but when once convinced of the advantages of new methods they are not at all backward in applying them to their homes and business places. Window glass decreased by 3,000 boxes, but, notwithstanding this fact, the value of importations increased by *Hk.Tls.* 39,000. There was a decline in the value of machinery arrivals of nearly 700,000 taels, but this, as stated in regard to electrical materials, is due to abnormal conditions and not to a lack in the demand. Many new enterprises are contemplated in the near future, but the present time is not propitious for purchasing, and deals are put off to a more favorable opportunity. Japan matches show a decrease of 380,000 gross. Match-making materials, however, increased by *Hk.Tls.* 194,000 in value. While local matches are inferior to the Japan variety, they are nevertheless finding favor with the Chinese consumer. To a certain extent this may be due to patriotic impulses and to a desire to patronize local industries. Foreign medicines fell off in value by *Hk.Tls.* 204,000 and needles by 276,000 mille. The total arrivals of kerosene oil amounted to 24,306,000 gallons, an increase over the figures of the year before of 1,117,000 gallons. American oil decreased by 562,000 gallons, while *Bo. oil* increased 1,603,000 gallons and Sumatra 76,000 gallons. Case oil is more

and more being pushed out by the cheaper bulk oil. Since the past summer, when rates were unusually low, there has been a big increase in the cost of oil, and prices advanced by the end of the year considerably over 200 per cent. I am told the selling price is now more than double the average of the past five years. This advance has had the effect of making the oil too dear for the poorer classes of consumers, and the latter were forced to revert to the cheaper Chinese oil; consumption consequently declined. Where a large number of people have to lead a hand-to-mouth existence, any unusual increase in the cost of an article must result in a lessened demand, even if an inferior article has to be substituted. As a general principle, therefore, extraordinary rises in the cost of articles are prejudicial to trade. Owing to the difficulty in obtaining funds for financing railway developments, there has been a big drop in the importation of railway materials. Cars and wagons declined in value by *Hk.Tls.* 874,000, locomotives by 380,000 taels, and railway sleepers by 937,000 taels. Unclassed materials, however, increased by 275,000 taels in value, leaving a net decrease in railway material of over 1,000,000 taels. With sugar of all kinds imported from foreign countries there has also been a large falling off. Brown sugar dropped 93,000 piculs, white 22,000 piculs, refined 153,000 piculs, and sugar candy 6,000 piculs. The total decrease in sugar amounted to 274,000 piculs, value *Hk.Tls.* 1,198,000. As the tea season of 1915 was an unusually large and busy one, an increase in arrivals of foreign tea dust to blend with the Chinese leaf in the manufacture of brick tea is not astonishing. Ceylon dust increased 4,500 piculs and Indian 8,600, while Java decreased 7,700 piculs. The net increase amounted to 5,400 piculs. Timber for building purposes, in spite of the prevailing building activity, declined 314,000 taels in value. Japanese cotton umbrellas show increased arrivals of 42,500 pieces. The importation of wine, beer and spirits fell off some 55,000 taels in value, and this fact, if it can be accepted as an indication of a decreased consumption, should afford some comfort to temperance reformers.

The tea trade of 1915 has been the largest and most profitable one for many years past, and the Chinese tea merchants simply coined money with every chop handled. The total tea shipments of all kinds amount to 1,129,000 piculs, valued at 29,277,000 taels, against 998,000 piculs, valued at 18,999,000 taels, in the previous year, a gain of 131,000 piculs and 10,287,000 taels. The latter figures show the brisk demand and the large increase in the cost of tea. Black tea increased 56,000 piculs; brick tea, 93,000 piculs; tea tablet, 12,000 piculs; and tea log, tea dust and tea stalk, 30,000 piculs. Green tea decreased 45,000 piculs, and unfired and coarse leaf tea 15,000 piculs. I am indebted to Mr. Wm. Theodor, of Messrs. Theodor & Rawlins, for the following remarks concerning the tea season of 1915: "The Hankow tea season of 1915 will long be remembered as the most sensational in the history of the trade. The main feature was the price of the common ordinary grades, which realized prices equal to the good drinkable kinds. The following are the statistics compared with season 1914-15:

	1914	1915
Arrivals.	Half-chests	Half-chests
First crop Hankow tea	405,204	430,830
First crop Kiukiang tea	166,975	163,801
Second crop Hankow tea	147,000	248,337
Second crop Kiukiang tea	8,077	63,394
Third crop Hankow tea	24,526	45,458
Third crop Kiukiang tea .....	.....	909
Total	751,782	952,738

The best teas of the season were the Keemuns, which were sold from 23 to 78 taels. Russia was a heavy buyer of the best Keemuns, but the fine teas which were shipped to the United Kingdom met with a poor reception and were disposed of at great sacrifices to the importer; only in a few cases were cost prices realized. This was principally caused by the sudden rise in duty from 8d. to 1s. per pound, and also the economic pressure brought to bear on the public by the British Government, which prevented high prices like 2s. 6d. per pound (duty paid) being paid, while good Ceylon and Indian teas could be obtained at 1s. 8d. (duty paid). The Ningchow crop was lacking in flavor, and the deterioration which has been noticed of late years continued most markedly. It seems a pity that this once-favored district should be so neglected by the Chinese. One notices every year that the Chinese take less trouble to cultivate this grade of tea. Of Hankow teas the Oanfas were especially good, and the first crop was quickly taken up by Russian buyers. Prices were a full 25 per cent. higher than the preceding year, and up to *Tls.* 50 was paid. The Chinese teamen saw their chance and squeezed the foreign buyers to their hearts' delight. In many instances the big Oanfa crops realized as much as *Tls.* 10,000 profit to the Chinese. In consequence of the phenomenal prices, a bigger second crop than ever was thrown on the market; but the eagerness on the part of foreign buyers had by then considerably decreased, and prices were more normal, much to the chagrin of the Chinese, who nevertheless have every reason to be exceptionally pleased with the result of the whole season. The demand for Russia was enormous. The Russian Government commandeered a big quantity of tea shipped via Vladivostok for the army. This made the country generally very short and many repeat orders were sent out, which greatly prolonged the season and caused high prices to be maintained for all sorts and conditions of tea. The consumption of tea in Russia has increased out of all proportion, owing to the Government's prohibition of alcohol. First crop common teas opened about 60 per cent. higher than the preceding year and rose to over 100 per cent. *Tls.* 35 was paid for Shantams when medium Keemuns were selling at the same price. This is the feature which stood out in the season. At the close of the season one can say that there are only about 8,000 half-chests in all left, and these are very common and quite undesirable teas. The outlook for the coming season is favorable as far as Russia is concerned, but very unfavorable for the United Kingdom. The difficulty in securing tonnage, the prohibitive freight rates, the rise of fully 20 per cent. (to date, March) in exchange, besides the probability of a further sixpenny duty in Great Britain, making 1s. 6d. per pound against 5d. in 1914, all point towards a very difficult season for the home market." There was an increase in shipments of leaf and prepared tobacco of 37,000 piculs, but a decrease in value of 20,000 taels. Softwood poles declined from a value of 2,487,000 to 2,111,000 taels. There has been a general advance in the value of most export articles, with the exception of those directly connected with the fine crops of 1915, *e. g.*, cotton, grain, vegetable oils and tobacco. Rice, in spite of good harvests in the Yangtze Valley, has, however, increased in value.

FRANCIS A. CARL,

Commissioner of Customs.

CHINA'S EMPTY TREASURY.

At the present moment China has to find some four million dollars for foreign railway payments, at least as much more monthly for administrative purposes, thirty millions to redeem the notes of the Bank of China and Bank of Communications, and not less, it is calculated, than twenty millions more for costs of the late revolution. In these circumstances, to go about borrowing a few hundred thousands here and there, to the detriment of an adequate loan and the loss of valuable mines, appears so lunatic a proceeding that it is difficult to believe that a man of Dr. Chen Chin-tao's scholarship and theoretic training in finance should have been physically capable of taking a hand in it.

China is suffering to-day a collective retribution for the sins of innumerable individuals. No corruption is so bad, because so impossible to bring to book, as the corruption of a democracy. With a virulent form of this disease China has been afflicted for five long years. Among her leading men there have been and are honorable exceptions. Of the rank and file the universal evidence is that official acquisitiveness under the Empire was nothing compared with the rapacity of Republicans. So much it is necessary to say of the past. It is not the best of guarantees for the

future. Yet there is at least a chance to-day for better things, such as China has not had for many years. The transition from the *régime* of President Yuan to that of President Li has been effected with surprisingly little friction, and President Li holds office with a degree of general approbation which ought to be turned to good account. For the moment China is seeking, and must seek, another reorganization loan. How far it is likely to do her any good depends on the extent to which she will allow reorganization to accompany the lending. There is no apparent reason why other sources of national revenue should not be as effectively and profitably organized as the Customs and Salt Gabelle have been; but there is great reason to fear that without foreign assistance they never will be. This is the position to which individual dishonesty, repeated infinitely, has brought China, and it needs courageous handling. On the one hand, another loan, a certain amount of supervision as to its spending, but nothing fundamental, all the real causes of wastage covered up by official vanity, and so in due course another loan and another. On the other hand, a frank appeal to the Powers represented in the Consortium for such advice and assistance as will cause permanent streams of revenue to flow through the proper channels into the national exchequer. Which course will China choose?—*N. C. Daily News*.

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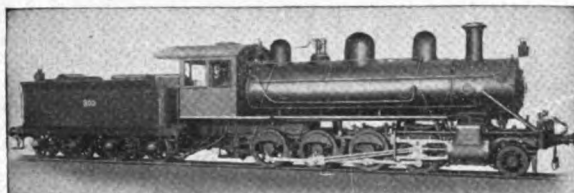
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A LOAN of \$5,000,000 at 6% has been made to the Chinese Government by the Continental and Commercial Trust and Savings Bank of Chicago, and it is announced that applications have been received from the public to an amount three times in excess of the available total. The negotiation of the loan has elicited a protest from the British, French, Russian and Japanese bankers of the Quintuple Group, addressed to the Minister of Finance at Peking, the ground of objection being that the loan violates Article 17 of the Reorganization Loan Agreement of April 26, 1913, inasmuch as its proceeds are to be applied to political, and not to industrial, purposes. To understand the ground of this protest, it is necessary to recall the nature of the obligations assumed by the members of the original Four Power Group, and later by those of the Six Power Group, in regard to Chinese loans. In January, 1913, while the Six Power Group was still intact; an agreement was made that no one of the parties to the Sextuple Agreement should, in case they secured industrial loans, be obliged to offer participation therein to the other signatories of this instrument. The British, German, French and American groups, however, were bound to an earlier contract known as the "Four Group Agreement." Under the terms of the Six Group Agreement, either the British, German, French or American Group might independently secure a railway loan without being obliged to offer participation therein to either the Russian or Japanese Groups, but they would have been obliged to offer participation to the other parties of the Four Group Agreement. About that time the British Government became dissatisfied with the manner in which the bankers of certain other Powers were conducting business in China. At a meeting of the representatives of the Consortium which had then, by the withdrawal of the Americans, resolved itself into Five Groups, it was agreed that industrial loans should be excluded entirely from the scope of the Six Group Agreement, and it was understood that the Four Group Agreement on that point had been terminated at the same time. Thus the situation as it existed in the Spring of 1913, was that the American Group, as well as the British, German, French, Russian and Japanese Groups, were bound to share any so-called "political" or "administrative" loans, but were entirely free to undertake industrial business.

THE conditions on which the Six Groups announced they were willing to lend to China an amount sufficient to provide for her administrative reorganization, were formu-

lated in June, 1912, but it was not before January, 1913, that the Chinese Government found itself prepared to sign a contract embodying all the essential features of the conditions presented by the banking groups. These were, briefly, as follows: First, that the money lent should be effectively spent in accordance with a general reconstruction programme. Second, that they should not enable China to incur fresh obligations without at the same time making sure that she could meet those already existing, as well as sustain the proposed increase in her burden of indebtedness. Third, that they should have a clear market for the sale of the bonds which they contracted to issue, that is to say that no other loan should be placed on the market until these bonds had been sold. Fourth, that they should not risk committing themselves to the initial stages of reorganization work unless guaranteed in advance a preferential right for financing its completion. Although the American group withdrew from Chinese business after President Wilson's declaration of March 19, 1913, it still regards itself as bound by the agreements to which it was a party, which were first made between the members of the Four Power and later between the Six Power combination.

THE present situation is one entailing obvious hardships on China. The Four Powers of the Quintuple Group still remaining united are quite unable to spare any tangible amount of money for China, and, on the face of the matter, it seems absurd that they should insist on retaining the power to prevent others from making the loans of which China stands so urgently in need. On the other hand, considering that \$100,000,000 would be a very modest beginning for the requirements of administrative reorganization and currency reform in China, it seems to be a mistaken policy for the Chinese Government to be frittering away its borrowing capacity by negotiating, here for \$2,350,000 from Japan, and there for \$5,000,000 from the United States. If the apparent indisposition of the original American Group of Bankers to lend money to China arises from the unwillingness or inability of the Government of the Republic to accept the necessary conditions of foreign supervision over its expenditure, the financial affairs of China must be held to have reached a dead-lock which nothing save a large increase of revenue can break. The success with which the Salt Gabelle has been reorganized, with an enormous gain in its productiveness, should stimulate the long-deferred effort to place the collection of the land tax on a business basis. That tax yields now a sum not greatly, if at all, in excess of \$30,000,000 a year, and it is well known that Collectors have a system of manipulating currency conversion in such a way that they really collect from those who can be made to pay at least two or three times, perhaps five or six times, as much as they represent in their account. Allowing Sir Robert Hart's estimate of a possible yield of 400,000,000 taels a year to be excessive, it is still possible to accept the statement of Sir Robert Bredon that the land tax could, with even a crude

resurvey of the land, and with an honest collectorate, be made to realize at least 100,000,000 taels.

As to the attitude of Japan toward the introduction of American capital into China, a recent address of Dr. Iyenaga before the Japan Society may be accepted as fairly accurate. He said that what Japan fears is that with the introduction of American capital there might follow a corresponding increase of American political influence, for such has hitherto been the rule in China with the introduction of foreign capital. On the side of the United States there is the fear that with the growth of Japan's influence in China the opening for American products and American enterprise might be closed. He held that these fears and suspicions on both sides must first be dissipated, and a sane understanding reached with regard to the respective positions of both in China before any talk of co-operation between America and Japan in that part of the world can be translated into deeds. In his judgment, such an understanding will come only when the unique and potent political position of Japan in the Far East is fully recognized, and when the investment of American capital in China ceases to have any political significance whatever. As a matter of fact, our contribution to the understanding has already been made, since the investment of American capital in China has never had any political significance in the ordinary meaning of the phrase, and has certainly not been accompanied by any desire to encroach on the territorial integrity of China.

It is significant of the changing character of American trade with China that with exports, including those to Hongkong, for the eight months ending with August, amounting to the relatively high total of \$28,679,822, cotton piece goods should figure for the unprecedentedly low value of \$201,494. The exports that now bulk most largely in the returns are: Illuminating oil, \$5,250,625; cigarettes, \$2,341,311; tobacco, \$1,125,322; lumber, \$1,345,350, and steam locomotives, \$538,293. The volume of our imports from China and Hongkong continues to grow even more rapidly than that of the exports, the total for the eight months being \$62,460,175, or \$28,000,000 in excess of that of the corresponding eight months of last year. Japan shows a sudden gain in exports from \$28,677,607 in 1915 to \$64,909,761 in the present year; and in imports from \$62,752,966 in 1915 to \$114,770,886 in 1916. Russia in Asia continues to lead in our Asiatic exports, accounting indeed for a little over one-half of the whole, with a total of \$124,317,289 for the eight months. It is instructive to note that this comes within \$15,000,000 of being equal to our entire exports for the eight months to all the countries of South America. There has been a gain for the eight months of \$5,000,000 in the exports of the British East Indies and a loss of a similar amount in the exports to the Philippines. In the one case the imports show a gain of \$70,000,000, or nearly 100%, while in the other the gain is \$8,000,000, or about 60%.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the eight months, ending Aug. 31, 1915 and 1916.

EXPORTS TO CHINA.

Months.	Cotton Cloths.		Mineral Oils (Illuminating).		Wheat Flour.	
1915	Yards.		Gallons.		Barrels.	
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
Total.....	14,701,733	\$889,871	71,437,362	\$4,439,160	2,827	\$16,826
January.....	17,284	3,457	6,763,296	332,568	313	1,623
February.....	84,992	10,021	7,853,697	450,753	131	652
March.....	338,722	22,894	7,608,149	409,449	2,315	12,691
April.....	177,589	13,183	12,708,384	939,725	703	3,523
May.....	173,507	14,304	7,043,850	643,885	1,026	4,806
June.....	206,388	17,874	10,498,350	819,280	501	1,896
July.....	12,757	2,056	3,838,140	353,853	5,001	19,004
August.....	343,380	27,137	6,276,147	348,938	2,881	11,421
Total.....	1,354,619	\$110,926	62,590,013	\$4,298,451	12,871	\$55,616

EXPORTS TO HONGKONG.

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
Total.....	216,544	\$39,940	10,120,467	\$486,672	187,866	\$1,058,295
January.....	400	70	2,020,948	164,410	2,413	10,954
February.....	76,834	16,059	4,135,028	335,180	53,832	244,198
March.....	.....	.....	.....	.....	56,051	248,294
April.....	28,485	4,086	.....	.....	10,771	52,115
May.....	108,415	19,627	3,074,380	167,897	150	1,183
June.....	55,716	13,490	2,628,640	254,218	6,007	26,478
July.....	120,871	21,684	34,000	4,161	.....	.....
August.....	71,938	15,552	270,000	26,308	31,740	139,573
Total.....	462,659	\$90,568	12,162,996	\$952,174	160,964	\$722,795

DEPARTMENT OF COMMERCE,

WASHINGTON, D. C., November 10, 1916.

Bureau of Foreign and Domestic Commerce.

**Imports of Tea and Silk into the United States for the eight months ending
August 31, 1914, 1915 and 1916.**

	1914.		TEA.	1915.		1916.	
Imported from	Pounds.	Dollars.		Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	8,147,089	2,278,370		9,157,737	2,320,595	14,229,416	3,429,654
Canada	2,311,730	616,028		2,080,973	623,216	1,614,581	533,329
China.....	10,075,628	1,403,304		9,196,140	1,263,092	6,938,090	966,952
East Indies.....	7,492,065	1,293,191		8,397,459	1,554,536	7,342,548	1,430,425
Japan.....	23,971,443	4,550,079		27,663,554	5,416,793	23,351,066	4,190,538
Other countries	902,010	185,541		688,134	93,679	382,307	68,629
Total.....	52,899,965	10,326,513		57,183,997	11,271,911	53,858,008	10,619,527

RAW, IN SKINS REELED FROM THE COCOON OR REREELED		SILK.					
Imported from	Pounds.	Dollars.		Pounds.	Dollars.	Pounds.	Dollars.
France.....	60,058	223,169		35,755	100,925	91,087	198,547
Italy.....	1,325,206	5,915,934		2,115,959	7,586,240	1,258,027	7,017,022
China.....	2,977,589	8,443,015		4,304,004	8,609,141	4,144,896	14,387,449
Japan.....	12,120,037	46,055,792		11,390,861	34,368,673	15,434,654	69,137,659
Other countries	183,596	720,125		46,646	178,293	68,593	367,102
Waste..... free	3,665,168	2,047,508		3,570,524	1,779,068	6,434,612	3,671,485
Total unmanufactured	20,331,654	63,406,661		21,463,749	52,636,504	27,431,869	94,820,432

AMERICAN CAPITAL IN CHINA

On March 19, 1913, a statement was issued from the White House dealing with the participation of a group of American bankers, at the request of the preceding Administration, in a loan for \$125,000,000 then desired by the Government of China. Our Government had wished American bankers to join with the bankers of other nations in this transaction, because it desired that the good will of the United States toward China should be exhibited in this practical way; that American capital should have access to that great country, and that the United States should be in a position to share with the other powers any political responsibilities that might be associated with the development of the foreign relations with China in connection with her industrial and commercial enterprises. The bankers had told the President that they would continue to seek their share of the loan only if the request of the late Administration were seconded by the new one. This the Wilson administration declined to do, because it did not approve the conditions of the loan or the implications of responsibility on its own part, which it was plainly told would be involved in the request. The other day the Continental and Commercial Bank of Chicago completed arrangements to lend \$5,000,000 to the Chinese Government, and having asked the Secretary of State to pass on the transaction received the reply "that the State Department is always gratified to see the Republic of China receive financial assistance from the citizens of the United

States, and that it is the policy of the Department, now as in the past, to give all proper diplomatic support and protection to the legitimate enterprises abroad of American citizens." It does not greatly matter whether this indicates a change of mind on the part of the President, or whether there were special grounds of objection to the loan of the sextuple group of 1913 which do not apply to the present one. The important fact remains that the Administration is willing to take note of the negotiation of a loan by some of its citizens to the Government of China in substantially the same way that other governments have been accustomed to recognize similar transactions, and that the American investor in these securities may safely count on having behind him the support and protection of his Government.

That is a great gain for the future of American enterprise in China, and therefore a boon of very considerable value for China herself. Of course, the present advance will cut a very small figure in Chinese development, and China can profitably employ very large amounts of foreign capital indeed. It will be more difficult to obtain this from European sources than it has been in the past, and the importance to China of being able to borrow here is, therefore, greatly enhanced. It is probable that a more explicit declaration may be required from our State Department in regard to its attitude toward American investments abroad. There are obvious difficulties in the way, without

going any further than the precedents of the Department itself. When the American China Development Company was concluding its contract with the Chinese Government in 1898, the legal advisers of the company requested the State Department at Washington to give notice to the United States Legation and Consulates in China that the representatives of the company charged with carrying out the provisions of the contract "should have recognition and protection in the performance of their duties," and that the charge of the revenue and property assigned to the loan under the contract should "be noted by this Government which would uphold the contract as a binding engagement upon the Imperial Chinese Government." The Department replied that it was unable to give any such letter as was requested and assigned the following reasons: "While the Government of the United States is always ready to enforce the just rights of its citizens abroad, it has always declined to be the guarantors of their contracts with foreign governments. As a rule it has declined where such a contract was alleged to have been violated by the foreign government to interfere beyond the exercise of good offices. This being so, still less can it assume beforehand to guarantee the execution of a contract."

It was to this precedent that the State Department appealed to justify its action of March 19, 1913. But even then it was evident that Secretary Day's communication might have been quoted equally as a bar to the action which the President and Secretary of State had found possible to take in regard to the finances of Nicaragua, and which they had announced their intention or readiness

to take in regard to Mexico. Briefly, there are circumstances which justify a departure from the strict line of antecedent policy, and it is merely a question of whether the large interests of the country demand that the Government should stand behind American bankers in their dealings with a country like China, which occupies an exceptional position among nations, or like Nicaragua and Mexico, whose close neighborhood renders it impossible for us to be indifferent to the maintenance of the solvency of their government. Thus it would seem as if the prospect were not at all hopeless that some working formula would be reached calculated to give a new impetus to American enterprise in China. It is in the highest degree desirable that American bankers should be enabled to enter into the competition for Chinese industrial loans, if not also to bid for a share in future lending to the Chinese Government for purposes of currency reform and administrative reorganization. It cannot be too strongly emphasized that the integrity of China is one of the foremost of American interests, and for the maintenance of that integrity it is absolutely indispensable that China should have capital enough to develop her latent resources and make a radical reform in her disjointed currency system. For the means to accomplish these ends it is sufficiently clear that she must look to the United States, and it is not too much to hope that the Government of the United States may be able to formulate a policy adequate to the need and the opportunity.—*N. Y. Journal of Commerce*.

THE RELATIONS BETWEEN CHINA, RUSSIA AND MONGOLIA

From the American Journal of International Law.

The Russo-Mongolian Agreement of November 3, 1912, with its protocol; the Russo-Chinese Declaration of November 5, 1913, with the notes exchanged on that date; the Russo-Mongolian Railway Agreement of September 30, 1914, and the Tripartite Agreement between China, Russia and Mongolia signed on June 7, 1915, together with the declaration of China and Russia, accompanying this last-mentioned document, are all printed in the Supplement to this number of the *Journal* and are deserving of more than a passing notice, for they undertake to define the relations of three great nations and recall historic events of considerable importance.

The Mongols are the same people that once swept in triumph over Asia and southeastern Europe. Their tribal rulers today, in three Khanates at least, claim to be lineal descendants of the great Genghis Khan. Urga, the capital of Outer Mongolia and the holy city of the Mongols, is built beside the sacred mountain where, tradition says, Genghis the conqueror was born.

The Hutukhtu of Urga, elected Emperor of Outer Mongolia, when its independence was declared in 1911, was previous to that time but the religious head of the nation. He is third in rank in the Lamaist hierarchy, his superiors being the Dalai Lama, the Civil Ruler of Tibet at Lhasa, and the Panshen Erdeni Lama, the Ecclesiastical Ruler of Tibet at Tashihlumpo. There are 160 hutukhtus in Tibet, Mongolia and China, each believed to be the reincarnation of his predecessor and, therefore, popularly but incorrectly styled "Living Buddhas." The Hutukhtu of Urga holds jurisdiction over some 25,000 lamas and is reputed to have 150,000 slaves caring for his estates and tending his vast herds and flocks of horses, cattle and sheep.

Mongolia, as a geographical term, denotes all that great stretch of territory lying between the organized provinces of China on the south and Siberia on the north. It covers an area of nearly 1,400,000 square miles, but has a population of no more than 2,000,000. Outer Mongolia, with

which the documents mentioned above are concerned, has a population of about 500,000 Mongols, 200,000 Chinese and some 5,000 Russians. The central portion of Mongolia is a lofty plateau about 4,000 feet above sea level and largely desert. Southern or Inner Mongolia has a fertile soil and Outer Mongolia to the north of the plateau shows great stretches of green pasture lands.

The Mongols are mostly nomads. There are very few towns in the country and the agricultural districts are settled for the most part by Chinese colonists, who are encroaching upon the pastures of the Mongols, to the great annoyance of the latter, at an average rate estimated as a mile a year along a frontier of 1,500 miles.

Mongolia is divided into two great divisions, Inner Mongolia, the region lying nearest to China and comprising territories inhabited by the tribes which first acknowledged the over-lordship of the Manchus, and Outer Mongolia, embracing the remainder of the country. The Inner Mongols still retain the organization into six leagues adopted by the successors of Genghis Khan when all Asia lay beneath their sway.

Outer Mongolia, whose Government is directly concerned in the tripartite agreement mentioned above, has been tributary to China since 1691 A. D., and has testified its allegiance in the past by the presentation annually to the Manchu Court of eight white horses and one white camel. The Chinese have allowed the Mongols autonomous local government but have kept oversight of affairs by a resident placed at Urga and military governors at Kobdo and Uliassutai.

The introduction of Buddhism in its lamaist form has reduced the once warlike race to a nation of monks. It is estimated that five-eighths of the male population are lamas and celibate.

The principal divisions of Outer Mongolia are the three Khanates of Tushetu, Tsetsen and Dzassaktu, the territories Sain-noin, Urianghai and Kobdo, and the regions inhabited by the Eleuths and Alashan Mongols in the southwest and by the Barga in the northeast. There appears, however, to be some doubt as to the inclusion in "Autonomous Outer Mongolia" of the Eleuths and Alashan Mongols. The northwestern boundary has been a subject of dispute between Russia and China for some years past. This is to be more exactly determined, as provided by the agreement of November 5, 1913, and the notes exchanged that day by the two governments. Inasmuch as Article XI of the tripartite agreement, which mentions the districts included in "Autonomous Outer Mongolia," omits all reference to Urianghai, it seems not improbable that that district may become incorporated in Asiatic Russia.

The eleventh article of the tripartite agreement moreover specifically excludes from "Autonomous Outer Mongolia" the region lying east of the Great Hingan Mountains known as Kulunpei-erh (Houlon-Bouire). This is a portion of the territory belonging to the Barga Mongols mentioned above. By an agreement between China and Russia signed November 6, 1915, this region was placed under the direct control of the Peking Government, which

appoints a Military Lieutenant Governor to administer its affairs.

The troubles which led to the negotiation of the several agreements mentioned in the first paragraph of this paper are directly traceable to two sources, first the desire of Russia to renew the treaty of 1881 with China under which Russians in Mongolia enjoyed valuable privileges, while China on her part desired to terminate the treaty and curtail these privileges; secondly, the attempts of the Chinese Government to interfere with the autonomy of the Mongol chiefs and to introduce reforms which would lead to social and industrial progress and the strengthening of the frontier.

The treaty of 1881 between China and Russia provided for the restitution to China of the district of Kuldja in Turkestan which Russia had occupied ten years before during the Mohammedan rebellion in those regions which had furnished Yakub Beg the opportunity to establish for a brief period an independent state. Russia had occupied Kuldja to preserve peace upon her borders and had announced that the territory would be returned to China as soon as the Chinese recovered control of the rebellious dependency of Ili. General Tso, after one of the most remarkable military exploits in the history of central Asia, reconquered the disaffected region in 1878 and in 1881 China agreed in the treaty above mentioned to pay Russia nine million roubles for the restitution of the greater part of Kuldja. The treaty, however, gave Russia in addition the right to place consuls in certain cities of Turkestan and Mongolia and later, after agreement with China, if conditions of commerce should make it desirable, to station consuls in certain other towns. The Russians were also granted the right to trade in Mongolia, and in Turkestan, as far as the Great Wall, free of all duties, but this right was to be abrogated as soon as commercial conditions should make it necessary to establish a customs tariff. Furthermore, the Russian merchants were permitted to buy ground and build for themselves houses and shops and warehouses in cities where Russian consulates should be established. In addition to these privileges, a zone was established along the frontier between China and Russia, fifty versts wide on each side of the boundary, that is to say, a zone 100 versts or 66⅔ miles in width, within which all imports and exports to or from either country were to be entirely free of duty. Moreover, the imports beyond the zone into China by certain land routes were to be charged only two-thirds of the customs duties provided in the regular tariffs for sea-borne commerce, and the exports to Russia from China by these routes were to pay only the regular export duty. If the half-duty for coast trade levied on goods from other parts of China had been paid when such goods were shipped to Tientsin, the starting point for the Russian over-land trade, such half-duty was to be refunded.

These privileges, as will be recognized by all, were of considerable value to Russia. The treaty was made subject to revision or renewal at the end of ten-year periods, six months' notice being required if renewal were not

to be granted. The treaty had been renewed in 1891 and 1901, and was due for renewal or revision on August 20, 1911. China was reported to be considering the advisability of giving the six months' notice required to prevent renewal of the treaty.

Russia in 1910 repeatedly called the attention of the Chinese Foreign Office to alleged infractions of the treaty by Chinese subordinate officers in the frontier districts, and the Chinese Government in its replies showed that the terms of the treaty were not interpreted in the same way by the two governments. China held that the right to appoint additional consuls to reside in Mongolia was to be exercised only when the conditions of commerce were such as to necessitate the establishment of customs by China for the collection of duty. In other words, the taxation of trade by Chinese officials, of which Russia complained as being an infraction of the treaty, was justifiable on the same grounds as the appointment by Russia of additional consuls.

The Chinese, moreover, held that the Russian right to trade in Mongolia and Turkestan meant no more than the right to sell foreign imports in these regions and to buy native goods for export, that it was not intended that Russians should sell Chinese goods in Chinese territories. This was in reply to a complaint of Russia that China had established a tea monopoly and had forbidden Russian merchants who had bought tea in China to sell such tea *en route* to the frontier. Russia rejoined that the establishment of any monopoly was a violation of other treaties with various foreign Powers and insisted upon a literal interpretation of Article XI of the treaty of 1881 which provides that Russians may "make purchases and sales."

No satisfactory adjustment of these difficulties having been made, the Russian Government on February 3rd presented to China a series of demands covering the points in dispute, in which after some delay, China was fain to acquiesce. August came and went, however, without any definite declaration that the treaty of 1881 had been renewed.

In the meantime affairs in Outer Mongolia began to wear a troubled appearance. In July, 1911, a number of Mongol princes and lamas held a meeting in Urga to consider the situation. Chinese colonists were crowding into Mongolia. It was complained that not only was their settlement in Mongolia in violation of the original agreement made with the Manchu Government when acknowledgment of suzerainty was made, but that it was depriving the Mongols of needed pasture lands. Moreover, the Chinese are shrewd traders and it was said that they were loaning money to Mongols at exorbitant rates of interest upon the security of their lands, that the Mongols were unable to repay, and that the Chinese thus obtained possession of much Mongol property. Complaint was made, too, of the attempts of San To, the Chinese Amban at Urga, to introduce administrative changes, interfering with Mongol autonomy, and of the military measures being taken by China.

The conference decided to send a deputation to Petrograd to ask for Russian protection or assistance. Russia agreed, it is said, to use her good offices with China. At any rate, in August the Russian Minister at Peking represented to the Chinese Foreign Office that the measures being taken by China were likely to affect the peace of the border. China replied, appreciating Russia's neighborliness and saying that the reforms being introduced were for the benefit of the Mongols, but that instructions had been sent to the Resident at Urga to proceed with caution and to consult the feelings of the people. In the following month the revolution broke out in the province of Szechuen and matters in Mongolia were put aside by the Peking Government.

To the Mongols, however, the revolution came as a golden opportunity. In the Tenth Moon (November-December) of that year a second conference of Mongol princes was held, and Outer Mongolia formally declared its independence of China. The Hutukhtu of Urga was chosen Emperor and crowned with great ceremony on December 28th.

On the 12th of February following the Manchu Emperor abdicated and Yuan Shih-kai was commissioned to establish a republic. A month later he was inaugurated Provisional President of the Republic of China. Conversations between Russia and China were resumed, and on April 26th the Russian Minister for Foreign Affairs explained to the Duma Russia's desire and purpose in these negotiations, which was declared to be not the annexation of any portion of Mongolia, but simply in the interest of peace and good order to mediate between China and Mongolia and thus protect the autonomy of Mongolia and the commercial interests of Russia.

Discussion between Russia and China of a revision of the treaty of 1881 still went on without definite result. China was disposed to abolish the free trade zone along the frontier. Finally on September 17, 1912, Russia announced that China having failed to give the notice required for a termination of the treaty, Russia was compelled to regard it as still in force, but that in order to meet China's wishes as expressed in August, 1911, the zone of free trade on the Russian side of the frontier would be abolished from January 1, 1913. China, however, did not respond at once. It was not until May 6, 1914, that a notice was issued by the Maritime Customs authorities that the free trade zone on the Chinese side of the frontier would be abolished from June 1st of that year.

Mongolia's declaration of independence had found no recognition abroad, but in Tibet, like Mongolia, a dependency of China and struggling to free itself from that bond, the coveted recognition was found. Dordjieff, a Buriat and a lama, but a subject of Russia, visited Urga in July, 1912, as the accredited representative of the Dalai Lama at Lhasa and represented to the Hutukhtu that as Tibet and Mongolia were both Buddhist countries it would be advisable to enter into a convention for mutual support against the aggressions of China. This was done, and on December 24, 1912, a treaty between the two Powers was

signed in which each recognized the other as an independent state and agreed to take measures for the protection of the Buddhist faith and for mutual defence against all dangers internal or external.

In the meantime the situation at Urga began to occupy more and more the attention of Russia and China. On November 3, 1912, the agreement between Russia and Mongolia was signed in which Russia pledges her assistance to maintain Mongolia's autonomy and her right to have her own army and to admit neither the presence of Chinese troops on her soil nor the colonization of her lands by Chinese. In return for this Mongolia grants to Russian subjects the possession of certain rights and privileges, enumerated in the protocol attached to the treaty, among which are the right of free trade, of leasing and owning real property, of engaging in mining, fishing and lumbering, establishing postal facilities, and navigating streams that flow into Russian territory. It is further provided that should any treaty be made subsequently with China, these rights shall not be infringed.

President Yuan during 1912 made strenuous efforts to induce the Hutukhtu to rescind his declaration of independence. Many telegrams were sent to Urga, but brought no response until November 21, 1912, that is, some days after the above-mentioned agreement had been signed. On November 21st the Premier of Mongolia sent a telegram to President Yuan, saying that because of the ill-treatment which Mongolia had received at the hands of the Manchu rulers of China, they had declared their independence and, on December 28, 1911, had crowned the Hutukhtu as their ruler; that subsequently they had learned of the abdication of the Manchus and the establishment of self-government of the Chinese people and were greatly rejoiced. They felt, however, that as the customs of Chinese and Mongols were so diverse and the Mongols were so ignorant, it was better they should not try to live together in the same house.

A few days later, November 25th, a similar telegram from the Hutukhtu himself was received by the President. President Yuan had reminded the Mongolian ruler that his country was weak and that the course she was taking would be likely to end for her in a fate similar to that of Korea and Formosa. He replied that he realized the weakness of Mongolia, but that China was a long way off and her whip, however long, could scarcely reach to Outer Mongolia to drive off Mongolia's enemies. He begs the President not to take a severe course lest he drive the Mongols to desperate measures.

The President replied in a conciliatory telegram, calling attention to the fact that many of the Chinese provinces had in 1911 declared their independence, but that all had reunited and were working together, and that it was the aim of the Republic to unite the five races, destroy all racial prejudice and seek to promote the welfare of each and all. He informed the Hutukhtu that he was sending a special envoy to Urga to discuss matters with him.

The Hutukhtu replied promptly on November 26th that it would be better not to send an envoy, but to use the me-

diation of their common neighbor—Russia. Having failed in his efforts to deal directly with the Government of Outer Mongolia, President Yuan on March 8, 1913, turned once more to Russia.

The writer was in Peking in 1911, 1912, and 1913, and had opportunity therefore to note the keen interest in this question taken by the Chinese people. Their feeling against Mongolia and Russia grew very bitter during 1913. The Chinese newspapers were particularly active in trying to arouse a warlike sentiment. The situation indeed in Inner Mongolia near the Chinese border became quite serious. Additional troops were sent there by the Chinese Government and a number of encounters with bands of armed Mongols occurred but without any noticeable advantage to either side.

This feeling of hostility towards Russia was no doubt due in great measure to a misunderstanding of terms. The word "autonomy" was taken to mean "independence." When, therefore, on November 5, 1913, a little more than a year after the signing of the Russo-Mongolian Convention, an agreement between China and Russia was signed, in the first article of which Russia acknowledges the suzerainty of China over Outer Mongolia, this feeling was very much allayed. Russia had never denied China's suzerainty over Mongolia, but this express acknowledgment of it at once silenced the false report that Russia had asked China to recognize the independence of Outer Mongolia.

China on her part acknowledged the autonomy of Outer Mongolia. This, too, was no more than a recognition of the *status quo ante*, but it served to reassure the Mongols, since it guaranteed that there would be no interference by China with the internal administration of the country and pledged China not to send troops into Outer Mongolia and not to colonize there. The Mongols, however, were somewhat disappointed by this agreement, since they, too, had been under the impression that their "autonomy" meant "independence."

Russia could not but be gratified, since the convention expressly agrees to the principles set forth in the Russo-Mongolian Agreement of 1912 and assents to all the stipulations regarding Russian commercial privileges contained in the protocol to that agreement.

The notes accompanying this agreement bind both Russia and China to hold a conference, in which Outer Mongolia shall participate, for the settlement of questions of a political and territorial nature.

Before that conference was held, Russia entered into another agreement with Mongolia, dated September 30, 1914, which practically gave to the former control of the railway policy of the latter. This was a matter of considerable importance to Russia, since it still further safeguarded her frontier. By this agreement Russia obtained the right to advise Outer Mongolia in deciding what railway lines to build and the method of procedure, which was required to be beneficial to both parties. Since the gauge of the Russian railways is different from that adopted in China, this practically assures the building of

lines that can connect with Russian rather than Chinese railways. Russia recognizes Mongolia's right to build the railways within its own boundaries if the funds can be raised there, but Mongolia is pledged to consult Russia before making concessions for railway construction to other nationals.

Russia having thus come into agreement separately with China and with Mongolia, representatives of the three Powers met in conference and entered into the tripartite agreement of June 7, 1915, which is the keystone to the whole arrangement. In it Outer Mongolia is made to recognize the Sino-Russian Convention of 1913, which establishes China's suzerainty over Outer Mongolia, and expressly agrees not to negotiate treaties with foreign Powers respecting political and territorial matters, although treaties respecting commercial and industrial matters are permissible. Both China and Russia agree to abstain from all interference with the internal administration of Outer Mongolia. Chinese imports into Outer Mongolia are to be free of all duties, and goods of foreign origin are to be imported into China from Outer Mongolia on payment of the reduced tariff provided in the treaty of 1881. Thus Russia's right to free trade in Outer Mongolia is confirmed, the customs stations being removed from the Siberian frontier to that between China and Outer Mongolia.

Chinese jurisdiction over Chinese residents of Outer Mongolia is retained, but Chinese-Mongol mixed cases are to be adjudicated by Chinese and Mongol authorities act-

ing conjointly. In Russo-Chinese mixed cases the Russian authorities take part in deciding and in drafting the judgment, even in actions heard in the Chinese court and in which a Chinese is defendant. The Chinese authorities also have the right to be present in Russian courts when Chinese are plaintiffs and Russians are defendants, but do not appear to be allowed to participate in the judgment.

The Ruler of "Autonomous Outer Mongolia" is confirmed in his title by Article IV, which provides that the President of China shall confer such title upon the Hutukhtu.

All the provisions of the several agreements between Russia and Mongolia and between Russia and China are ratified by Article XXI of the tripartite convention, and thus become incorporated in the tripartite convention.

One of the most significant articles is the third, the second paragraph of which binds China, in accordance with Article II of the notes exchanged between China and Russia on November 5, 1913, to consult Russia and Outer Mongolia in regard to all questions of a political or territorial nature. Thus, while China nominally is acknowledged as suzerain, practically Outer Mongolia is under the joint protection of Russia and China.

These agreements, then, have considerably increased the political and commercial rights of Russia in Mongolia, and they thus tend to restore, if not to enhance, Russian prestige in the Far East which had been somewhat lessened by the result of the Russo-Japanese war.

E. T. WILLIAMS.

CONDITIONS AND OPPORTUNITIES OF FOREIGN TRADE

BY DR. E. E. PRATT,

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There is at the present time, as you are all aware, an unusual interest in foreign trade. This interest is being manifested in various ways, and is particularly indicated by willingness on the part of manufacturers and exporters to do real work in promoting the sale of their goods in foreign countries. Conditions affecting competition will be more nearly equal between Europe and the United States than ever before, and American manufacturers will have a better opportunity to compete than heretofore. I believe that we are to witness a period of high cost of production in Europe due to higher wages and greater cost of raw materials. Consequently American manufacturers will be better able to meet this competition than before the present war broke out. I have discussed with many business men the prospects for retaining the trade which we have secured after the cessation of the hostilities in Europe, and the answer has invariably been that they do expect to retain a great portion of the trade which has been secured since the outbreak of the war.

Formerly American manufacturers were unwilling to put cash into the fight to secure foreign trade. They were unwilling to advertise, extend credits, or send out salesmen. But these conditions have changed entirely. Today manufacturers are actually spending large sums in the

development of export trade, with the idea of building up future business in foreign markets. They are sending out highly trained traveling salesmen who are specialists in the lines which they represent and as a result these firms are securing orders for goods in markets never before touched by American manufacturers.

A remarkable change has occurred in the character of goods forming our import and export trade during the past fifty years. The following table shows the trend of this change which indicates a constant reduction in the imports of manufactured goods with a corresponding increase in the imports of raw products.

Years	IMPORTS	
	Manufactures Per cent. of total imports	Raw Material Per cent. of total imports
1870-79	46.62	14.50
1880-89	45.74	19.52
1890-99	40.13	24.50
1900-09	41.94	32.86
1910-14	41.23	34.36
1916	30.70	42.96

The principal articles comprised in the materials covered in the foregoing table are hides, crude rubber, raw fibres,

silk, wool, tropical foodstuffs, coffee, tea, fruits and nuts, sugar, cocoa, etc.

While this remarkable change has been taking place in the character of the imports entering into this country a similar change has been taking place in the domestic exports from the United States. It is especially noteworthy that there has been a steady decrease in the exports of foodstuffs and raw materials and a corresponding increase in the exports of manufactured goods during the same period covered in the preceding table. The following statement will show the range of these changes during the period referred to.

EXPORTS

Years	Foodstuffs Per cent. of total exports	Raw Materials Per cent. of total exports	Manufac- tured Goods Per cent. of total exports
1870-79	39.41	39.80	20.35
1880-89	44.85	34.63	20.06
1890-99	44.00	30.06	25.29
1900-09	32.11	29.64	37.66
1910-14	19.78	33.11	46.74
1916	22.86	12.55	62.24

The recent increases in imports into the United States are due as stated before to larger purchases of raw materials and tropical foodstuffs from non-manufacturing countries. The following table shows the countries from which these products have been largely imported together with the percentage of the increases in 1916 over 1914.

Imports from	Per cent. Increase in 1916 over 1914
Cuba	71 per cent.
Argentina	145 per cent.
China	75 per cent.
East Indies	50 per cent.
Japan	32 per cent.
Australia	225 per cent.
Philippines	56 per cent.
Egypt	165 per cent.

The principal articles imported from the foregoing countries are sugar, hides, raw silks, wool, zinc, cotton, etc. The purchases of these raw products from the countries named in the foregoing table enables them to take in exchange more of the manufactured products from this country and undoubtedly affords the American manufacturer excellent opportunities to build up a permanent trade.

It might be well to say a word in connection with the character of the goods which have constituted our principal export trade and also something in connection with the countries to which these goods have been going. It may be mentioned that the increased exports from this country are not confined entirely to war supplies. For this purpose I shall divide our exports into three classes, the first being strictly war supplies, such as arms, ammunitions, shrapnel, etc. The second class may be termed secondary war supplies, which includes such articles as automobiles, motor trucks, tents, barbed wire, blankets, clothing and various metals; while the third class will consist of the ordinary articles entering into the commerce of peaceful

countries. The exports of articles not classed as army supplies show a larger increase in 1916 when compared with 1914 than the combined increase in the exports of arms and ammunitions and of secondary supplies.

The increase in the exports of arms and ammunitions in 1916 over 1914 amounted to \$473,000,000. The increase in secondary war supplies in 1916 over 1914 amounted to \$500,000,000. While the increase in all other articles in 1916 over 1914 amounted to \$995,000,000, there was a material increase in the exports to neutral countries during the period under discussion and the following table shows the destination of the various shipments together with the percentage of increase in 1916 as compared with 1914.

Exports to	Per cent. Increase in 1916 over 1914
Belligerent Europe	104 per cent.
Neutral Europe	89 per cent.
Canada	35 per cent.
Mexico, Central America and West Indies	45 per cent.
South America	45 per cent.
Asia	146 per cent.
Australia	19 per cent.
Africa	56 per cent.
Total exports	83 per cent.

The Bureau of Foreign and Domestic Commerce was created to stimulate interest in and promote the foreign and domestic commerce of the United States. This bureau draws upon three principal sources for the information which it secured, namely, the American Consular Service, which has upwards of five hundred representatives in foreign countries; the commercial attaches, which are located in ten of the leading commercial capitals of the world, and special agents which are trained men in various lines sent out by this bureau. At the present time we have about twenty of such men in foreign fields and it is our intention to increase this number very materially about the first of January. The information which is secured from these various sources is all assembled in Washington and is prepared for distribution in various forms to American manufacturers and merchants interested therein. We have at our disposal various means for distributing the information obtained from the sources mentioned. The principal methods are by the various publications of the bureau, confidential reports brought directly to the attention of business men and through the medium of our district and co-operative branch offices about which I will discuss further later on. The principal publications which are issued by the Bureau are *Commerce Reports*, a daily bulletin which is on a subscription basis of \$2.50 per year, including the supplements containing the annual reports of consular officers. The free distribution of this publication is limited to newspapers, libraries, and commercial organizations engaged in strictly promotive commercial enterprises. Other publications include special agents series, which contain the results of investigations made by the specially trained experts sent abroad by this Bureau, special consular reports, which contain reports by consular officers upon various subjects which are called to

their attention, and miscellaneous series of reports which contain information not embodied in the two other special classes of reports referred to. I think it might be well to say a word here about the district and co-operative branch offices of the Bureau. We now have eight of our own district offices in important centers of the United States. While it would be highly desirable to have additional offices we do not have sufficient funds to establish the same, and consequently arrangements were perfected with various commercial organizations whereby they would receive the same service and perform the same duties as our own district offices. The only exception being that the expenses of these co-operative branch offices would be defrayed by the commercial organizations and not by the Bureau. This system has worked out very well and we now have eight of these offices in the United States, one of which is located in your own Chamber of Commerce in this city. The value of such arrangements to individuals, manufacturers, and exporters in the various communities can not be too strongly emphasized, as it is possible to secure with the minimum of time information which might otherwise require some days to secure from Washington. We have many testimonials in our files showing the actual results obtained through the information furnished by our various offices, and several firms in Philadelphia who have recently made use of this service have established foreign connections and are now building up a permanent foreign trade, through the good work performed by the co-operative branch office in this city.

As the purpose of these meetings has been outlined to me as a co-operative effort on the part of the various export managers who are to meet here from time to time it might not be amiss to say a few words upon the co-operation with the Federal Government. This co-operation takes various forms and it is my desire to first point out the co-operation between the Bureau of Foreign and Domestic Commerce and the individual exporters, manufacturers and merchants. I would suggest to business men who desire to make use of the service of our Bureau to first consult the branch office in your city or vicinity. When information is desired regarding foreign markets first ascertain if this information has been secured before writing Government officials abroad. If names of foreign importers are required indicate the specific countries in which you are interested and the particular articles which you propose to sell. If tariff or foreign customs' information is desired the specific article should be indicated and a complete description furnished in connection therewith. If you do not obtain the exact information desired in your first request write us again and we will make a special effort to give you as complete data as possible. We have a vast amount of information in the files of the Bureau in Washington which many times is not used except when specific inquiries are received from American business men who have some special difficulty to solve or some special difficulty to meet.

Another form of co-operation in exporting was provided for in what was known as the Webb Bill which was introduced into the last session of Congress but failed of

passage. This bill provided for legalization of combinations in foreign trade. The situation existing in foreign countries which are our principal competitors in the markets for American products illustrates very well the need of such combinations if we are to meet them on even terms. It is my firm opinion that the Webb Bill or one similar in context will be introduced at the next session of Congress and will undoubtedly be passed at that time.

The aggressive competition which American manufacturers meet from foreign combinations is frequently international in character. In practically every country of Continental Europe business men are much freer to co-operate and combine than in the United States. They have consequently developed numerous combinations often aided by their governments which unite their activities both in domestic and foreign trade. In Germany prior to the war there were six hundred important cartels embracing practically every industry in the Empire. In France and Belgium syndicates of iron and steel, coal, glass, and other industries were strong factors in domestic and foreign trade. In Italy, Russia, Austria-Hungary, Switzerland, Sweden, Greece, Argentina, and other countries central organizations unite the interests of producers in various industries. In Japan an organization of textile manufacturers is obtaining the large cotton goods trade of North China. British manufacturers have relied upon an unusually effectual merchandising organization for foreign trade and in many important industries they have gone much further. The great coal export business of that country is controlled by powerful organizations combining operators, marketing companies, shipping lines and distributing companies. It will thus be seen from the foregoing that we must have some organization if we expect to meet these powerful combinations on anything like equal terms in the struggle for commercial supremacy.

A step in this direction was indicated by the recent amendment to the Federal Reserve Act, which allowed American banks to hold stock in foreign banks engaged in commercial enterprises. This gives a distinct advantage to American banking institutions willing to undertake investments of this character. It might not be profitable for a single banking institution in Philadelphia, for instance, as the commercial business passing through the city would not warrant such an investment, but if a group of bankers of Philadelphia and several other cities should combine to control the stock of a foreign bank the business would undoubtedly be very profitable and would be another step forward in the interest of American export trade.

I desire to call your attention to another situation which exists in foreign countries, and which frequently has a very marked effect upon American commerce, namely, the existence of buying combinations. In many markets American manufacturers and producers must deal with effective combinations of foreign buyers, thus exporters of lumber find such combinations in Australia and in Continental Europe. Cottonseed products are handled by

buying combinations in Holland, Denmark and Germany, while Austrian textile manufacturers have such buying combinations to import their raw cotton. Combinations of British coal brokers fix the contract price for bunkering ships at Newport News, while the combination known as the "Fixing Board," daily set the price of silver in London for the world. For years the copper trade of the world has been ruled by a vast German metal buying organization centering in the *Metallbank und Metallurgische Gesellschaft A. G.* of Frankfort on the Main. This combination has subsidiary companies in Germany, Spain, England, France, Switzerland, Africa and Australia and controls copper and lead mines in many foreign countries and works in agreement with other German metal buying concerns. These combinations constantly make individual American manufacturers and producers bid against each other and are thus able to buy at prices near or below the cost of production. By such means and the manipulation of the foreign future markets this German metal combination for a series of years has bought millions of tons of American copper at prices averaging nearly a cent a pound below the prices paid by American consumers.

Probably the most effective form of co-operation between the Bureau of Foreign and Domestic Commerce and American business interests is well illustrated in the forthcoming investigation of European lumber markets which the Bureau will undertake in co-operation with the lumber interests of the United States. It is our purpose to send out five trained investigators who are thoroughly familiar with lumber in its various phases to investigate the markets in European countries for this product. The expenses of one of these investigators will be borne entirely by the Bureau, while the expenses of the other four men will be defrayed by the lumber organizations which will co-operate with the Bureau in this investigation. This will undoubtedly be the most comprehensive undertaking of the kind ever attempted by the Federal Government and mark a new step in the method of dealing with such problems. These four men whose expense will be defrayed by the lumber associations will receive a nominal salary from the Department of Commerce, which gives them the prestige attaching to a Government official on the investigation which they will undertake abroad.

While American manufacturers have shown a keen interest and have taken advantage of many conditions brought about by the present disturbed situation abroad we should not rest on what has already been accomplished, but should look forward to building up a permanent trade which will not rest merely upon the advantages gained by the unfortunate position which European nations at present find themselves in. We are still facing a remarkable opportunity and we should co-operate in every possible way to take the greatest advantage of this unusual opportunity and if through the co-operation which I have outlined this evening the Bureau of Foreign and Domestic Commerce can be of service to your firms we will be only too happy to assist you in every practical way in carrying out any plans which you may formulate.

AMERICAN COTTON GOODS IN CHINA

BY JULEAN ARNOLD,

American Commercial Attaché for China and Japan.

No market in the world offers more for the United States and especially the cotton producing and cotton manufacturing sections of the United States than does the Orient and especially China. Do you know that Japan is today buying \$125,000,000 worth of raw cotton a year? Do you know that the consumption of cotton goods in Japan has increased three fold in 25 years from \$1.00 per capita to \$3.00 per capita? Do you know that China is today the biggest market in the world for cotton yarn, importing \$50,000,000 worth a year and that China next after India is the second largest importer of cotton cloth, taking as much as \$80,000,000 worth a year? China's per capita consumption of cotton goods is reckoned at but \$1.00 per capita, but with the new industrial development which is now in its inception this amount will increase and within another decade or two we shall find it as high as \$3.00 per capita. Japan is increasing her sales of manufactured cotton goods in China in a marvelous way; Great Britain's trade remains about stationary, while that of the United States has actually decreased. Japan has cut in heavily on American drills and sheetings, by producing cheaper goods, although of poorer quality, and by a more enterprising method of distribution. The Bureau of Foreign and Domestic Commerce, of the Department of Commerce, Washington, last year sent Mr. Ralph M. Odell, an American cotton expert, to China to study the market possibilities there. Mr. Odell spent nearly a year in the country and the results of his studies are embodied in a report of 300 pages recently issued by the Bureau of Foreign and Domestic Commerce, and offered to the public for sale. Every person in the United States interested in our cotton trade should read this report. It tells just why we are not holding our own in the China market, how we may mend our ways, and the extent of the possibilities for our manufacturers in that country. Mr. Odell recommends that the biggest opportunities for American manufactured goods are in grey and white shirtings, prints, Italians and poplins. But we must make goods to suit the demands of the Chinese markets and not expect to dump our own ideas on these people and have them accept them simply because those ideas seem to fit our own market. We must get our goods to them in a more economic way and give the question of distribution our deepest consideration. We must pack our goods so that they will arrive in the places of distribution in China in as good condition as do the goods of our competitors. We must give concerted, co-operative study and attention to the possibilities of these great markets. The cotton manufacturers and producers in the United States, should send a commission of experts to China and the Orient to study this great question, for the future has no bigger opportunities for us than in China and the Orient. Japan cannot begin to supply the total demand or even a substantial part of it. The day may come

when the center of the cotton manufacturing industry of the world is shifted from Manchester to Osaka and Hankow, for the Orient has cheap labor and has the market, but in the process of shifting and even were that prophecy to come true, the United States will still have a position of vantage as being the great cotton producing country. In fact, we should see that if there is to be any shifting, it should be from Manchester to some great center in the United States. The United States ought today to be selling to China two and three times the amount of cotton goods that she is actually sending to that great market, and with more enterprise and a more intelligent consideration of the opportunities, she can increase her sales by that amount. May Greenville take the initiative in this movement and try to secure co-operative action in tackling this big opportunity.

China is offering other big opportunities to the manufacturers, merchants and capitalists of the United States. China possesses a store of undeveloped mineral resources greater than that of any other nation on the face of the earth. Do you know, China possesses greater coal deposits than the United States, yet today imports coal? China is rich in iron, tin, lead, zinc, copper and antimony yet these resources have scarcely been touched. They are now at the inception of a vast development. Where you find coal and iron in abundance, combined with a dense population of peace-loving industrious people, able to work on a low wage, there something big is going to happen, for civilization follows the path of iron and coal. So China presents to us a vast opportunity for mining machinery, and all those things which accompany mineral developments. Moreover, China wants our capital and our technical skill to assist her in opening her treasure house of mineral wealth and wants us to purchase some of her ores and smelt them for her. China has today but 6,000 miles of railways. She will need from 100,000 to 200,000 miles to handle her transportation needs and to link her up with the western world in an effective way. Who is going to build these railways for her? She has not the capital to do the work herself. She must depend upon foreign capital, and the nation furnishing the capital will furnish the materials. She would prefer that the United States do this work and supply the material. Are we not equal to the occasion? Have we not done big things in railroading in our own country? Here is our great opportunity. Let us not permit it to go to others. China is at the inception of a great industrial awakening. Her industries are still of the household variety. She wants modern factories and mills and prefers that Americans supply them. Are we going to sit by and watch others do this work when we can have this trade merely by going after it? We are not as yet as a people awake to what the foreign fields offer us in trade opportunities. We have been too busy supplying our home demands. We are now at the parting of the ways. We must come out of our seclusion and take our place in the world of commerce, if we are to continue to progress. And this great outside world of commerce is offering to us some stupendous opportunities, especially the great Oriental world.

Some day the world's commercial arena will be shifted from the Atlantic to the Pacific and that day may be closer than most of us realize, for it is in China and India that industrialism is to see its biggest developments during the next few decades. They have two-thirds of the world's population and a vast store house of undeveloped natural resources. So let us get busy now and acquaint ourselves with that section of the world. Let us encourage in our public schools the study of the geography, history and commerce of the Orient, so that our children may be securing the fundamental preparation which will be so necessary to them when they take our places in the commercial communities. Let us have foreign trade committees on our Chambers of Commerce, real live committees, assisting our manufacturers and merchants to avail themselves now of the opportunities which the foreign fields have to offer, especially that richest of all fields, in its potentialities, China. Get busy now. Avail yourselves of the services of our Bureau of Foreign and Domestic Commerce, Washington, which is doing for our trade interests what the Department of Agriculture is doing for our agricultural interests. Get into touch with the work of this Bureau immediately. Also link up with the American Chamber of Commerce of China, at Shanghai, who welcome your applications for assistance. The only way to get the business of China is to go after it. Your efforts in this direction will be rewarded a hundred fold, if you will but give the consideration the subject merits.

AMERICAN TRADE OPPORTUNITIES IN CHINA

BY JULEAN ARNOLD,

American Commercial Attaché for China and Japan.

Since the outbreak of the war, some attention has been directed by American manufacturers to possibilities in South America. In fact, the interest in South America has become such that many manufacturers have been led to believe that, the words South America and Foreign Trade are synonymous. South America has come to mean the entire foreign world to many of our manufacturers in quest of opportunities abroad. This is demonstrated by the fact that many American manufacturers are today mailing catalogues and trade literature printed in Spanish and Portuguese to the Orient. To get foreign trade, catalogues and trade literature must be printed in Spanish, whether that trade be in South America or in China, seems to be the one essential in the minds of some of our manufacturers. It is no compliment to the Chinese nor to the American to send trade catalogues printed in Spanish to China. Furthermore, our manufacturers do not seem to realize that China presents a field of far vaster potentialities for American manufactured products than does the whole of South America. China has a population ten times as great as that of the whole of South America

and China's population is homogeneous and does not contain the indolent, lazy native elements which one hears so much about in connection with the Lation American States. In area China is as large as the United States, Mexico and Central America combined. In wealth of natural resources, China has as rich deposits of base metals as has the United States. It is true these are still to be developed, but it is because they are still to be developed that the country offers such marvelous opportunities to American capital, materials and technical skill. China today imports coal, yet has probably wealthier coal deposits than has the United States. China is also rich in iron ore, antimony, lead, tin, zinc, copper, quicksilver, manganese, etc. Where coal and iron exist in abundance, coupled with an industrious population, there modern civilization will take its path. China needs railways. She is rich in waterways, but there are large sections of her country which can only be made economically accessible by the construction of railways. Native methods of transportation in China, even though the average unskilled laborer receives less than ten cents as a daily wage, are from ten to twenty times more expensive than is railway transportation in the United States, with wages here twenty times as high. China has 6,000 miles of railways but needs from 100,000 to 200,000 miles to give her facilities anything nearly approaching those of our country. In this direction, wonderful opportunities present themselves to American capital, materials and skill, but the only way we may be able to supply the materials will be by supplying the capital necessary to the initial construction of the roads. China industrially is today where England was about 150 years ago. Her industries are of the household variety and of the crudest sort. Modern inventions and modern science are just being introduced to China. The people are today essentially agricultural. They have been sending thousands of their students abroad each year to learn from the West what modern science has to teach, and these men are returning to China filled with enthusiasm for the new industrialism for their country. China today is at the inception of the modern factory stage. She wants factories of all sorts. Flour mills, cotton mills, oil mills, match factories, glass factories, smelters, mining machinery, power plants, municipal utilities, iron and steel plants, etc., etc., in fact everything that goes to make an industrial nation. She has the cheap industrious labor and the natural resources, but now she wants modern machinery to make these assets of greatest value. These mean not only markets for machinery, but markets also for all kinds of manufactured products. Hardware, building materials, electrical supplies, chemicals, drugs, scientific apparatus, surgical appliances, etc., etc., will be needed in large quantities by the new China. Again, to build up these new industries, she will need the assistance of foreign capital and those furnishing the capital will have the best opportunities of furnishing the materials. Let not our manufacturers and capitalists be deceived into furnishing the money to others for investment in China, for those loaning the money will see that their materials go with the money. The way to get the trade of China is to go after it, through American organizations and in company with American bankers. China offers big opportunities for big things and Americans are accustomed to handle big things in a big way, hence there is no better field for American incentive and enterprise than China, provided Americans will apply the same intelligence to developing opportunities in China which they apply to developing opportunities in their own country. Some day the world's great commercial arena will shift from the Atlantic to the Pacific, for the reason that about two-thirds of the world's population is in the Orient and for the reason that these vast Oriental countries are at the inception of a modern industrial development. Our manufacturers and bankers have been asleep to the marvelous

potentialities of the Orient. It is high time that they awakened to the vastness of the Oriental question. The Panama Canal has pulled our Atlantic and Gulf ports around on the Pacific in their relations with the Orient, so we are better prepared now to reach this trade than prior to the construction of that wonderful waterway.

The fortunate feature in connection with American trade opportunities in China is the fact that we have the friendship of the Chinese people. Throughout the history of our relations with China, we have consistently pursued a policy of fairness and justice toward the country. We have stood for the open door of equal opportunity and against the exploitation of the country for selfish aims. We have prohibited our merchants engaging in the opium traffic, we have returned a substantial portion of our indemnity, and we have refrained from violating China's territorial integrity. For these evidences of our interest in China's welfare, the Chinese people are grateful indeed to us and on this account value our friendship above that of any other foreign nation. China begs for American capital, American materials and American technical skill to assist in the building of the new China, but we must bear in mind that of these three, capital is one of the necessary essentials. We have as a result of the European war become a great creditor nation. We have vast sums to loan abroad and where can we lend this money with brighter prospects than in China, for there it can carry American materials and American methods with it. One thing we must bear in mind is that we must, in order to secure the greatest benefits in connection with the lending of money to China, do it first hand, that is through our own organizations. Baron Shibusawa, the Japanese banker, would have us entrust our interests in China to Japanese middlemen. This would be fatal to our interests in a large way. Our money, our materials and our methods would, if entrusted in the hands of others than our own people, lose their identity and bring to us but a fraction of the profits which would accrue were we to do the work ourselves. Are we not capable ourselves of tackling the big propositions which China has to offer? I do not know of any people who are better able to assist China in a big way than are the Americans. But to do it, so as to help both China and ourselves we must learn to know the country better, we must send our big men to China, we must go there ourselves to attend to the work. Now is the opportune time, for now we get a solid footing in that market with greater ease and with less opposition than if we await until after the conclusion of the war and when European nations will focus their eyes upon the greatest of all potential markets in the world, China. So, let's get busy now and prepare to avail ourselves of the big opportunities which await us there.

Americans are inclined to look upon China as a second Mexico. China has had her revolutions and rebellions, but foreign lives were not endangered and all losses sustained by foreign interests in China on account of these revolutions and rebellions have been indemnified in full by the Chinese Government. Moreover, China has never throughout the thousands of years of her history repudiated a foreign obligation. Even during her revolutions and rebellions, her foreign trade returns show increases.

A national spirit is being developed in China. Foreigners resident in the country are so close to the painting as to see the ugly daubs and are thus impatient. They fail to take into consideration the wonderful strides made by the country during the past fifteen years in modern progressive lines. They often fail to bear in mind the immensity of the problem. China is a country of high ideals. Its people are peace-loving and industrious. They will, during the next few years, develop a system of government

which will be able to assist in the modernization of the country in an effective way. We must exercise patience and sympathy toward the people and the great problems confronting them. In the meanwhile foreigners and foreign interests in China are safe, and opportunities are budding out in every direction for foreign capital and foreign materials. The fact that we have extraterritorial relations with China places us in a position of greater advantage in dealing with that country and in protecting our interests there than in almost any other country on the face of the earth. Thus Americans have nothing to fear from political conditions in the country, and the fact that these matters are being seriously considered by the Chinese people lends hope for the future progress of that vast country.

American interests in China are greatly assisted by the noble work being done there by our 3,000 missionaries. They have done and are doing much to assist in the molding of the new China, through their schools, hospitals and evangelical institutions. Their labors are appreciated by thinking Chinese and incidentally they are doing much for American prestige in that great Oriental country. We have also a considerable mercantile community, numbering 1,500 and including 100 American

firms. The Standard Oil Company is the largest foreign firm in the whole of China and like our great missionary interests is penetrating China with the slogan "Let there be Light." We have in Shanghai, an American Association of China, an American Chamber of Commerce, an American Bar Association, an American Volunteer Company, an American University Club and an American Women's Club. We have also in China a very efficient American Consular Service. The American Chamber of Commerce and the American Consular Service can do much to assist American manufacturers and merchants to effect good connections in China. The Bureau of Foreign and Domestic Commerce, Washington, will help American manufacturers and merchants in using the facilities which are accorded them in China. Thus Americans desirous of entering into relations in a business way in China should address our Bureau of Foreign and Domestic Commerce, Washington, or correspond directly with our consuls in China and the American Chamber of Commerce for China, at Shanghai. They should not await until the end of the war before interesting themselves in China possibilities, for it is easier now to make connections there than it will be after the conclusion of the war.

THE MANUFACTURE OF COTTON IN CHINA WORK OF THE PRIMITIVE HOME GIN

I.

The most wonderful of the world's useful plants is the cotton plant. A series of articles dealing sketchily with the cultivation of cotton in China recently appeared in these columns, a series which should give the average reader some idea of how the plant is cultivated locally and how it might be improved if more scientific methods of cultivation were adopted. From the sowing of the seed to the flowering of the plant and the final maturing and opening of the bolls of fleecy fibre, is marked in time by a few months only. The seeds are sown in early May, the plants have flowered by August, and forty-five days after the flowers appear the plant has yielded its valuable fruit. September and October are the chief cotton-picking months, and look where you will in Shanghai's roads, on the creeks, or on the Huangpu, and you will see cotton on its way to market on bamboos, wheelbarrows, carts and boats. What happens to the cotton from the time it is picked in the fields to the time when it is offered to you over the shop counter as manufactured cotton cloth?

A BUSY TIME.

The picking of cotton in the Shanghai district begins in August and continues to the end of October, and picking time is a busy time. Individually, by reason of the fact that the Chinese farmer is a very small one with but a few mow of land for which he pays rent based on a percentage of the value of the crop he raises, the picking of cotton is not such a serious matter here as it is in America, where a single farmer may own hundreds of acres

and must employ hundreds of blackies for the picking. The more highly cultivated plant of America is often so trained that all the pods on the plants of an entire estate may open within a period of ten days so that gangs of pickers may clean up practically the whole estate in a comparatively short time.

Here it is different, and it always will be unless it would be possible for a foreign company to rent or acquire large tracts of land for cultivation on an extensive scale. When the average farmer has only ten mow, or say an acre and a half at the most, it is a case of his family doing the picking, or if the farmer needs outside help he employs the children of his neighbors. The picking costs about five cash per catty of seed cotton, and the children—most of the cotton-picking labor is juvenile—go through the patch again and again, picking such bolls as have opened. The average yield per mow is $1\frac{1}{2}$ piculs if the land has been used only for cotton growing and with proper fertilizing, but when cereals are grown in rotation the average yield per mow is only 85 catty.

After the opened pods have been picked there is still much work to do before the cotton is ready for the mills. At the best only about 35 per cent. of the weight of seed cotton is lint; the rest is seed. To separate the seeds from the lint means that the cotton must be ginned, for which it must be as dry as possible. Consequently, as cotton is naturally absorbent, it must be picked when dry and it must be kept dry. Whoever has seen a cotton field by moonlight or has taken a walk at sunrise in a field snowy with open cotton, knows how the glistening dewdrops stand

on the opened pods. An hour or two of sun absorbs the dew, and the cotton may be safely picked. Still it may be moist from rains or natural absorption, so it is necessary to expose the picked cotton for two or three days that it may be thoroughly dried in the sun. This is done in trays that are taken in, or covered, at night. When dry the cotton is ready for the gin.

THE OLDEST WAY THE BEST.

Ginning is really the first process of cotton manufacture. The lint clings tightly to the seeds which are bedded in it and the two must be separated with great care, first to avoid breaking the fibre which is already too short in Chinese cotton, and secondly to avoid breaking the seeds which are required for planting next year's crop, 60 to 70 pounds being required per acre. In about one house in every six in the cotton-growing district there is a home gin. This is a simple affair of wood and iron, mostly wood, driven by man power and crude in the extreme. Yet this primitive gin, which found its way from India probably centuries ago, does far better work than the most approved steam-power gin. It is a sort of small "horse" with a pedal. By working the pedal up and down with his foot the operator causes a small spirally grooved roller to revolve horizontally by means of a cord passed around it, in the same way that the Chinese carpenter causes his brace to revolve by drawing across it a sort of bow to which a cord is attached. The roller turns above another roller that is stationary, and between the two the seed cotton is fed, a pod or two at a time. This process removes the seeds without crushing or breaking and without harming the fibre. The farmer can gin twenty cattie's clean cotton in ten hours at a cost of 100 cash for labor. The work is slow, but it is sure, and the local mills prefer to purchase cotton that has been ginned in this primitive way, as it is the cleanest ginned cotton in the world.

The steam gin works on an entirely different principle. It does its work quickly, but not only does it tear the fibre, it splits and crushes the seeds, the broken parts of which are left adhering to the lint. The power gin in common use is of Japanese make, and the trouble is that it is run without proper adjustment. As a roller forces the cotton between comb-like teeth, the seeds are forced and pulled out of the clinging lint with the result that the filament is broken and left with parts of seeds still clinging which gives much trouble in the mills. The market quotation for steam-ginned cotton is in consequence slightly under that ginned in the common way.

Before ginning, the farmer selects the best cotton, which he never sends to market at all. He keeps it at home, or at least in his home village, and there on his home spinning wheel and his hand loom he spins it and weaves it into cloth. For this purpose and for bedding and wadding clothes 1,000,000 or more piculs are used in China annually. Consequently the mills and the steam ginneries do not find it altogether easy to get really first-class cotton. There are several large steam ginneries here in Shanghai and at other centers; but they are not profitable and the probabilities are that so long as cultivation

is on such a small scale they will not be profitable. Some years ago some of the local mills installed power-ginning plants so as to be able to buy seed cotton and gin it themselves, but the plants are now idle as the mills prefer to buy the home-ginned staple.

WATERED COTTON.

Much is heard about water in cotton. It is sold by weight and it is absorbent, and it seems as natural for some dealers to water their cotton as it is for the milk man to water his milk. Mill owners for years have been complaining of an over amount of moisture in the cotton that comes to them. Some of the water is put in deliberately to increase weight and much gets in by reason of careless handling. The absorbent fibre is put into loose bags and transported from place to place in barrow, cart, or boat, uncovered and exposed to dew and rain.

It is as dry as possible when it leaves the farmer, but the various dealers and handlers take little care to exclude moisture, as the damper it gets the heavier it is. Boatmen who may be in need of cotton for their bedding think nothing of extracting a few pounds from the different bags in their cargo and throwing in enough water to make up for the weight abstracted. If exposure to weather has not added sufficient moisture, dealers will instruct their coolies to squirt water into the bags, using their mouths as sprayers, as the laundryman sprinkles his clothes when the sanitary inspectors are not around.

Exhaustive experiments conducted two years ago by the Cotton Testing House, which was organized for the purpose of combating cotton adulteration, show that the natural moisture held by local cotton, of which the best care has been taken, is 11 per cent. In Tientsin, where a more recently established Testing House is doing excellent work, the average is 10½ per cent. But there is very little cotton offered for sale with so low a percentage of moisture, the usual being 15 per cent., which is the maximum allowed. If there is more than 15 per cent. moisture the mills refuse to accept it. The Chinese may always deceive themselves by adulterating cotton in this way, at least to some extent, forgetting that wet cotton means yellowish cotton of consequent less value, but owing to the work of the cotton testing houses during recent years the practice is less serious. Press-packed cotton which comes from interior provinces is comparatively dry, as it cannot be tampered with, but when cotton is to be transported only a comparatively short distance it is not considered by the dealers necessary to press-pack it, and so it is easily adulterated.

So the cotton reaches the mill.

Raw Material to Finished Yarn

II.

A pound of ginned cotton drawn out to 20's yarn (20 times 840 yards), such as can be made easily at any Shanghai mill, would be 16,800 yards long. That is 9½ miles, or approximately five round trips between the Palace Hotel and the Palace Hotel Annexe. An American bale of 500 pounds would produce a length of 20's yarn that

would stretch 4,750 miles, or from Yokohama to San Francisco. And 20's is not a particularly fine yarn. A pound of 60's would be $28\frac{3}{4}$ miles long, and a bale of 60's would extend 14,375 miles, or more than halfway around the earth. Lancashire mills are producing 300's; that means a pound of cotton drawn out to $143\frac{3}{4}$ miles, and 500 pounds of which would encircle the globe three times. How is it done?

The question is best answered by making extracts from a lecture delivered some years ago before the Shanghai Society of Engineers and Architects by Mr. James Kerfoot, M.I.M.E., superintending manager of several of the largest mills in Shanghai:

WORRYING AND CLEANING.

If the cotton is received at the mill ginned and in the press-packed bales, after these have been unhooped, half a bale, or say 200 pounds, will be dumped into a hopper bale breaker, which takes the place of hand labor in pulling the cotton into small pieces, and feeding the same to a lattice which, if it is very dirty, consigns it to a Crighton opener. This machine has a vertical conical beater with a series of arms or blades secured to the shaft. Conical dirt grids surround the beater; these grids are made with raised surfaces against the face of which the cotton strikes, and, having openings in them, the dirt can be easily ejected. A fan draws the cotton away from the beater, and if a combined machine, carries it to revolving cages which pass it forward to calender rollers where it is made into a certain width and thickness and rolled into a "lap."

Four of these laps are taken to a "scutcher," which is a further process of cleansing by blowing and beating. At this stage a process of calculation and adjustment commences of which it is desirable to take note. Threads of spun yarn differ in kind and degree, and apart from the broad distinctions of warp and weft, are coarse and fine according to the purpose for which they are intended. These differences are estimated in "counts"; cotton yarn, if wound into hanks from the cop, contains 840 yards in each hank; the measurement being invariable, the count means the number of these hanks to a pound of yarn. If 60 are being spun, there will be 60 hanks of 840 yards each in a pound of completed yarn; from the early scutching operation to the ultimate winding of yarn upon the spindle, it is necessary to adjust the delivery of material to the machines, and the manner of dealing with it there so that the thread shall come out at last in proportion to the count.

FROM THE LAP TO THE SLIVER.

The cotton emerges from the scutcher in the form of felted web, like a thick sheet of wadding, and is rolled on to a small roller and is called a "lap." This has to be tested to see that in weight it agrees with the count to be spun. Then this lap is passed on to the "carding engine," which disentangles the fibres and forms them into a sliver. The lap disappears slowly into the machine and the cotton undergoes a combing between the cylinders and revolving flats which are covered with fine wire teeth, some tearing

it one way and some another as it passes between them, so that when it escapes from their opposing forces it is not only much cleaner than when it went in, but has its fibres so combed out as to present a filmy gossamer-like appearance, which disappears to some extent as the fibres converge and form a ribbon-like sliver which is deposited and coiled up in a can.

To get the count a certain length of sliver must be resolved from the lap, and to ensure this an arrangement of the speed or draft must be made, so that for a given inch of lap a certain length of sliver will be produced. The sliver is now taken to a "drawing frame," and here the finger and thumb of the hand-spinner has to be provided for. The machine has three parts or "heads"; to the first of these the sliver is taken to be united with five others of its kind, and after they have been passed between rollers running at varying and nicely adjusted speeds, six of these new slivers are then taken to the next head, and the process is repeated.

A third time a combination of six is made, and a sliver drawn out which has within it 1,216 of the original slivers as they issued from the carding engine. The drawing frame is so sensitively adjusted that if one of the slivers should break the machine stops at once. These latest slivers are then taken to a "slubbing" frame, and here the spindle first comes in evidence, with a bobbin and flyer attached.

NOW, THE SPINDLE.

The order of procedure is to pass each sliver through drawing rollers for purposes of due attenuation and then, with a slight twist in the process, and a finger-like movement of adjustment, wind it upon a bobbin by means of the revolving spindle and flyer. The slightly twisted slivers are then taken to an "intermediate" frame, where the contents of two of these bobbins are joined into one, under similar treatment of spindle and flyer, but with finer and more rounded results. Then comes the "roving" frame, where once again, by means of spindle and flyer, the preparation resolves itself into the complete roving by two bobbins from the intermediate frame having their contents united, and so giving in the doublings 864 of the original carding slivers. As the strands here get finer by increased drawing, the bobbins are proportionately smaller, and the number of them is increased in the frame. The winding on of the roving, too, becomes a matter for nice mechanical adjustment, as differential movements have to be applied to give the cone shape, and the speed has to be adapted to the increasing or diminishing bulk of the bobbin.

The rovings are now ready for the spinner and are conveyed to the spinning room, where the twisted thread is made either on the "ring frame" or the "self-acting mule." In the earliest order of things one spinster worked one spindle, but now there are 1,500 spindles on the "mule." The same condition of things survives as to the "stretch" in the modern mule, which deals with lengths of 63 or 64 inches, and completes them separately in the processes of drawing, twisting and winding up. All the operative spinner has to do now is to attach his rovings to the spindles,

piece the threads when they break, and clear the spindles of the cops at the required time.

THE WONDERS OF THE MULE.

A very delicately intricate piece of machinery is this modern self-acting mule. It is, in its completed mechanism, the product of an accretion of many inventions. Looked at from an impressionist's point of view, it presents an intricate arrangement of shafts, wheels, rollers, pulleys, levers, ropes and springs, the most complicated features of which center in the "headstock," from which power is transmitted and controlled. This headstock divides the mule into two parts, and acts upon each simultaneously. As the 1,500 spindles fixed in the frame of the mule are all performing identically the same work, it will be easier to understand the whole by concentrating attention upon the spinning of a single thread.

The bobbin containing the roving is placed in a creel on the frame-work at the back of the mule. The end of the roving is then passed through a guide wire to be conducted between three pairs of drawing rollers also working on the frame in front of and a little below the creel. The back pair of rollers simply take hold of the roving and conduct it to the next pair whose motion is slightly quicker than the others, but only sufficiently so to keep the roving uniformly tense, and to secure an even attenuation when the further drawing is taken up by the front pair, which are revolving at a much higher speed. Here the count of yarn is regulated by the adjustment of speed in these drawing rollers, so as to get the required draught or drawing-out of the rove in due proportion of attenuation.

12,000 REVOLUTIONS PER MINUTE.

When it has passed from these last rollers the roving is attached to the spindle, which is placed on the frame of a traveling carriage, whose wheels work on a fixed and measured tramway. This carriage moves at a little quicker pace than the last delivery rollers and so has what is called a "gain," which consists in such a further drawing of the yarn as will take out any unevenness in its delivery, and give a uniform twist to the whole. The spindle upon the carriage is placed not upright, but at an angle leaning inwards toward the roller. This inclination is made to secure the easy passage of the thread over the spindle point, when the twist is being put in, and to avoid undue strain or slip. The inclination of the spindle is varied according to the count of the yarn; the finer the yarn the greater the inclination. When the roving has been attached to the spindle the carriage is made to move outwards, the spindle running at from 10,000 to 12,000 revolutions per minute, drawing with it the thread, and twisting as it draws until the traverse, say 64 inches, is completed.

Then simultaneously the carriage, the spindles and the rollers cease moving, and there is an almost imperceptible pause. Then commences what is called the "backing-off" movement. This consists in reversing the action of the spindles, and unwinding the several turns of yarn which lie upon the spindle between the top of the cop and the spindle point. The thread is then guided to the proper

position upon the cop, and the winding commences. This operation is performed by "faller wires," which here come in to take the place of the spinner's hand, and so adjust the loose yarn that it can be wound in its proper place. When this has been completed the carriage commences to run in again towards the rollers, which no longer revolve but hold the twisted rove while it is being wound upon the spindle, a second faller wire having come into operation in the meantime to conduct the thread with a finger-like movement, and adjust it upon the cop, which has cone-shaped ends, and, in consequence of this, requires a differential movement by which the tension of winding shall be regulated to the varying form and increasing bulk.

In the working out of this result it is interesting to note that in the light thread which is extended from roller to spindle point you see an attenuated combination of 1,728 of the filmy ribbons of cotton which come from the carding machine, and that if the count be 69's, the pound of yarn representing that number will measure $28\frac{3}{4}$ miles.

RING FRAME SPINNING.

"Ring frame" spinning had its birth in America as far back as about 1832-3 (a date not long after the invention of Robert's self-acting mule) and though introduced into England a year or two later, it seems for one reason or another to have failed to establish itself successfully until some forty years or so afterwards, when it was taken in hand by Mr. Samuel Brooks, a member of the firm now known as Brooks & Doxey, West Gorton, Manchester.

The ring frame is a continuous spinner, and the main point of difference is in the construction of the spindle, which is more elaborate than any other in use; otherwise, as in all other frames, there is the same delivery of the rove from rollers working at various speeds. Instead of the spindle carrying a flyer as in the throstle, the yarn is conveyed to the bobbin through a metal ring or small cylinder, within which the spindle has full play. On the flanged rim of this ring is a long-prime sans cap shaped clip, which has a free movement of its own on the ring's fixed circumference. This clip, made of special steel wire, is called a "traveler" and does the same service for the yarn that the leg of the flyer did in the throstle frame.

The manner of working is as follows: The attenuated rove from rollers passes through the eye of the guide wire, and so downwards to the ring, and there is passed through the "traveler" and thence finds its way to a bobbin upon the spindle. As the spindle and bobbin revolve, the rail upon which the ring is fixed, having a traverse movement, rises and falls alternately, and the "traveler," being dragged around the ring, carries the yarn to the bobbin, there to be built up consistently with the left of the rail, and with certain differential movements necessary to correct and even adjustment.

During the last twenty years the ring frame has been improved considerably, and is now a keen competitor with the mule for yarns, of coarse and medium counts; owing to its simplicity, cheaper labor can be employed, and for countries such as India, China and Japan it is more adapted to the people than the mule. For fine yarns of

superior quality, the mule to-day is incomparable with the ring frame for 60's counts and upwards, and if you consider that yarns of 300's counts, of $143\frac{1}{4}$ miles to one pound, are being produced in Lancashire with ease, you will agree that the mule has reached a stage of excellence which one would think could scarcely be improved.

Weft yarn, or that which is laid transversely in the cloth, leaves the mule or ring frame in the condition in which it is required at the loom, but the "twist" or warp yarn passes through several "preparatory" processes to fit it for the operation in the weaving:

1. Winding, to take the yarn from the cop or bobbins and place it on the warper's bobbin.
2. Warping or beaming, to wind the yarn from 400 or 500 bobbins to one large beam.
3. Sizing, i. e., covering the warp with an adhesive preparation, to fit it for standing the strains in weaving.
4. Attaching the healds and reeds to the warp, called looming or drawing in.
5. Weaving.

And Shanghai mills are doing some weaving, some very important weaving; but that is another story.

Expansion of Local Weaving Industry.

III.

A big cotton mill is full of music.

You have more than once stopped pacing the deck long enough to peer in at the open ventilating door of the engine room, you have looked long into the depths below, you have watched the vibrating, pulsing engines, and you have listened. The music you heard you can hear now—loud, yet not loud—a rhythmical, steady volume of harmonious sound with never a discord. The music you hear in a cotton mill, where 50,000 and more spindles and looms are the musicians, is like that which comes up from the depths of the ship's engine room, with a difference. It is of a thousand times more volume; yet it is not jarring, not loud. There is so much force and strength in it that when your guide, who knows, talks to you he speaks directly into your ear; yet he seems to talk naturally, without shouting. When you reply he hears, but your own voice sounds to you like a whisper. It is an uninterrupted, harmonious, pleasing roar made by the whirling of countless wheels mingled with the higher pitch of numberless light pieces of falling and lifting metal, and the spinning of myriads of spindles. Yet it is not a roar; a tired child would find it a lullaby. It is music.

THE SONG OF THE SPINDLES.

The song sung by the spindles and looms is the song of China awakening from her sleep of centuries, for just as Japan awoke so will China, some day, only more so. From the lower part of Yangtzepoo Road, from Jessfield way, from Pootung, in Shanghai, and from other China cities, fingers are pointing toward the day when China will not only supply her own needs but the needs of other nations as well. And one of the greatest of China's needs is cotton cloth with which to clothe her millions. The spinning of cotton yarn has been a growing industry these

score of years, in spite of what the Government has done to retard it, but in very recent years an industry entirely new for China has developed—power weaving.

The weaving industry bids fair to grow and grow until China herself will fill the greater part of her needs for cotton manufacturers, for Shanghai to-day is already manufacturing a variety of all grades of cotton cloth as good as goods of the same grades made in Lancashire or Massachusetts. The output is small, it is true—very small comparatively—but a start has been made; it has been demonstrated that the country is climatically suitable, and far-seeing ones look to a time within measurable distance when China will cease to be the great market for the mills of Lancashire it has been in the past.

To tell the story of what is done to the finished yarn product before it finally leaves the mill in the form of cotton piece goods packed in bales and cases, would require a whole series of articles beyond the scope of these columns. The working of the looms is an old story, however, as familiar to the readers of fiction as to those who confine their reading to newspapers and technical journals. No attempt is made here to describe either the looms themselves or the work they do, for as soon as the layman finds himself in an immense room containing rows and rows of the busy singing machines attended by silent workers, men, women and children—rooms so large that the aisles between the close-set machines appear to verge in points in the perspective of the distance—he realizes that only a technical pen, or one of a writer who has spent weeks there, could adequately describe either the scene or the doing of the work. A time-pressed mill superintendent can only afford to hurry a visitor from one department to another; the visitor sees a little of this and a little of that, and comes away a bit confused, so immense is the place and so great the variety of work done.

PIONEERS IN MILL WORK.

The "Jardine" mills, to the management of which is due the credit for much pioneer work, have been doing great things since the beginning of the war and to-day are operating several large loom sheds equipped with the latest and most approved British machinery, machines stamped "1915." Much of the equipment was ordered before the war, and there is much more on order that has not been received owing to delays caused by the war. There are several large concrete-floored rooms standing empty, awaiting arrival of additional machinery. Local Japanese mills are also adding weaving departments and several big Japanese concerns have recently bought land here ready to build when the time is ripe.

There is not a mill in Lancashire where such a variety of goods is made as in the Ewo and Yangtsze mills here. In Lancashire the output of an entire mill will be limited to one sort of goods; here many sorts are made under the one management, practically under the one roof—everything from coarse sail cloth and canvas to the finer sheetings, drills, jeans, twills, shirtings and flannelettes, and these may be obtained in the gray, bleached or dyed states. The counts of yarn regularly spun at these mills are from

one hank to 42's. Besides doubled yarns from the ring frames, mule yarns are also made for a variety of uses in the production of blankets, sponge-cloths, matting, fishing nets, etc.

MAKING GERMAN BLANKETS.

A special department started during the past twelve months which is the thin end of the wedge in the German trade with China, is the making of cotton "German" blankets of different colors such as are used by every coolie and soldier in the north. Prior to the war such blankets have been imported from Germany in large quantities, and this no doubt is but one of the many items of trade which Germany will be unable to recover after the war. German agents here formerly bought cotton waste from the mills and sent it to Germany, there to be made into blankets and returned. But these mills are now utilizing all waste products so that not a pound of unmanufactured cotton leaves the mills. Five hundred blankets a day is the output from one mill, and blanket making is not yet a year old.

Not content with waste spinning and weaving, the management within the year have also equipped and started a bleachery and dyeing plant, and to-day a splendid bleached and dyed cloth is being produced. All this pioneer work has required close application and study, both in machinery and methods, for in some cases special machinery suitable for Chinese labor has had to be got to meet local requirements, but the difficulties have all been overcome, and now the Ewo Mills are ready when the time is ripe to enter into those special branches in a much larger way, having a complete knowledge of what is required to cater for Chinese trade.

CLEANSING PROCESSES.

Leaving the weaving department, the cloth has yet to be finished, and that requires several processes. For one thing, it has to be scoured and bleached, for impurities, accidental or intentional, may amount to 20 to 30 per cent, consisting of grease, starch and other ingredients used in the sizing, besides oil from the machinery. The removal of these impurities so that nothing but pure white vegetable fibre remains is the result of bleaching. Can you imagine anyone washing a piece of white cloth of endless length? The pieces are stitched end to end so as to form a long endless rope which can be worked in continuous length, and this is treated in a vat of hot caustic soda solution. It is then washed and brought into wagon cages, there folded by machinery, and the cages are pushed into the steamer kler, which consists of a horizontal boiler or cylinder, one end of which can be entirely closed by an iron door which is lifted and lowered by hydraulic arrangement. There the cloth is treated with caustic soda lye for about five hours, and then washed with hot water. Two cages can go into the steamer kler and two tons of cloth can be treated at a time. The bleaching is effected in a series of troughs in about the following order: Hot water rinsing, first chemic bath, passage through carbonic acid chamber, washing, scalding with soda ash, washing, second chemic bath, carbonic acid, wash, scour with hydrochloric acid, then well washed and finished.

CLOTH ROPES.

The cloth rope passes through the machine at the rate of 60 yards per minute and the whole process takes only ten or twelve hours. As it leaves the last operation the fast running rope of cloth passes over rollers high in air and is opened out and becomes flat again. And there are the dyeing vats, too, for dyed goods such as would make good summer suits for any man, or nice dresses for any woman, are being made in Shanghai mills—goods that are sold in Shanghai shops at far cheaper rates than the imported.

How China Hampers Her Own Mills

IV.

It is more than absurd that a cotton mill using raw cotton grown in its own country should have to pay more for that cotton than mills in a foreign country for the same raw material—Chinese cotton. That is the equivalent of retarding the growth of home industry while fostering the industry of a foreign and rival land, but it is the taxation situation here in China. Raw cotton to be manufactured in China is more heavily taxed by the Chinese Government than is the same cotton when it is to be manufactured in Japan—and China is a cotton-raising country and Japan is not. Here lies the secret of Japan's great growth as a cotton-manufacturing country, for the Japanese mills get their cotton duty free.

Mills using cotton grown in the same province in which they are located have nothing of which to complain except internal taxation, but when cotton is imported either from another province or a foreign country, it is doubly taxed. For example, a Shanghai mill wishes to use Shantung, Shansi or Hupeh cotton: At the port of export the Chinese Customs levy a duty of Hk. Tls. 0.35 per picul and on entry at Shanghai it again collects half duty or Hk. Tls. 0.175 per picul import duty, altogether Hk. Tls. 0.525 per picul. Now, a mill in Osaka purchasing the same cotton from the interior of China only pays an export duty of Hk. Tls. 0.35 per picul, and as it is entered duty-free in Japan, the Japanese mill is better off to the extent of 17½ candareens per picul than a mill in China, so far as taxation is concerned. The result is that a very large proportion of the crops raised in provinces where there are no mills is exported to Japan and returned to China as sloth or yarn which might otherwise be made in this country, as mills naturally avoid as much as possible purchasing cotton grown in other provinces.

AMERICAN AND INDIAN IMPORTS.

Because the native Chinese cotton is a short stapled fibre, the local mills find it necessary to import American and Indian cotton for the manufacture of the finer counts of yarn, and when China's crop is a short one importations of foreign cotton increase largely. When imported cotton is used, as it must be until such time as China produces a long stapled cotton, local mills are at a serious disadvantage when compared with similar mills in Japan using the same American or Indian cotton. The Japan mills pay the same price for the cotton, but it is entered free of duty in Japan, the Japanese Government years ago having seen the wisdom of fostering home manufactures by putting raw cotton on the free list. When that same American or Indian cotton is entered in a China port it pays a duty of Hk. Tls. 0.60 per picul.

Allowing that 3.45 piculs of foreign cotton are required to make a bale of yarn (three piculs), the following figures show the approximate taxation paid to the Chinese Customs on a bale of yarn spun in China and in Japan, the same foreign cotton being used: Entering China there is levied an

Hk.Tls.

Import duty on 3.45 piculs raw cotton at 60 candareens	2.07
Excise on yarn at 70 candareens per picul.....	2.10
	4.17

A bale of similar yarn made in Japan from the same American or Indian cotton when imported into China pays only an

Hk.Tls.

Import duty at 95 candareens per picul.....	2.85
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A spinning mill in China, therefore, pays to the Chinese Customs Hk. Tls. 1.32 per bale more than its Japanese competitor who ships to China. If there were no import

duty on raw cotton, mills in China would be in better position to compete with the mills of Japan. If the duty were lifted, there would of course be a number of Japanese mills established in China, but neither Chinese nor European owners of mills here would be afraid of the resultant competition, as all would be on the same standing.

A TINY ADVANTAGE.

By the payment of excise at port of shipment the finished product of mills in China is exempt from further taxation in any part of China, and in addition to this exemption China industry is protected to the slight extent of

Hk. Tls.

0.25 per picul on cotton yarn.

0.04 per piece on plain gray cotton goods.

0.025 per piece on drills and jeans.

Miserable as this advantage is, it assists somewhat, but there are many other products of local mills on which there is no protection, as articles not mentioned in the tariff of 1858 are required to pay the Chinese Customs an *ad valorem* duty of 5 per cent., which is a severe handicap that does not tend to encourage the development of the cotton mill industry. Yet the industry is developing in spite of the taxation obstacles placed in its way by the Chinese Government. For example, taking but two mill products, flannelettes and cotton blankets, here are comparative figures of duties paid when Japanese goods are imported, and the duty paid on similar goods made in China:

Imports under MacKay Tariff.	China-made goods pay 5% <i>ad val.</i>
Flannelettes:—Hk. Tls. 0.13 per piece not exceeding 36 inches wide and 30 yards long.....	0.18
Cotton blankets:—Hk. Tls. 0.03 per piece.....	0.05

ABOLISH EXCISE.

In order to give proper encouragement to the local cotton mill industry, excise on all mill products should be abolished and all products allowed free access to all parts of China on payment of a nominal fee for a pass at point of manufacture. Raw cotton should be placed on the free list so that it can be imported from foreign countries, or from other provinces, without duty. This would place China mills on a par with those of Japan. If these measures were adopted there seems to be no reason at all, judging from what has already been done by the mills in extending their manufacturing scope, why China should not do even better than Japan has done, for China is a cotton-growing country and Japan is not. China may easily turn herself into a rival of Japan as a cotton goods manufacturer if she would adopt Japan's own protective measures. Were that granted, the necessary capital for the establishment of mills would come of itself, without solicitation.

WILL GOVERNMENT EVER MOVE?

There are a great many things Chinese in which it is necessary to arouse interest on the part of the Chinese Government itself, and not the least important of these is the cotton manufacturing industry of China. The industry needs help in the form of tariff protection, and as Mr. Kerfoot said in his speech before the Shanghai Cotton Anti-Adulteration Association recently: "We have waited in vain for the Government to move for the last twenty years, and we may have to wait twenty years more before anything is done to assist the industries of this country."

One wonders in this sixth year of the Republic, if Chinese politicians will forego their personal, selfish wranglings and settle down to do some real constructive work for the good of their country.—*N. C. Daily News.*

THE CRISIS IN JAPAN

From the *Peking Gazette.*

By PUTNAM WEALE.

The latest information from Tokio shows that in the considered view of responsible persons the succession of General Count Terauchi to the Premiership of Japan, in the face of the Marquis Okuma's recommendation to the Emperor of Viscount Kato as his successor, is a veritable *coup d'état* which cannot but have serious consequences. It was believed that the precedent which had been made under the two previous administrations of the retiring Prime Minister nominating for the highest office in the land the person who commanded the greatest weight in the Imperial Diet, was sufficiently well-established not to be openly challenged; but with one blow this delusion has been dispelled and anything resembling true parliamentary government has been shown to be almost as far off today as it was twenty years ago.

Every detail about the business is peculiar. It appears from published accounts that the Genro, or Elder Statesmen, were actually secretly assembled in the Palace

at the moment when Marquis Okuma was laying his resignation in the hands of the Emperor; and that as a result of a very brief consultation they set aside Viscount Kato's name and rushed through the nomination of Count Terauchi, whose claims to office largely rest on his leadership of the Military Party and the "success" of his annexation policy in Korea. In spite of the statements which have been telegraphed round the world that any startling change in Japanese diplomacy, particularly in its relation to China, is out of the question, it must be obvious that a revival of "clan" government in its worst form in Japan is a very serious matter today; and that it is impossible at this date to measure the upshot of it all. It may be, of course, that the storm which must break in Tokio before long will cause China to be spared the visitation which is frankly feared; but it is impossible to be otherwise than uneasy by the sudden crushing of all the liberal tendencies in Japan just when publicists were beginning to

declare that they were in a fair way to becoming a respectable and even a redoubtable force which would pave the way to a better understanding between the nations of the Far East.

The great stumbling-block, which can only be removed by a rude struggle such as England experienced during the passing of the Reform Acts two generations ago, is the condition of the franchise in Japan. According to official publications, out of a total population of fifty-five millions there are less than two million electors today in Japan, the electoral classes being still rigidly and carefully confined by an ironclad system to those who pay relatively heavy land-taxes or what are called "direct taxes," vast numbers of educated men being thus totally excluded from the ballot and having no power of influencing the working of government, which remains what it was in England until the corrupt borough system was swept away. In such circumstances the popular or lower House of the Imperial Diet has not and cannot have the support which is necessary to make it a vital factor; and that is why what a brilliant student wrote some years ago remains as true today as then, that "Japanese political life seems to follow the German model, parties enlisting themselves in the cause of abstractions and drifting into ineffectual collision with the principle of authority which is the real mainspring of public thought and action. . . ."

All open-minded Japanese have lately recognized this; and great zeal has recently been displayed in reorganizing and consolidating the various groups, and in attempting to "indoctrinate" them with the idea of a working majority based on the English precedent. It is true that in Viscount Kato Japanese parliamentarians possessed a leader who was harsh and uncompromising in certain phases of his exterior policy, and who showed little love or generosity for China. But in Viscount Kato there was at least a man whose perfect command of English and long experience as an ambassador abroad had taught certain truths unknown to administrators who had been concerned solely with the Japanization of adjacent territory, and whose careers had been filled with the evil inspiration of "the Will to Power." Dangerous as Viscount Kato showed himself to China last year, it must never be forgotten that he yielded to reason at the eleventh hour and made a settlement which heartily dissatisfied Japanese extremists because it did not truncate the Republic of its essential prerogatives. Ever since that settlement of eighteen months ago, the pot has been simmering and a sort of vague political unrest has been noticeable which has culminated in this remarkable coup.

It is significant of the extraordinary times in which we live that this collapse of "civil" government in Japan should be accompanied by another whispered admission. It is that under the Okuma administration the Japanese Army was openly getting out of hand, and practically doing as it pleased, thus bringing about a general weakening of the framework of government, and challenging the Emperor-system. In articles published in this newspaper we ourselves have drawn attention to the fact that the considered actions of the Japanese Division quartered in

Manchuria, which led to the Chengchiatung and Kuchiatien incidents, proved that something was seriously amiss with the control exercised by the Tokio Cabinet, and that the Governor-General of Kwangtung was acting precisely as he pleased without regard for Japan's international obligations. What has since happened proves the correctness of this view; obviously the Japanese Military Party knew that Marquis Okuma was doomed and commenced acting ahead of his actual fall to precipitate matters.

There is another consideration. The unparalleled commercial and industrial prosperity of Japan since the war, and the growing wealth and increase of luxury, have notoriously been creating fear in high places that a year or two more of such conditions would create a revolutionary spirit in politics which it would be impossible to check. It is not generally realized that with her foreign trade fast approaching an annual turn-over of Yen 2,000,000,000 (£200,000,000 sterling) Japan is within measurable distance of becoming one of the great trading powers of the world. Whole classes of men have been enriched since the outbreak of the world-war on August 1, 1914, there being no less than one hundred and forty-three new millionaires. Profits in shipping have run into extraordinary figures, many small firms realizing fortunes which were not dreamed of as possible two years ago. Share values have appreciated in many cases from 100 per cent to 200 per cent, the position of the silk and cotton spinning industries being so bullish that there seems no limit to their future growth. The working of iron and steel, which for twenty years has been a failure in Japan, is now becoming an unqualified success; and there is little doubt that the erection of blast furnaces which is now going on so rapidly is the most significant sign of the times in Asia.

It is no wonder that in such circumstances the Military Spirit, upon which the traditional government of Japan is based, was fast becoming a negligible quantity, since ordinary Japanese were beginning to see the world in terms very different from those Treitsche declared were the only ones fit for a modern state. In other words, the commonwealth as an ideal of government was fast becoming understood as something perfectly feasible and practicable: and the military, forced back on to their main positions by the crumbling of their outworks, had for months been filling the magazines with inspired articles crying for a return to the older faith. Their success had been so small that a desperate remedy was at last settled upon; and that is why Okuma and all he stands for were swept into the street.

The nature of the problem should now be clearer. It is not too much to say that in Japan as in China a new era is dawning in which society, profoundly disturbed by new currents and new forces, seeks in a bewildered way to adjust itself without violent disruptions. The military leaders have understood this and have determined to make a last effort to lead their nation in the wrong direction. Relying on the chauvinism which is inherent in masses that have not been definitely committed by education and voting-rights to certain principles, they hope to utilize

the newly-acquired wealth for expansion at the expense of China. Indifferent to everything save the dictates of an unlimited ambition; cognizant of the fact that within two years militarism will be a detested doctrine, despised and rejected of man, they hope to strike whilst the iron is hot, whilst the devil's cauldron continues to boil in Europe. Otherwise why has General Terauchi in an interview which is not a hundred hours old had the effrontery to state that "Japan did not intend to violate the sovereignty of China or hamper the equal opportunities of interested nations, and that a supreme effort would be made to maintain faith with foreign Powers and to fulfill Japanese obligations under the British and Russian Alliances"? What necessity exists for a supreme effort to maintain faith, unless Japan intends to destroy faith by a calculated policy of disruption in China and then to declare that her self-imposed role of guardian of the Far East entitles her to intervene and tear up her treaties? It is well to ask these questions. Stronger, harsher and more determined men than the Japanese are to be found in the world, who in due course will take up the cudgels on behalf of the Chinese and prove once more that though light comes from the East, the home of iron is in the West.

THE REPUBLIC OF CHINA

"If only the political situation were settled," writes our Wuhu correspondent today, in describing the splendid harvests of southern Anhui, "what a country China would be." It is ungracious in an article in which we would express the congratulations of British and allied residents in the Far East to the Chinese people, on the fifth anniversary of the Republic, to begin with lamentations over the political trials of the moment. But if our Chinese readers will bear with us for a moment, those lamentations shall not be long. We believe firmly that the dissensions of today will presently give place to that reign of harmony of which the founders of the Republic dreamed. But it would be absurd, if not dangerous, to attempt to ignore them. Only by resolutely facing facts can a remedy be found for the evil that is in them. It cannot be denied that for five years the Republic has led a chequered existence, during which there have been three major revolutions in addition to that which overthrew the Manchus, besides how many episodes of local disorder, looting and destruction, involving in the aggregate immense loss of life and property, it would be impossible to say. Unscrupulous adventurers, with no recommendation but a mouthful of fine words, have been allowed to push themselves into prominence as popular leaders for their own enrichment. Corruption has flourished to an excess that the worst days of the Manchu administration could not equal. And today the whole governance of the country is held up until the Kuomintang and military have fought out their quarrel for the supreme power.

Amid all this welter of rival interests China possesses one great asset on which we would specially dwell today. For the first time the anniversary of the Republic finds her under a Chief Magistrate whom all parties cordially like and admire. With the personality of President Li Yuanhung the whole story of the Republic may be said

to be bound up. He did not make the Republic; nor even could he be said to have had any hand in its engineering. It found him in no great position as colonel of a battalion of infantry, to which he had risen from very humble beginnings. There is reason to think that he accepted the leadership which was literally thrust upon him with reluctance. But having once accepted, General Li has carried out his duties with an unswerving fidelity to the principle of government he had embraced and an absence of any thought for self which place him high in the roll of China's great men. Without much previous experience of affairs, his administration of Wuchang was a conspicuous success, and his removal to Peking was justly regretted in the Three Cities. In the capital General Li was for a while lost to public view, his sinecure of Vice-Presidentship causing him to be overshadowed by the towering personality of Yuan. Yet even in these surroundings he revealed himself from the outset as an unflinching opponent of the attempt to restore a monarchy. When the late President died, the mere possibility that he should be succeeded by anyone but General Li was so unthinkable that it was scarcely even mentioned. So we behold him on this fifth anniversary of the Republic in a position which we may imagine is little to his taste, yet labouring to do his duty by his fellow-countrymen as it might well be wished there were more like him labouring to do.

If, then, in offering congratulations, it is permissible to add an appeal, it is that all parties might pay less heed to their mutual differences of opinion and would rally to the support of the President as the embodiment of national hopes. The Republican anniversary, notwithstanding all the disappointments of the past five years, must naturally be dear to the Chinese, as typifying the end of a great tyranny and the expression of their own individualities merged in a common ideal. But it is clear that special precautions must be taken to prevent the tyranny of a throne from being replaced by the far greater tyranny of parties. The stumbling-block of the republican system hitherto has been twofold. On the one hand, too great eagerness of every party to assert its own theories, regardless of possible merit in those of other people. On the other, a dread of permitting anything like individual freedom of action as being antagonistic to republicanism. This is not what the history of other republics teaches. The will of the people must express itself through one mouthpiece, which must be allowed considerable independence in interpreting that will and reconciling its different voices. So should it be in China; and the greatest cause of congratulation to-day is that she possesses a President so impervious to any motive but the desire to serve his country that all may follow him implicitly. For at the back of all politicians, parties and presidents there remains the country, both for the inspiration and the reward of all administrative effort. We have said we believe present dissensions will give place to harmony. The history of China, her great resources in buried treasures and the inimitable industry and patience of her people forbid any other belief. She has endured worse crises than any that the past five years can show and will rise superior to this one also. For that it only needs some forbearance on the part of her contending politicians, and loyalty to the man who is himself the most loyal of all to the grand principles which the Republic is struggling to achieve.

THE NEW PHILIPPINE BANK AND OUR TRADE WITH THE ISLANDS

BY H. PARKER WILLIS.*

From The Nation's Business.

Much has been said within the past few years as to the best method of expanding American trade in the Philippine Islands. The problem of Insular trade is, however, the same as the problem of foreign trade elsewhere. It includes three principal elements:

Desire on the part of American manufacturers to supply goods acceptable to natives, and the making of transportation and other arrangements needful to the cheap and satisfactory delivery of their goods;

Development of buying power and demand for American goods among the natives; and

Establishment of profitable and mutual trade relations so that exports go from the United States by way of payment for imports from the Philippines.

For many years these elements in the problem have been neglected in the search for American-Philippine trade, but to-day export and import business is steadily improving. The greatest obstacle to the full development of business is found in the transportation situation, which, of course, has been bad all through the European war. In spite of this handicap, trade is generally admitted to be in a very promising and satisfactory state. The sugar industry at present is highly profitable wherever modern machinery has been installed, as it has at a number of points in the Islands. Substantial interest in the sugar business is being shown by outside investors, and there is reason to expect that in the near future there will be a considerable development of modern sugar mills equipped with proper machinery and able to produce good centrifugal sugar for export. The cocoanut oil industry is also showing marked development, the business of extracting the oil on the spot having been recently introduced in place of the older method of shipping the copra abroad for extraction of the oil. The cigar business has been greatly stimulated by the high prices of tobacco in Europe and the United States. Hemp is high in price and, as usual, is in strong demand. In consequence of the good prices realized for their products the natives have become better customers than in the past, and their desire for American goods of all kinds makes the Islands a desirable market for textiles, automobiles, iron and steel products of all kinds, various forms of wearing apparel, particularly shoes, canned goods, and a great variety of manufactures, especially those which have a relatively large value in small bulk, and hence are able to bear comparatively high rates of freight.

Americans in trading with the Philippines have heretofore committed the error of supposing that a large part of their market would depend upon the growth of an American colony in the Islands. They are now finding it more profitable to adapt themselves to the native demand. Inasmuch as American exporters are at last working along the right lines, it cannot be said that they are making any serious mistake in their efforts to obtain Philippine trade except that they are looking at the subject rather too narrowly, failing to realize that the same kind of energy and enterprise needed to extend their sales in the United States is needed in the Philippine Islands; while they too often neglect the fact that they must do all they can to stimulate importations from the Islands in order to enlarge the buying power of the natives, and thereby to improve trade with the United States.

One serious obstacle to the growth of business in the Philippines has been the lack of capital and the high rates charged for loans both at banks and elsewhere. The new Philippine National Bank may be able to relieve this condition in some measure, and is endeavoring to do what it can in that direction, but real relief will come only from the larger investment of funds in the Islands by American capitalists. While it may be some time before general investors in the United States become deeply interested in Philippine opportunities, those who are familiar with the business openings in special lines, such as sugar, cocoanut oil, hemp and tobacco are already manifesting genuine interest, and in a practical way. The Philippines are developing their trade not only with the United States, but also to a very considerable extent with Japan, and in a somewhat lesser degree with China.

In China and Japan there are a number of notable financial institutions of large capitalization, sound management and broad connections. Some of these institutions have branches in Manila, and in the past have done a large part of the banking business there. There has been no particular reason why they should seek to develop the resources of the Philippines, and they have very naturally confined themselves quite generally to exchange operations and a limited class of commercial business in the Islands. The Philippine Government has been obliged at times to supplement local banking activities by making advances, sometimes through local banks, to agricultural and other enterprises in the Philippines. As is well known, it has also exercised through its Treasury Department the function of maintaining the currency of the country at a parity with gold.

The Philippine National Bank is thus a natural outgrowth of conditions. It has taken over most of the bank-

*Editor's Note: During the spring and summer of 1916, Mr. Willis at the request of the Insular Government, organized and opened the Philippine National Bank.

ing functions heretofore exercised by the Government, and is supplementing existing banking institutions by undertaking operations which they have not cared to go into, or else were not fitted to take up. It is to some extent unavoidably occupying the same field as these other institutions, but it in no wise seeks to limit their business, but rather to further it. Since its organization it has stood ready at all times to rediscount any paper that might be presented to it locally. As time goes on, it may be expected to establish branches elsewhere in the Orient, and particularly in the Philippines, and thus to become a general Oriental institution, not confining itself exclusively to the Philippines, but endeavoring to develop trade between the Philippines and other parts of the East. For the present its work will naturally be confined to the Islands themselves. It has already established twenty-seven agencies in as many provincial capitals, where deposits are received and exchange sold, and at which applications for loans may be filed for transmission to Manila. Two regularly organized branches, one at Iloilo, the other at Cebu, are to be opened soon. The Bank has established relations with correspondents in Japan and on the China Coast, and is selling and buying exchange upon Eastern points generally.

The interest of American business men in the new institution should be genuine if they are at all concerned in Eastern trade. Inasmuch as the Philippine National Bank is endeavoring to do a substantial local business, discounting paper and assisting the development of Philippine enterprises, it will be in a position to help in the expansion of insular business to a very material extent. One of the objects of its creation has been that of carrying further and rendering more effective the work of the former Agricultural Bank which had already rendered good service in helping the growers of sugar, hemp, tobacco, and other agricultural enterprises. The new Bank has carried this during the present season large loans to sugar growers, and has made considerable advances in connection with the milling of sugar. American business men who are looking to the development of a market in the Philippine Islands are being accommodated through the usual methods of opening credits and financing importations; while, as already seen, local exporters are being aided in bringing their products to market, as well as in merely financing shipment of them abroad.

The establishment of the new Philippine National Bank will be of large interest to the Philippines themselves, both from the standpoint of their own finances and that of their internal business. It has an authorized capital of 20,000,000 pesos, or \$10,000,000 gold, of which 10,100,000 pesos has been subscribed by the Government of the Philippine Islands. The remainder of the stock is offered to public subscription, and is being gradually sold and taken up. As the depositing of insular, provincial and municipal funds throughout the Islands with the Bank is made mandatory, except in cases where public well-being may demand the use of other banks, the institution already has control of a large volume of public funds, its resources approximating 37,000,000 pesos, or more than \$18,000,000 in American currency. The Insular Government is thus responsible in three ways for the good conduct of the institution—as stockholder, as depositor, and as examiner or supervisor.

The president and vice-president are appointed by the Governor of the Philippine Islands; and since the Govern-

ment controls a majority of shares, it will always control a majority of the board of directors.

The transaction of general Government business, the receipt of current deposits, payment of Government checks, making of remittances to foreign countries, and the like, are now in the hands of the Philippine National Bank, so that its duties are distinctly of a public character from many standpoints.

At the opening of the Bank's business it, of course, undertook the duty of making agricultural loans. These are carefully limited by law to one-half of its capital and surplus, plus such receipts as may be received through the sale of agricultural bonds. It likewise undertook the making of loans designed to facilitate the marketing and shipment of agricultural products; and has already facilitated considerable dealings in tobacco, sugar and hemp. It has opened credits in the United States for some of the principal importers in the Philippine Islands, and has also begun financing operations between Manila and the adjacent coast of China.

In all this the new bank will be an important factor in stimulating and developing our trade with the Philippines.

PHILIPPINE SUGAR INDUSTRY

By HENRY PARKER WILLIS.

Sugar interests the world over are to-day looking with great interest to the Philippine Islands as a new source of cheap supply. Before the European war Continental sugar men had looked the field over and were about to undertake a large investment, provided they could get satisfactory terms. After the opening of the war there was a suspension of interest, and local political agitation and unrest had its share of influence in suspending developments of the plans thus formulated. American sugar interests, including Hawaiian, were uncertain about the outcome, and the consequence was that no steps forward were taken. To-day, with sugar prices high and every reason to believe that it will be a good while before they again become abnormally low, an era of development seems likely to set in as soon as definite proposals can be formulated.

SUGAR SITUATION IN ISLANDS.

The Philippine Islands to-day export about 100,000 tons of sugar to the United States, where it has free entry. This sugar comes from three chief districts, one just north of Manila on the Island of Luzon, a second in the Island of Mindoro and a third on the islands of Negros and Panay. It is not possible to state the precise quantity raised in each district, but the largest output by far is that which comes from Negros. The three districts referred to are not the only sources of sugar in the Philippines, but they include the bulk of the territory devoted to sugar cultivation on the large scale. Both within and outside of these districts there is a large amount of excellent sugar land. Some of this land has been brought under cultivation in times past, some of it has never been planted to sugar, but has been designated as good sugar soil by the Bureau of Agriculture. It is stated by some experts that the Philippines are to-day the largest undeveloped (cane) sugar region in the world, with very great possibilities, due not only to the fact that so much new soil can be brought under cultivation, but also to the increase in production likely to result from better methods in the present producing districts.

CLASSES OF OUTPUT.

Three distinct classes or grades of sugar are being turned out to-day in the Philippines. At the top is a fairly well refined sugar of say 96 degrees or better, which is produced by three principal mills, one in each of the districts referred to and each equipped with good up-to-date machinery. A second grade is turned out by a large group of small mills operated on the centrifugal process, but with small equipment and imperfect machinery. The grade of this sugar is a good deal lower, varying from mill to mill according to machinery and circumstances. The third and last group of plants comprises the great majority of establishments and turns out the so-called Muscovado sugar—a low-grade, dirty substance, containing the molasses, which is shipped abroad for refining. The "machinery" used in this third class of plant is almost incredibly crude, consisting in many cases of little more than a rudimentary apparatus for crushing and boiling the cane on the "open kettle plan." There are no statistics thus far to show the relative amounts of sugar produced by the different processes.

COST OF PRODUCTION.

The cost of producing sugar varies a great deal from place to place, as may be inferred from the fact that what is meant by "sugar" varies so widely. Careful inquiry seems to show that the cost of landing Muscovado sugar on the docks for export at present is about \$2.25 to \$2.40 per picul of 132 pounds. This is very close to the selling price as averaged over the past five years, although far below the present selling price. In short, the average price of Muscovado sugar for the past five years is not much above cost, leaving the planter but little margin. As contrasted with this situation is the fact that in the well-equipped modern mills costs are to-day so low as to make

the sales tremendously profitable. It is estimated that a small mill with good success can pay for itself within three years at present prices of sugar, or even at somewhat lower figures. This condition of affairs, described in other terms, is equivalent to a statement that the present price of sugar is immensely profitable for well-equipped establishments, but leaves only a small margin for the poorly equipped producer.

FUTURE OF INDUSTRY.

The future of the industry thus depends upon getting capital invested in the erection of modern and well-located sugar mills. Such a mill to-day costs from \$1,500,000 to \$3,000,000, according to size. A small mill may be erected for \$250,000, and some such mills or even smaller ones are being profitably operated at present, but their construction is of doubtful wisdom. Experience has shown that it is best to separate milling from agriculture, leaving the local farmer to produce the cane and organizing the mill to grind it. Of course, investors do not care to put money into a mill unless assured of cane to run it, and hence has sprung up a system of contracts with planters. These may run from fifteen to twenty-five years and provide for the delivery of specified amounts of cane, the mill undertaking to grind it. Division of the proceeds varies from 40 per cent. of sugar output to the mill and 60 per cent. to the planter, to a basis of 50 per cent. to each, the latter being considered about fair all around at the present time. This plan, moreover, eliminates the difficulties as to land holding and cultivation in which some concerns have become entangled, and confines the business to "straight milling" in partnership with the planter—that being what the type of contract described really amounts to. It is agreed by sugar men that the industry has a future of great profit if developed on that basis.—*N. Y. Journal of Commerce.*

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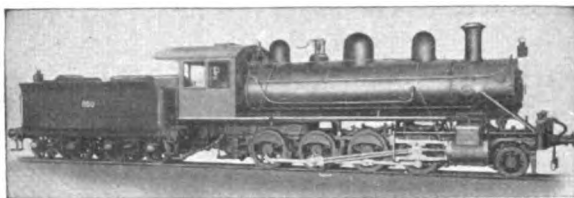
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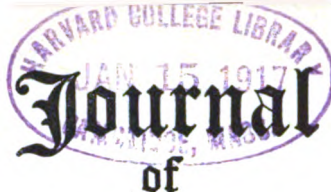
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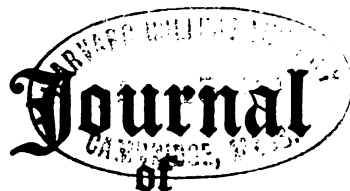
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At a Special Meeting of the Association held at the rooms of the Chamber of Commerce of the State of New York on Wednesday, January 3, 1917, at three-thirty P. M., the following amendments to the Constitution, which had been duly proposed and submitted to the members, were unanimously adopted:

"Add to Article III of the Constitution, under the head of 'Membership,' the following:

"ASSOCIATE MEMBERS.

"Section 5. Any applicant vouched for by a member of the Association may become an Associate Member, and shall be enrolled as a subscriber to the Journal of the Association, but shall not be entitled to vote for officers of the Association.

"To amend Sect. 1 of Article X of the Constitution so that it shall read as follows:

"ANNUAL DUES.

"Section 1. The annual dues for membership in the Association shall be Ten Dollars, payable annually in advance on the first day in July in each year. The annual dues for Associate Membership shall be Two Dollars, and shall bear date of the month in which the applicant is enrolled."

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THE purpose of these amendments is to facilitate the purpose, already declared, to expand the influence of the Association through the circulation of its Journal as a popular magazine. To render this possible, illustrations will be freely used and the general tone of the articles will be less technical and specialized than heretofore. Public ignorance in regard to the countries of the Far East is unquestionably a serious obstacle to the legitimate extension of American influence there, and the economic and political problems that have to be faced will be found much easier of solution if our people acquire a just sense of proportion in regard to the past and present of those great communities with whom our national interests are inextricably bound up. The Journal, in its new form, will necessarily cover a wide field of human interest, and can, it is believed, be made one of the most interesting of American monthlies. "Asia" is the distinctive title that has been selected for it; "The Journal of the American Asiatic Association" being retained as a sub-title. To

each member of the Association a copy will be sent as before, and it is hoped that the enlargement will be broad enough to provide a body of readers sufficiently numerous to make the enterprise successful. The institution of Associate Membership would seem to offer a favorable opportunity for the addition of ladies to the ranks of the Association. It is believed that there exists among the intelligent women of the United States, a clearer perception than generally obtains among men of the relation of Far Eastern problems to the future of the Republic, and special pains will be taken to secure as contributors to the new Journal the co-operation of women whose field of labor lies in Asia, so as to give them an opportunity to describe the conditions of life and progress with which their experience has brought them in contact.

WITH the present issue, closes the sixteenth volume, and ends the old series of the Journal of the Association. Identified with it from the first tentative issues, as records of the early proceedings of the Association, the present writer regards with some pride the goodly array of volumes that has accumulated since July, 1898. Never able to offer remuneration to contributors, the editor has been compelled to rely on contributions inspired by enthusiasm for the cause; on papers borrowed from other magazines, foreign and domestic, and on the official or semi-official records of the commerce, diplomacy and finance of the Far East. Without the generous and unwavering support of a body of the membership who have taken yearly contracts for advertising, the Journal could not have been carried on at all. It has borne its share in helping the American people to acquire correct views of Far Eastern affairs, and every number has contained matter of permanent historical value. There is no other such repertory of information in regard to the transitional period in the readjustment of the balance of power in Eastern Asia, preceding and following the Russo-Japanese War, and to the future historian who undertakes to describe one of the most momentous processes of evolution in the world's history, the files of the Journal of the Association will be an indispensable aid.

ELSEWHERE in this number will be found the report of a very remarkable meeting attended by 112 American citizens resident in Japan where the theme of the addresses was the need of closer co-operation between the members of both nationalities, so as to create a better understanding and promote larger and more profitable business activity. Judge Gary had struck the keynote of this movement in a speech at the semi-annual meeting of the American Steel Institute in St. Louis last October. He said that from the business standpoint Japanese manufacturers, merchants and financiers were desirous of co-operating with those of the United States to the fullest extent in protecting and promoting the welfare of both, and at the same time benefiting those in other countries with whom both might be conducting business. It was Judge Gary's opinion that the commercial and financial classes of Japan understand and appreciate the spirit of co-operation which has actuated the men en-

gaged in the iron and steel business, and that they would be pleased to consider with men on this side all legitimate plans for the application of the same principle. The President of the Tokio meeting suggested that one of the most favorable methods to bring about such co-operation and business partnership was for America to seek more strongly for a financial and participating interest in Japanese manufacturing and other commercial enterprises, either wholly within Japan itself, or for operation in adjacent countries where Japan is interested. This was a business policy which he regarded as entirely feasible; he thought that such enterprises could be carried on to the entire satisfaction of both sides. The suggestion is calculated to carry the more weight inasmuch as the speaker declared that he had had an actual experience of several years in connection with such Japanese associates. He added that there was no doubt as to the willingness of the Japanese to co-operate in the manner suggested and to welcome American participation. Statements to that effect have been made by Japan's greatest business men and financiers, and it only needed the acceptance of Judge Gary's point of view on the part of the business community of the United States, to make the proposed co-operation a reality.

For the nine months of the calendar year ending with September, our exports to China and Hongkong reached the very respectable figure of \$34,428,254. This is nearly \$12,000,000 more than the total of last year. On the import side, the gain is still more striking, the total recorded for the nine months being \$69,257,831 against \$40,544,427 in the corresponding period of last year. The exports to Japan for the nine months were \$71,834,614, or nearly \$40,000,000 more than a year ago. The imports from Japan reached the record breaking total of \$131,249,345, against \$79,784,444 a year ago. To the British East Indies, there has been a slight gain in exports, the total reaching the amount of \$21,028,695, but in imports the advance has been enormous. We bought of East Indian products in the nine months ending with September, to the value of \$159,716,493, or \$73,000,000 more than in 1915. Of course, the most remarkable department of our Asiatic export trade continues to be that which finds a home at Vladivostock, where there was entered of American goods in the nine months ending with September, \$128,656,447. With this very substantial aid, the Asiatic imports for the nine months exceeded in value all those to South America by \$109,000,000. The export trade to the Philippines drags a little, being \$5,000,000 less than a year ago, but the imports show a gain of \$7,000,000. For the rest of Oceania, the figures are entirely satisfactory, the British section of it having taken \$62,531,885 of American goods in the nine months, while they sent us products to the value of \$52,093,009. It is somewhat depressing to note that while the nine months show a gain of \$12,000,000, in the exports of cotton cloths, the amount taken by China is nearly negligible. Next to Canada, our best customer, these days, for cotton piece goods is the United Kingdom, with Cuba as a good third and the Philippines fourth in the scale of importance.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the nine months, ending Sept. 30, 1915 and 1916.

EXPORTS TO CHINA.

Months.	Cotton Cloths.		Mineral Oils (Illuminating).		Wheat Flour.	
1915	Yards.		Gallons.		Barrels.	
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
1916						
January.....	17,284	3,457	6,763,296	332,568	313	1,623
February.....	84,992	10,021	7,853,697	450,753	131	652
March.....	338,722	22,894	7,608,149	409,449	2,315	12,691
April.....	177,589	13,183	12,708,384	939,725	703	3,523
May.....	173,507	14,304	7,043,850	643,885	1,026	4,806
June.....	206,388	17,874	10,498,350	819,280	501	1,896
July.....	12,757	2,056	3,838,140	353,853	5,001	19,004
August.....	343,380	27,137	6,276,147	348,938	2,881	11,421
September.....	398,380	27,927	10,119,187	622,885	511	2,778
Total.....	1,752,999	\$138,853	72,709,200	\$4,921,336	13,382	\$58,404

EXPORTS TO HONGKONG.

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
1916						
January.....	400	70	2,020,948	164,410	2,413	10,954
February.....	76,834	16,059	4,135,028	335,180	53,832	244,198
March.....	.....	.....	.....	.....	56,051	248,294
April.....	28,485	4,086	.....	.....	10,771	52,115
May.....	108,415	19,627	3,074,380	167,897	150	1,183
June.....	55,716	13,490	2,628,640	254,218	6,007	26,478
July.....	120,871	21,684	34,000	4,161	.....	.....
August.....	71,938	15,552	270,000	26,308	31,740	139,573
September.....	13,806	2,141	3,911,014	176,930	15,424	69,475
Total.....	476,465	\$92,700	16,074,010	\$1,129,104	176,388	\$792,270

DEPARTMENT OF COMMERCE.

Bureau of Foreign and Domestic Commerce

**Imports of Tea and Silk into the United States for the nine months ending
September 30, 1914, 1915 and 1916.**

Imported from	1914.		TEA.		1915.		1916.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	9,852,614	2,739,454	10,417,648	2,660,690	15,426,236	3,718,093		
Canada	2,591,354	697,570	2,374,827	710,210	1,861,395	614,844		
China.....	13,072,474	1,822,534	14,149,768	2,052,413	10,001,741	1,448,221		
East Indies.....	8,435,432	1,446,882	10,215,017	1,954,879	8,188,377	1,600,035		
Japan.....	32,891,020	6,005,524	38,093,657	7,080,370	32,975,645	5,908,078		
Other countries	1,028,484	205,674	715,042	98,448	482,454	88,876		
Total	67,871,378	12,917,638	75,965,959	14,557,010	68,935,848	13,378,147		

RAW, IN SKINS REELED FROM THE COCOON OR REELED								
Imported from			SILK.					
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	63,153	236,814	37,808	109,426	95,420	204,257		
Italy.....	1,491,704	6,649,371	2,424,792	8,782,800	1,369,668	7,736,945		
China.....	3,374,680	9,487,398	4,746,596	9,566,080	4,626,987	16,576,047		
Japan.....	14,269,834	53,487,980	13,527,308	40,839,491	17,736,945	80,023,612		
Other countries	191,828	757,385	46,646	178,293	69,695	373,716		
Waste..... free	4,045,024	2,250,010	4,120,634	2,043,980	7,057,135	4,034,619		
Total unmanufactured	23,436,223	72,870,076	24,903,784	61,560,879	30,955,850	108,949,196		

FOREIGN BUSINESS IN CO-OPERATION WITH JAPAN

(From *The Japan Gazette*.)

The note recently struck by Judge Gary declaring for a closer measure of economic co-operation between the United States and Japan was yesterday emphasized in a striking measure by Mr. J. R. Geary, President of the American Association of Japan, at an American gathering in Tokyo reported in this issue. This unanimity of these representative Americans on either side of the Pacific is notable, and should be duly observed by all foreigners and Japanese interested in international enterprise and trade. We have recently received an authentic report in full of the considered remarks of Judge Gary on the subject of American-Japanese business co-operation, made by him in his capacity of President of the American Iron and Steel Institute at the latter's semi-annual meeting at St. Louis on October 27th last, and he and Mr. Geary are therein shown to be in perfect accord on the subject, not only as to the mutual possibilities of greater business rapprochement but even as to the best means of bringing it about. For instance, speaking of Japan's attitude, Judge Gary said in part:—

"And, from the business standpoint, the Japanese manufacturers, merchants and financiers are desirous of co-

operating with those in the United States, to the fullest extent, in protecting and promoting the welfare of both and at the same time benefiting those in other countries with whom both of us may be conducting business. They understand and appreciate the spirit of co-operation which has actuated the men engaged in our lines of business and they would be pleased to consider with us all legitimate plans for the application of this principle."

Mr. Geary said last night:

"I would suggest as one of the most favorable methods to bring about such a close business partnership that Americans seek more strongly for a financial and participating interest in Japanese manufacturing and other commercial enterprises, either within Japan or for operation in adjacent countries where Japan is interested. *This is entirely feasible*, and I feel warranted in stating that such joint enterprises can be carried on *to the entire satisfaction of both sides*."

As for the means for promoting this new business partnership, urged by both these American representative men in the United States and Japan, they are also essentially identical so far as opening steps go. They

both recommend strongly that American business men should visit Japan. For instance, Judge Gary, in his St. Louis address, said:

"Now I would urge all of you, who find it practicable, to visit the Far East. Go during the autumn or early spring months, if convenient, but do not hesitate to make the journey during the summer time. You owe it to yourselves, to the business interests you represent and to your country to come into close relations with the people of these far distant lands. While they are far away, if measured by miles, yet in point of time they are growing nearer, by reason of improvements in transportation; and the trip is enjoyable. You may be assured there are innumerable features in each of the countries intensely attractive and in many respects different from what you have ever seen. While I was somewhat fatigued at times, I continued in good health and I have reason to congratulate myself on having had the opportunity to see these countries and to meet so many agreeable people. If you decide to do so, you likewise will be glad to have made the journey.

"More and more of our business men should come into close contact with the people of Japan, China and the Philippines. It will be of benefit to all. There is much to see and to learn. Many misunderstandings have arisen and some still exist. They can and should be removed. It is as true as it is old that human nature is about the same the world over. We in the United States are not possessed of all the virtues. We are just as likely to be wrong in judgment and conclusion as others. Indeed, we have often been wrong. If some of our leaders in Congress had been better posted, it is possible that many ill-advised speeches would not have been delivered. At any rate, I strongly urge that as many of our citizens as find it possible take the time to personally and impartially inquire into the facts which bear upon the relations of the United States with other countries. There is always danger of unsettled disagreements if parties conduct their communications at arm's length. If they converse 'eye to eye and face to face' even nations are much more likely to avoid conflict and to settle disputes without doing an injustice to any. If we are looking for trouble we can usually find it; and if we are looking for harmony it is, as a rule, equally easy to procure.

"If any one connected with our Government will spend a few months, or less time, in Japan, with an honest intention and effort to ascertain the sentiment of the large majority of the controlling elements, I verily believe such a one will be convinced Japan is not desirous of trouble with the United States, but, on the contrary, earnestly desires our friendship and co-operation in every worthy ambition."

While Mr. Geary, last evening, said:

"In order to get our financiers and investors and the officials of our large corporations at home to look with favor upon such a policy as I have outlined for the

future, it seems necessary that they become better acquainted with the Japanese investors, bankers and business men, and to accomplish this they must visit Japan. It should therefore be the duty of the representatives of the large and important American interests in Japan to make every endeavor and use all possible effort to have these representative Americans make a visit to this country for personal acquaintance and investigation."

Now, this unrelated, but unanimous American testimony—from the man at home and the man on the spot, both representative—constitutes a very forcible united argument for the international course—co-operation—suggested, and for the best preliminary method—exchange of personal visits, or, at least, a large increase in American business travel to Japan—for the prosecution of that course. No doubt, this twin counsel, so curiously and non-collusively delivered almost coincidentally, will have due effect on the two parties particularly concerned, and its wisdom should not be lost on other nations that might drift into bitter commercial competition for want of closer acquaintanceship. By all means let foreign business men of responsible standing of all nationalities visit Japan personally as soon as possible. The more and the sooner, the better. They are assured of a kindly welcome and besides gaining first-hand knowledge of new business possibilities, will also have a chance of personally testing the international political spirit of Japan so often misrepresented abroad by interested or ignorant parties.

President Wilson's first Wireless Message to the Emperor of Japan, published to-day, is a demonstration of the profound friendliness entertained by the United States for this country and with the Emperor's gracious reply, constitutes an earnest of success for any new mutual efforts towards further business co-operation.

THE NEED OF AMERICAN-JAPANESE CO-OPERATION EMPHASIZED.

BY AMERICANS IN TOKYO.

The need of closer co-operation between American residents in Japan and the Japanese in business and socially in order to lead to a better understanding on the part of the two nations was the theme of addresses delivered by prominent Americans at a dinner held November 15, at the Imperial Hotel, Tokyo.

The gathering was attended by 112 citizens resident in Japan, and was one of the most successful functions ever held by American residents in this country. The gathering will be remembered for the fact that it witnessed the dispatch of the first wireless message exchanged between Japan and America, this being a congratulatory message sent to the President at the White House. The idea originated with Mr. Joseph C. Sharkey, representative of the Associated Press of America, and the suggestion

readily approved by all present was to transmit a message of greeting and congratulation to the occupant of the White House. The message read:

"President Wilson,
"Washington.

"With inauguration wireless telegraphy Japan America one hundred Americans of Tokyo and Yokohama, with American Ambassador present, send you greetings."

The large dining-room was prettily decorated, and adorned with the Stars and Stripes and portraits of Washington, Lincoln and President Wilson. The music was from start to finish American, with the exception of the "Kimigayo," which followed the toast of "The Emperor," proposed by Mr. Guthrie. The "Star-Spangled Banner" followed the toast of "The President," proposed by the Chairman, Professor Swift.

The guests included the staffs of the American Embassy and the Consulate-General of Yokohama. The speakers were H. E. G. W. Guthrie, the Ambassador; Dr. S. H. Wainright, Dr. R. B. Teusler, Mr. D. H. Blake, Mr. J. R. Geary, and Prof. J. T. Swift, upon whom devolved the task of organizing the banquet.

AMBASSADOR ON AMERICAN IDEALS.

Speaking of "American Ideals," the Ambassador, after dealing with the necessity of justice and right in the life of a nation, said:

"We have a vision of a land where truth and justice prevail, where every man shall have an opportunity to attain that development mentally, morally and physically for which God intended him; a land, vigorous in the maintenance of its own rights, but scrupulous in regarding and acknowledging the rights of others. This has been the vision that has led us."

THE FUTURE OF AMERICANS IN JAPAN.

Mr. J. R. Geary's subject was "The Future of Americans in Japan," and the speech contained some very practical advice to both foreigners and Japanese. Mr. Geary said:

"Mr. Chairman, Your Excellency the American Ambassador and Gentlemen:—The subject assigned to me, namely, 'The Future of Americans in Japan,' greatly concerns everyone present here, and besides every other American residing in Japan, as well as those of our country who may come in the future or who may be contemplating a visit here, for business, pleasure or any of the many other things which attract people to this part of the world.

"From the time that Japan opened up intercourse and dealings with the other nations of the world, sixty years ago, Americans have been foremost in travel to this country and have taken a leading part in business, scientific, religious, educational and other matters which must necessarily concern the people of two friendly nations. Due to the proximity of Japan to the United States, the constantly increasing business between the two countries, the interchange of visits by representative citizens of both

nations, and the improved and accelerated methods of travel and communication, it is but natural that the domestic, and even the foreign affairs of each country should become of greater and greater interest and importance to the citizens of the other.

"This has been recently very clearly demonstrated by the interest shown and the extended comments in the American press upon the appointment of Field Marshal Count Terauchi as Premier of Japan, and again last week by the keen interest taken all over Japan upon the reelection of Mr. Wilson as President of the United States. The diplomatic relations of each country with other nations are very closely followed by the people and the officials of both Governments.

THE NEED OF A BETTER UNDERSTANDING.

"Now all of this intricate exchange of diplomatic and business relations, and public and private transactions with the Japanese require on our part as complete a knowledge as possible of the conditions existing here and also a proper and friendly acquaintance and understanding with representative Japanese people.

"As to the desirability of perfect accord and the continued cordial relations which exist between the two countries at the present time, there is, I think, no question of doubt in the mind of any citizen of either country who gives the question due consideration.

"Americans, however, should not rest on what may be considered at present satisfactory conditions. In these days of strong likes and dislikes between nations and the peoples of different countries, which have been brought about to such an enormous extent by the existing European war, it is our duty as Americans to take all possible proper means to cement stronger than ever, the friendly ties which bind us to other nations. This is a sound and wise course to pursue at all times, but it is especially important and fitting at the present in view of the plans being considered by most of the warring nations and some of those not at war, with respect to trade and commerce and other important things to be accomplished or put in effect after the conflict is finished.

"When these new world affairs are ready to be launched, we should be on the ground also and claim proper recognition and treatment. Americans in Japan, in order to be prepared for such conditions, should keep these points in view now and should shape their ideas and connections and friendships accordingly.

"Now with these conditions in mind I believe that the American residents here, both individually and as representing their various home industries, are in a particularly favorable position at this time to extend and enlarge American trade and commerce in Japan; and to continue to further the policy of an interchange of interests with this country to a greater extent than ever before; and always with the incentive in mind of gradually binding the two countries and their people so closely together that it may be felt each must always have the assistance and co-operation of the other. All of us can do a great deal

in this direction from day to day in our regular routine of business or professional work if we keep these principles in mind.

"I would suggest as one of the most favorable methods to bring about such co-operation and business partnership that Americans seek more strongly for a financial and participating interest in Japanese manufacturing and other commercial enterprises, of a permanent nature either wholly within Japan itself or for operation in adjacent countries where Japan is interested. This is entirely feasible and to be recommended, and I feel perfectly warranted in stating that such joint enterprises can be carried on to the entire satisfaction of both sides; in fact, I speak from an actual experience of several years connection with such Japanese associates.

"Financial interests generally bind individuals more closely together than anything else, and therefore in the case of two nations where the people of each may be mutually associated in large financial and business interests, constituting fixed investments, the bond of friendship and association between them and their countries must naturally be drawn closer.

"This is a field of operation and opportunity for Americans which has not been taken full advantage of in the past; the present is a very opportune time because of the great desire to develop new industries here, and the national feeling which exists of the necessity for a large export trade. There must be many new industries which could be established in Japan with proper foreign expert advice, and where I am sure financial assistance and participation would be welcome to Japanese associates. Such interests as these become really permanent investments, and are what we Americans with so much surplus capital now at home should largely encourage in the future.

"There is no doubt as to the willingness and the desire of the Japanese to co-operate in this direction and to welcome American participation. Statements encouraging this policy have been made by Japan's greatest business men and financiers. It should be the duty of all of us residents in Japan to further and encourage this policy in every way possible.

"Now in order to get our financiers, investors and the officials of our large corporations at home to look with favor upon such a policy as I have outlined for the future, it seems necessary that they become better personally acquainted with the Japanese investors, bankers and business men, and to accomplish this they must visit Japan more frequently than in the past. It should therefore be the duty of the large and important American interests in Japan to make every endeavor and use all possible effort to have these representative Americans make visits to this country for personal acquaintance and investigation.

"We have just recently had an illustration of the desirability and advantage of such visits in the person of Judge Gary, Chairman of the Executive Committee

of the United States Steel Corporation. There is no doubt that he accomplished a great deal of good by his favorable acquaintance with many important men in this country, and by his clear and frank expressions both here and in America after his return. Nothing can be more conducive to friendly and pleasant relationship and the furtherance of proper business interests than such visits to Japan from our representative business men in America.

"Now, reverting to the subject 'The Future of Americans in Japan,' I have tried to point out what may be new lines of work and development in the future.

"These would only add to the present large trade and important interests existing between the two countries. Anyone who comes here even for a brief visit must quickly notice the progress, development and energy of the people and the whole nation.

"This modern progressiveness and the desire to adopt the latest and most up-to-date things, must naturally bring many Americans to this country in the interest of such work in the future. Educational, scientific and professional men must also naturally be attracted here for investigation and observation.

"Oriental customs, the fine arts of Japan, and the historical things of the Orient, many of them so attractive and so different from those in our Western countries, will no doubt cause travel and residence here to increase rather than decrease as time goes on. Taking all these things into consideration, I should say that the future of Americans in Japan should be very active and promising and attractive from many points of view."

DR. WAINWRIGHT ON "AMERICANS OVERSEAS."

Dr. Wainwright's subject was "Americans Overseas." He said in part:

"I think I have observed something new in the spirit of Americans abroad, that is just beginning to manifest itself. We have sent our Americans overseas for more than a century now, but they have gone as individuals. In recent times Americans abroad have begun to manifest a community spirit. This banquet is an instance that we are passing out of the stage of individualism and are showing a tendency to form an American community life.

"We Americans living in foreign lands must be the exponents of Americanism to men of other lands. True Americanism, I believe, is a matter of spirit rather than institutions. To express American ideals it is necessary that we have more of the community spirit. An ideal has as many sides as a table, and one man can no more uphold American ideals than one man lift a table.

AMERICAN IDEAL OF ADVENTURE.

"It is said that the ideal of the Teutonic is a methodical will; that the ideal of the Saxon mind is a pertinacious will. I believe that the American ideal is an adventurous will. That fact is full of promise for the American nation. We have our eyes on the future, not the past. We have our eyes and our ambitions fixed on the possibilities of the future. The American is in love with the incalculable. Our nation is recruited by adventurous

men of other nations who have been drawn to our shores by this love of the incalculable. Our inexhaustible resources have put something into our blood. Never before in the history of mankind have men been challenged as we are by undeveloped resources, by undeveloped possibilities of service to all mankind.

"Our Government is adhering to a policy of peaceful arbitration and peaceful co-operation. We Americans look to private enterprise to do more, to go further, than our Government. To us Americans overseas comes the duty of seeing to the best of our ability that this policy of peaceful co-operation with the other peoples of the world is carried forward to the fullest possible extent.

"I have been convinced that there is some purpose in the great accumulation of wealth and industrial power and brains in America. I believe that there is a world-wide significance in the development of the United States. I believe that we can bring our war resources to the services of mankind in a peaceful way. As we promote the freedom, the brotherhood and the peaceful co-operation of all the world, more and more will we have reason to be proud of our Stars and Stripes."

MR. BLAKE ON THE WORK OF THE ASSOCIATION.

Mr. D. H. Blake, who has resided in Japan over a quarter of a century, and has been actively identified with the work of the Association, remarked that that gathering of Americans was the largest he had ever seen in Japan. The Association was first formed to foster American trade in the Far East. Since then its work has expanded, the Americans have joined in celebrating their national holidays, deserving citizens of the United States have been helped, and every effort has been made to advance the prestige of America in the Orient.

The speaker drew hearty applause when he declared that "despite the criticism of foreigners that Americans are too materialistic, that money is their god and that they are 'too proud to fight,' the American people are as patriotic as any in the world."

Mr. Blake told of a movement that has been started with a view of having the present constitution of the American Association so modified as to admit of greater activity among Americans in Japan. It is planned to organize local committees in various communities throughout the Empire, and through this medium promote acquaintance and foster American interests and ideals.

JAPANESE DEMANDS ON CHINA.

(Correspondence of the *N. Y. Journal of Commerce*.)

TOKIO, Nov. 21.—Since the inauguration of the Terauchi Cabinet there has been a great deal of discussion going on in the press as to the line of policy likely to be adopted under the new regime, but the Premier, while open to approach for reasons of tact, has maintained apparently a studied reticence in respect to pointed inquiry, the few hints given out being so vague and general as to mean very much or very little.

Of course, no one familiar with the career of Marshal Count Terauchi will wonder at this attitude, for he has long been known as a man of action rather than of words, in which respect the people are wont to compare him with the late Prince Katsura, who led the nation triumphantly through the war with Russia. Indeed, it was this qualification that entitled him to the Premiership, if popular opinion be well grounded. When

Count Terauchi was appointed to succeed Prince Ito as Governor General of Korea he proved a man of silence, but he became the author of great achievements in the briefest of periods, annexing the whole peninsula to Japan in two months.

Knowing the Premier to be a man who always does more than he says, the Japanese are now anticipating great things from him in the way of adjusting relations with China. The negotiations going on between Tokyo and Peking over the Chengchiatun affair appear to have reached a deadlock. News has leaked out that Tokyo has instructed the Japanese Ambassador at Peking to issue a warning to the Chinese authorities urging a hastening of conclusions and that Japan's demands be promptly satisfied. Reports that the provincial officials, as well as high military officers in China have sent petitions to Peking advising a rejection of certain of the Japanese demands, have caused some degree of umbrage in Tokyo and further warnings have been sent to have these extra-diplomatic influences keep out of the discussion.

When Japan begins to issue warnings we always expect something to happen. Just what it will be in this case is not yet clear. There is no doubt that China will reject Japan's demand for the introduction of her military advisers into the various army departments of the republic. Remembering that it was by obtaining control of the Korean army that the annexation of the peninsula was so easily brought about, China is likely to be very wary about admitting Japan to opportunities of interfering in the military concerns of China. And China is just as strongly opposed to the extension of Japanese police jurisdiction in that country. The police, however, seem to be already for the most part in place and only waiting for formal permission to remain.

Meanwhile the negotiations must go on and be pushed to a conclusion satisfactory to Japan; and the present Tokyo Cabinet is not of a complexion favoring unusual leniency with China. There will be no demonstration, but the Cabinet will be speedily effective in reaching its objective. There is but one contingency that may save the situation; and that is the possibility of an understanding with England making the Anglo-Japanese Alliance a basis of adjusting Japan's interests in China after the war.

One of the questions now occupying an increasing degree of importance in Japan is that of consolidating the nation's commercial interests in China before the conclusion of the war. From the general trend of the discussion as carried on in the press of Japan it is evident that the commercial and manufacturing interests of the Empire anticipate keen competition with British and American merchants in China on the conclusion of peace in Europe, when Western trade will again be free to resume activity in the Far East. The present is looked upon as Japan's golden opportunity to take precautions against undue competition, and the Government is carrying on careful investigations as to how aid can best be extended to the nation's commerce in China when post-bellum rivalry sets in.

Similar investigations are proceeding in regard to the future of Japanese trade in Russia, commissioners having been dispatched to that country to return with reports on the prospects. In that sphere also sharp competition is expected with British and American trade. Japan feels that her natural markets lie in China and Russia, and that if she does not secure these now while Western trade is occupied with war orders, the situation will be hopeless later. Nothing that she can do should be left undone to place her on a level with her English-speaking rivals in these fields. Japan's greatest disadvantage is her inability to meet her rivals on even terms financially and in the quality of the goods placed on the market. Customers in China and Russia prefer a longer credit than

Japanese merchants can afford. In the supplying of war stores Japan lost a great deal on account of this financial disability.

To relieve the situation, Russia floated a loan of 50,000,000 yen and six months later another of 70,000,000 yen on the Japanese market, in payment for war orders; and recently some 15,000,000 yen of Russian Treasury bills have been put on the market here by the Bank of Japan to accommodate recurring orders, the rate being at 5.84 per 100 rubles, in interest. There has been much talk as to the advisability of establishing further banking facilities in Russia and China for the promotion of Japanese trade, but the new cabinet has yet not advanced beyond the stage of investigation.

Japan's balance of trade continues to be unprecedentedly large, the chief increases being copper, cotton yarn and raw silk, and total exports show an advance of 38 per cent., with decreases in cotton hosiery, cotton underwear and textiles. Import trade has recently made an increase of some 31 per cent., especially in raw cotton and wool. From January to October, inclusive, exports amounted to 878,371,000 yen and imports to 622,590,000, resulting in an excess of 255,781,000 yen. It is noticeable of late there has been a marked decrease in Japan's trade with China, amounting to over a million yen in two months.

The prohibition of certain exports entering Great Britain has seriously affected Japanese manufacturers, especially makers of hosiery, but the British Government is doing all possible to relieve the situation. Recently through the British authorities an order was placed in Japan for 3,000 tons of zinc for Russia, to be 99.9 per cent. pure, of which 2,400 tons are to be shipped within twelve months from December and the balance within twelve months thence, all via Vladivostok. Owing to the epidemic of cholera and bubonic plague, the price of disinfectants has advanced enormously, carbolic rising to 2.30 yen per pound.

COAL AND FLOUR EXPORTS INCREASE.

On account of the coal strike in Australia, Japan is experiencing an increase in that export, the price already advancing 2.70 yen per ton above normal prices. The steady advance in American flour has caused great activity in the Japanese market and increased exports of Japanese flour have begun, especially to England and the South Seas. Last week some 2,000 tons of flour were shipped to England, and 2,000 tons more have been ordered, shipment in December. The price of green peas has also much advanced, most of the crop going to England, which country last year took 15,000 tons, and will probably take most of this year's output.

The stock of raw cotton on hand in warehouses amounts to 264,000 bales, including 44,120 bales of American, 156,950 Indian, 4,440 Chinese and 59,110 mixed. The Russian embargo on imports has caused much inconvenience in Japan and especially the present impossibility of sending goods by way of Vladivostok, owing to the railway being completely occupied in transportation of war supplies, chiefly imports from America.

The past few months have witnessed a tremendous expansion of industry in Japan, especially in the way of new companies. Since the first of January last the number of new companies organized totals 3,085, representing a paid up capital of 81,539,573 yen, which is some 28,000,000 yen more than was invested in company promotion last year. Of the capital devoted to the establishment of new companies this year, 33,344,794 yen represents manufacturing concerns. Owing to easy capital, no doubt, there is a strong tendency to recklessness in company promotion and doubtless there is danger of the same disappointments that followed the close of the war with Russia.

The progress of shipbuilding continues unabated, the capacity of Japanese yards having increased fivefold since the war, but the steel industry, on which dockyards are so dependent, seems to make but slow headway, yet the past two years have seen remarkable improvement. Since the beginning of the war foreign governments have chartered over 400,000 tons of Japanese shipping, and though immense profits have been reaped, the scarcity of bottoms remains unrelieved.

SPECIE RESERVE GROWING.

Japan's specie reserve is still swelling at a remarkable rate, the total last reported by the Government amounting to 670,000,000 yen; and the urgency of its disposal is now more than ever occupying the mind of the nation's financiers. There is some talk of persuading Great Britain to raise a 50 or 100 million yen loan in Japan, while others advocate the organization of a great financial corporation for the purpose of promoting investment abroad. It is further suggested that the Government should push the redemption of foreign loans. As the readjustment of the money market in Japan has an important bearing on the question of specie disposal, the problem has to be carefully considered by the new Minister of Finance. The Government seems rather inclined to a hoarding policy and the flotation of domestic loans for foreign debt redemption and armamentary repletion as well as railway extension, probably owing to the conviction that money will be tight after the war.

Since the war broke out Japan has spent 130,000,000 yen in the refundment of foreign loans, while about 200,000,000 yen has been invested in foreign enterprise abroad through Government channels, and there has been a good deal devoted to private investment and debt redemption as well. As an inevitable result of the increase of gold, speculation has been rampant and national currency has suffered inflation. At the beginning of the war the total volume of currency was 290,000,000 yen, but notes issued by the Bank of Japan have now risen above 420,000,000 yen, which, owing to the slow rate of placing capital, is lending further impetus to wild speculation.

The Government is reported to be considering the advisability of doing more toward calling up the uninvested money by selling the bonds in its possession and investing the money in British Treasury bills. There is apparently a conviction that after the war there will be a reversion to unfavorable balance of trade and a large outflow of specie, and for this reason some think that by paying off more of her national foreign debt now Japan could keep the money that otherwise would have to be sent out of the country in interest and thus to some extent check the export of specie after the war.

The commercial and industrial circles of Japan, however, are more concerned with pushing the nation's financial and commercial interests abroad, preferably in China. It is probable that the proposal to devote most of the available capital to redemption of foreign indebtedness and to investment in China will meet with the largest measure of approval. It is felt that something very decided should be done to enable Japan to maintain the industries and the markets created by the war.

Moreover, the financial condition of the agricultural population, which is the backbone of Japan, is anything but rosy. The farmers of Japan owe the enormous sum of 1,600,000,000 yen, exclusive of debts not duly registered, for which they have to pay 328,000,000 yen in interest every year. The average rate of interest imposed on the helpless farmers is said to be 16.4 per cent. per annum. It is thought, therefore, that some of the present increase of specie should be utilized in assisting the agricultural classes to redeem their loans by accommodating

them with funds at 7 or 8 per cent. interest, thus saving them some 168,000,000 yen annually. Thus it will be seen how intricate is the problem Japan has to solve in the disposal of her increase of wealth through the war.

JAPANESE POLICY IN CHINA.

By THOMAS T. READ.

(From *The New Republic*.)

It is curious, but perhaps not unnatural, that nearly all the current discussion of the present national policy of Japan concerns itself chiefly with superficial aspects. It is worth while, therefore, to direct our thoughts toward underlying causes, to the end that we may distinguish between the veering flaws of circumstance and the trade winds of a definite policy.

When Japan first began to take her place among the nations of the world the leading statesmen, after due thought, decided on a policy the direct antithesis of that followed in the United States. Here national policy and national development are determined by more or less enlightened public opinion; the people lead, the government follows. Japanese statesmen determined that the government should lead and the people follow; that the people as a whole should think, desire, labor, and fight for the things their national leaders thought best for them. Probably such a policy could never have been carried out in this country, but, for reasons obvious to anyone at all familiar with the Far East, it was quite practicable in Japan and has been consistently followed with a fair measure of success. A discussion of the advantages and disadvantages of such a policy and an inquiry into the present indications of its eventual success would be of interest, but for the basis of this discussion it is sufficient to note the fact and then pass on to a consideration of the methods of its expression seen in current Far Eastern development.

Having determined that the government should lead, the next step was to determine the general direction of progress. Geographically Japan occupies much the same position in the Pacific as Great Britain does in the Atlantic, and the statesmen of Japan at once hitched their wagon to the star of maritime and commercial leadership. But it soon became clear that something more than geographical position was required to realize this ambition. During the period of her rise to supremacy Great Britain was the greatest coal mining and iron and steel-making nation of the world: her success was founded on the possession of those natural resources on which industrial development is based. The United States and Germany have since outstripped her in the development of these natural resources and have, therefore, in a comparatively brief period, risen to the rank of Powers of the first magnitude.

Unfortunately Japan lacks these natural resources. Of iron ore she has none worth mentioning, and while her present coal production is considerable, it is rapidly exhausting the decidedly limited coal fields of the empire. Attempts were made to develop the iron and steel industry on the basis of imported ore and pig iron, but they were complete failures. Two decades ago the Japanese were possessed of a structure of national growth that had sprung up almost like Jonah's gourd, and bade fair to wither almost as quickly unless sustenance was provided for its roots in the form of iron ore and coal fields.

Across on the Asiatic mainland are abundant resources of iron and coal. It is true they belonged to the Chinese

and Koreans, but neither showed any signs of putting them to use. Following the German philosophy that tools and resources rightfully belong to those who can best make use of them, the definite purpose of Japanese statesmen for the past two decades has been to so mold events that such portions of the Asiatic mainland as it required should eventually come into the hands of Japan. In this they have been singularly successful. Chinese ineptitude in Korea and Russian aggression in Manchuria furnished the necessary excuse for wars that led to the annexation of Korea and Japanese control of South Manchuria.

Thus a considerable part of the program was realized. With the control of the South Manchuria railway went the Fushun coal mine, with a seam of excellent coal 100 to 130 feet thick and eight miles long, now producing 2,200,000 tons per year. Japan forced China to allow her to build a railroad from Antung to Mukden and to permit the development of iron and coal mines along this line. It is true that theoretically these latter mines are jointly controlled by Japan and China (the Fushun mine is wholly under Japanese control) but the Chinese participation is little more than an amiable fiction, since the nominal Chinese capital has been lent by the Japanese, and the technical control is completely in the hands of the latter. In this way other coal mines have been developed, two iron blast-furnaces have been built and two more are projected at Pen-hsi-hu, or Konkeiko, as the Japanese prefer to have it called, where some 80,000,000 tons of 70 per cent iron ore have been developed. By a recent agreement Japanese have the right to develop mines in three districts of Kirin province, which adjoins Manchuria on the north. Industrial plants have been built; a Japanese firm is engaged in supplying electric power to the American-owned gold mines in northern Korea, and others manufacture sulphate of ammonia, coal-tar products, and all the many important substances that have their origin in coal.

In Korea iron deposits of much promise are being developed and several hundred thousand tons of iron ore are sent each year to Japan to supply the furnaces there that formerly had to depend on ore bought in China. This output is rapidly increasing and is expected soon to reach 1,000,000 tons a year, so the economic position has correspondingly improved.

Last year presented another opportunity for notable advance. By declaring war on Germany, Japan was enabled to attack and capture the German holdings in Shantung. No one has so far publicly commented on the tactics pursued by Japan in the siege of Tsingtau. Despatches from Japan at first stated that the attacking forces would land at a point but a few miles north of Tsingtau, but the strategy was soon changed to the occupation of Teng-chou, which is on the opposite side of the peninsula and much nearer Peking, thus giving a reasonable excuse for occupying a wide extent of Chinese territory. From this point a military railway was built along an old canal bed and Tsingtau was soon captured. The railway leading from that port 250 miles inland to Tsi-nan-fu, the capital of the province, was also seized, together with the coal mines at Fangtse and Poshan, on the ground that they were German enterprises. The nearby iron ore deposits at Tsing-ling-chen, containing 30,000,000 tons of 65 per cent ore, were also seized, since the Germans had a concession to work them, and they are now being exploited by Japanese capital. It is reported that Japan will build a railroad from Teng-chou to Tsi-nan-fu, thus effectually throttling the Chinese port of Chefoo, and it is quite clear to anyone familiar with the facts that Japanese control of the province of Shantung is a *fait accompli*. In southern Shantung there is an even more valuable

coal field that will find its natural outlet on the southeast coast of the province when a harbor is built there, and it will probably be only a question of time until Japanese capital will provide the harbor.

It is evident, then, that Japan has so far succeeded very well in possessing herself of enough of the coal and iron resources of her neighbors to supply her needs. This is not the whole story, however. If the Chinese were left in possession of their iron and steel works they would possess the means of eventually resisting Japanese aggression, so it was essential to pull the dragon's teeth. China has a large modern steel works at Hankow, in the heart of China, built by Chang-chih-tung for the express purpose of furnishing material for the arsenals and munitions factories of China, as well as furnishing rails and equipment for her railways. This was so wretchedly mismanaged by Sheng-hsuan-huai that although it developed rapidly it got further and further into debt. During the recent revolution it was partly destroyed and more money was necessary to put it into operation again. The management had committed the incredible folly of borrowing Japanese capital at various times in its career, and by 1914 it was evident that if it was not to pass into Japanese control something must be done at once. Strenuous efforts were made to secure American capital and the first vice-president of one of our largest steel companies spent several months in China looking into the situation, but eventually decided that the Japanese had so far got the upper hand that American capital would not be warranted in involving itself in so tangled a situation. It was then proposed that the Chinese government should furnish the necessary money but the government had no money to fur-

nish, and the inclusion of the Japanese control of these works in the demands of May, 1915, set at naught the last Chinese hopes. We have now before us the pathetic and even ridiculous spectacle of a steel works built for the military protection of China passing into the control of the only country from which China need fear military aggression. This summer a Japanese company secured a concession for the iron-ore deposits at Taochang, Anhwei province, reported to contain 60,000,000 tons of 65 per cent ore and they already had the concession for the large deposit in Fukien, near Amoy, so the Chinese are now blocked from a new enterprise elsewhere.

There is much talk of the precarious financial position of Japan, but this is as much beside the point as if one were to consider only the outstanding notes of a large farmer and entirely overlook his large acreage of fertile land and his cattle, orchards and gardens. It is only a question of time until Japan, if left undisturbed, will have developed a volume of trade that will render its financial position secure.

People who should have a clearer understanding of the matter frequently make the statement that Japan's course in China is an Asiatic variety of the Monroe Doctrine. Catch phrases like this serve only to mislead the unthinking. The actual fact is that if the policy laid down by John Hay had been followed to its logical conclusion China would in time have become a rich and powerful nation, while Japan would have been cut off from securing the resources of coal and iron she so urgently needed. American indifference, Chinese ineptitude, and Japanese foresight and cleverness have remedied this, to the Japanese, intolerable situation.

CHINA, AMERICA'S SILENT PARTNER

BY JEREMIAH W. JENKS.

(From *The World's Work* for December.)

It was my good fortune to spend the greater part of the present year in the Far East. I was particularly fortunate in reaching Peking while President Yuan Shih-kai was still alive. Talking with him, as I did, and with those who might be accepted as representative of the older school of Chinese statesmanship, there was opportunity to receive impressions and to compare them with impressions of that younger school which must inevitably take up the task of carrying China through the next fifteen or twenty years. These were historic days in the capital of China.

No one knew better than Yuan that a turning point in China's history had come. With a frankness as pathetic almost as it was astonishing, during my last interview with him he talked of the advisability of his making public announcement of his approaching relinquishment of office; he told me of the transfer of power that he was then making to the Cabinet; he pointed out the real difficulties involved in the turning over to another of the supreme command of an army that had been built up and trained by himself, most of whose officers were his personal appointees and friends. They might well revolt if the change were made without due consideration of their wishes. He commented drastically upon the aggressive intentions of some of China's neighbors, and the need of care and foresight and harmony to safeguard

China, and of his own readiness to make personal sacrifices to secure the needed harmony. He clearly realized that a great change was impending; but neither he nor I thought the final change for him was to come so soon; for, as when he greeted me he spoke cordially of our earlier discussions years ago regarding China's finances, so on my taking leave he expressed a wish to talk again, in detail, about the possible measures to be adopted to re-establish on a sound basis China's finances when the immediate political crisis was over, as he thought it would be in a few weeks as a result of mutual concessions and disapproval of extreme action by both parties. He foresaw the impending political change. He knew, too, that he was seriously ill, though to me he appeared in his good nature and mental alertness in better physical trim than when I had visited him twelve years before. But he did not then foresee the swiftness of the blow. In a little more than a month he was dead.

Many things happened in a mere fraction of time. The passing of Yuan meant the end of an era. The solidification of the republic under President Li Yuan-hung, upon whom all parties united (a man whom all liked and whose fine qualities Yuan lauded even while he held him a prisoner), set in motion new forces whose activity must mean much in one way or the other to the United States and to every other first-class Power.

Doubtless, some attention has been given to the press dispatches from China concerning nominations to the ministry of foreign affairs in the new cabinet. Controversy has concentrated upon this portfolio; and (among others, to be sure) one explanation is the realization of president, premier, and parliament that the new foreign minister must be a man of great talent as well as one inspired by indomitable courage and unwavering patriotism. He must needs be a man, also, whose character inspires confidence. China, too, is taking stock of international conditions and her own needs.

American interest in China antedates the foundation of the American commonwealth as a separate political entity. Fortunately for us and for China, the history of the last hundred years has been enriched by the contributions of great Americans who have led the van in unselfish devotion to the cause of the least understood and most misrepresented people upon the face of the globe. Greatest among these was Anson Burlingame, who died at Petrograd in 1870, while pleading for justice to China. Thanks to Burlingame, Ward, Rockhill, Hay, and other far-seeing men, China's love for America has become a tangible asset to us who live after them.

In China one often hears expressions such as "the Chinese respect the British, they love Americans, and suspect the Japanese." Generally speaking, that might be regarded as a very fair statement of the case. And history both explains and justifies this popular feeling among the Chinese.

The Chinese would not be human, they would be lacking in fundamental patriotism, if they could so soon forget the Opium War, for, however just in international law British excuses may be, and however venal the acts of some Chinese officials of those tragic days, the Chinese still condemn the British for fastening this enervating curse upon them by force of arms. They still resent the alienation of Hongkong and the gunboat policy which brought in its train intrusion and aggression on the part of Russia, France, Germany, and Japan. But—and the fact is typical of the just trend of Chinese reasoning—with absorption of concessions, enforcement of alien-made laws by alien officials, and occasional abuse of authority by consular officers and others, there also came to China in gradually increased proportion from the foreigners practical manifestations of Western sanitary methods and outlets for commercial and industrial enterprise which were barred to the Chinese living beyond the limits of the Treaty Ports and under the soddening influence of Manchu mandarins, stubborn in their ways and jealously clinging to a system which, as an "old China hand" once expressed it, "always seemed at its last gasp only to cheat the mourners and shake its shroud in the faces of its dupes." British enterprise on the Yangtze: the wonderful modern metropolis which greets the Chinese and foreign visitor at Hongkong, a new Corinth in Asia carved from a barren rock: Shanghai, Hankow, Tsingtao, Dalny—the material advantages as well as the inspiration which these "foreign-style" cities brought with them, soothed the wounded feelings of patriotic Chinese. And they grew to respect the British because British *taipans* and British ships of trade, as well as British bluejackets and gunboats, led the van.

We had no part in forcing opium upon the Chinese. We had no part in alienating China's domain. We had a part—an active and a leading part—in aiding China to cast out the seven devils distilled from the poppy. We had a part—again, an active and a leading part—in saving China's domain for the people of China.

WHY CHINA "SUSPECTS JAPAN."

So the Chinese love us, as they respect the British. Why they suspect the Japanese is another story.

"Just because China has in the past been composed of small groups of individuals bound together as families," says Bishop Bashford, in "China: An Interpretation"—a book, sane, sound and inspiring, that Americans should read—"and just because on the other side of the straits a far smaller number of Japanese have recently become inspired with a devotion to the nation and to the race and are moved by a common impulse, Japan has become stronger than China. The transition of civilization from the family to the national stage is the most marked characteristic of the last fifteen years of Chinese public life; and the time is speedily coming when the three or four hundred millions of Chinese welded together as a nation will be invincible to any foes which may be hurled against them."

This is a judgment not at all anticipated by most Western people. But the accuracy of the comparison and the facts supporting the Bishop's prediction will not be questioned by impartial authorities who really know conditions. As to the use to which Japan has put and is putting her strength there is controversy. Japanese militarist-expansionists have aroused uneasiness in this country. In China, with Japanese troops occupying many strategic points *inside China's domain*, with official, semi-official, and unofficial Japanese meddling in purely Chinese domestic matters, with Japanese guards blatantly calling attention to their unwelcome presence by daily marching through the streets of Peking with beating drum and shrilling fife, with the ink still wet on the treaties of May, 1915, invading China's sovereignty and, substantially from the political viewpoint, confiscating large parts of Mongolia and Manchuria, suspicion of Japan charges every atom of the atmosphere. It could not be otherwise.

AMERICAN MISCONCEPTIONS.

Yet it must not be assumed that this suspicion is necessarily permanent. Too many Americans, especially those who have read slightly, but not thoroughly, recent and remote Asiatic history, assume that "some day, perhaps soon, China will wake up, and save us the trouble of calling the Japanese to account." Of course, that is a very crude way, and a very selfish way, of regarding the future of two friendly nations. The idea obtains, however; therefore, it should be removed. To remove it, one must admit that it is present.

There is another very important misconception which is generally prevalent in America, scarcely less prevalent in Japan, and accepted to a greater or less extent in some parts of China, chiefly the South and Southwest. This is the belief that Yuan Shih-kai was the inveterate enemy of Japan and stimulated hatred of the Japanese for his own purposes. As a tangent of this misconception comes the idea that now, Yuan being dead, no obstacle remains to an immediate accord between China and Japan. This view represents the other horn of absurdity.

The seeds of Sino-Japanese rivalry and suspicion (as the scholars and statesmen of these two nations appreciate) were sown in days when even Eastern civilization was comparatively young. The exact origin is clouded, mystified by ancient and usually contradictory traditions and legends. This much—and only this—seems certain. Japan drew her cultural inspiration from China; for many centuries Chinese superiority was unchallenged; then, as so often happens, the pupil fretted under the hand of the master. For almost two thousand years, with occasionally long intervals, China and Japan had issues of sorts—sometimes sanguinary—in Korea. It was Yuan's

fate and fortune to play the final pawn for China in the Hermit Kingdom. The fact may not have assisted him into the good graces of Japanese jingoes. But I doubt very much if it justifies the belief that he nursed hatred against Japan. He was too bold and calculating an opportunist to continue a hatred or a fear no longer justified by conditions that survived.

I mention these matters because they are vital to Americans who seek knowledge of the forces now at work in China. As Lord Clarendon once observed, "a well-educated fiction may be made more efficacious than an uncultivated fact." The fiction as to Yuan will not down. It *might* be utilized to draw Japan and China closer together with consequences not altogether advantageous to the United States. I do not think that is likely to happen; but it might happen under certain circumstances which I shall endeavor to indicate as briefly as possible.

THE BIRTH OF CHINESE NATIONALISM.

A new spirit is breathing over China. Chinese nationalism is rapidly becoming real, much more rapidly than most Americans think. I find from my conversations of the last month since my return from China. The tendency of this nationalism is along republican lines. The Chinese love us, as has been said; and they have paid us the compliment of drawing the political inspiration for this new Chinese nationalism from our history, from our ideals, from our institutions. But, as "you cannot make bricks without straw," you cannot reorganize the entire social, political, and industrial life of a country without money. Which nation is going to finance the reorganization of Old China into the New China which, indisputably, is destined to become a great power in the family of nations?

Financially speaking, nations—and especially progressive nations—may be divided into two classes: debtor nations and creditor nations. Progress and prosperity are the children of investment. Our wealth of today is being reinvested in part in the financial sources whence it was derived. When our forefathers crossed the Mississippi and opened up the great West, the necessary capital was not here. We got it from Europe. Our railroads were not built, our mines were not opened, even our grain was not grown and reaped by merely American gold. If circumstances had compelled us to finance all our own opportunities, we could not have arrived at the high plane of prosperity on which we find ourselves today.

Japan is bustling with energy, flushed with industrial prosperity, today. She is recognized as a first-class Power where, within the lifetime of many among us, she was an unconsidered trifle in the international politics of the world. For decades in Europe and in America, the word "pretty" occurred as one thought of Japan—not the word "powerful." The Japanese have wisely conserved and preserved those votive offerings to the beautiful which became traditional in the occidental mind. But the Nihon of Yamagata, Okura, Okuma, Shibusawa, Kaneko, Sakatani and Terauchi is very much of the present in the arts of peace as well as in the arts of war. The Japan of Lafcadio Hearn is as definitely dead as the England of Queen Anne or the Babylon of Daniel. The Government and the bankers of Great Britain financed the transformation.

THE "WILD WEST" OF THE FAR EAST.

As a purely business proposition, no qualified appraiser would compare the fundamental resources of Japan, fifty years ago or today, with the resources of China. The most conservative estimate establishes China as the most

alluring field for development submitted to the consideration of the investor at any one time in the world's progress. China under the Manchus resisted the foreign investor; China under the Chinese invites the foreign investor.

"Industries are the roots; culture and statecraft the flowers of a nation," says a Chinese proverb which was old many centuries before the seventh Henry gave England a uniform system of weights and measures. The Chinese are eagerly alive to the necessity of immediately industrializing their country along up-to-date lines. They share with the United States the natural advantages of vast territory so situated as to provide an ideal variety of soil and climate. The unscratched mines of China, China's unrivaled labor market, the wool, the silk, the tea of China, are matters of every-day knowledge and gossip. The moment has come when these huge forces are going to be harnessed to modern mechanical methods of economical production. There will be no lack of capital; the question is: Whose capital will do for China what British capital did for Japan?

The answer to that question cannot but affect the future foreign policy of China, the relations between the United States and China, the peace of the Pacific, the exact terms upon which the fully developed West will meet the fully developed East.

It was not accident which induced American interest in China and Japan; it was partly a wise and statesman-like foresight, but none the less it was and is necessity. Some people would ascribe this interest to Providence; that it has been providential and can be made increasingly profitable is self-evident.

The development of our Western sea-board, which is being hastened by the new traffic through the Panama Canal, demands a wider and fuller participation in the commerce of Asia. Even if we would, we cannot close our eyes—and we would not—to the fact that we are as much a Pacific nation as we are an Atlantic nation. We must do business on the Pacific; it is the part of prudence and of foresight to utilize our commercial bases in the Pacific—Honolulu and the Philippine ports of call. The future necessities of this country, of the East and the South as well as of the West, will dictate the operation of whatever measures may be essential to the maintenance of a prosperous Pacific carrying trade. The time is not far distant when Americans traveling on the Pacific Ocean will no longer have to look in vain for an American flag on that wide and potential international highway. We need these ships which we have not. We need the trade to make operation profitable. The bulk of this trade is in China.

THE INTENSELY PRACTICAL CHINESE.

China is well aware of these facts. Like our own people, the Chinese are intensely practical. Their natural bent is business.

For business probity, the Chinese have an unblemished record. And yet their nature is no less heroic when heroism chimes with duty. One of my friends long resident in China, whose life was frequently in peril during the Boxer trouble, when he was able to rescue a score of missionaries, never tires of telling of his "fat boy"—only a personal servant, whose ready wit, fertility of resource, and sheer dauntless daring repeatedly saved his master's life, but whose chief care in these piping times of peace is to save his master's pennies by outwitting the egg dealer and the butcher and saving scraps and pieces, besides looking after clean food and sanitary clothing. Ward and Chinese Gordon found their "ever victorious army" heroic to the death. British experts have always said that Chinese make splendid soldiers

under competent, trusted leaders. The military attachés of foreign Powers, trained officers used to war, who saw the Chinese soldiers that were fighting under Tsai Ao and his government opponents, said these Chinese soldiers of today are good at war. And I myself saw troops expecting to go into action within an hour against an enemy only a mile away and approaching as cool and ready as if on parade, though they had no ill-will for the enemy, but were merely obeying orders because it was their duty. They have sentiment, too, of the sterner, lofty type, when conditions demand it. And now the new generation feels that the call has come. Like us, sentiment plays a large part in their national character. It is of a more poetic, tender type than ours.

Americans have too long based their judgment of the Chinese upon the impassive countenance of the patient laundryman. But, have you noticed the singing bird in his window? There is poetry, there are ideals widespread, in a nation where workmen—carpenters, shoemakers, barbers—carry pet singing birds with them to their daily toil, keep them near them to sing at luncheon time, and carry them back at night as carefully as one tends a child. And what care the fathers take of their numerous children!

Chinese gave me numerous new evidences while I was in China of how thoroughly they appreciate the unselfishness of American interest in Chinese matters. The men who are directing the affairs of the Chinese Republic frequently surprised me by the sheer enthusiasm with which they recapitulated incidents in our common history where we lifted our hand to help China. Because of previous experiences in former visits to China I expected much along these lines. It was a genuine pleasure to find that I had underestimated instead of overestimated Chinese gratitude. Still, there was a note of disappointment which the facts compelled me to share with them.

The wonderful mission of Burlingame, the heroic devotion of Ward, the great heart and prophetic mind of Hay, the timely interposition in preservation of the "Open Door," the justice and moderation of our course during the Boxer crisis and our generous remission of the indemnity surplus, the education and inspiration of China's young men and women, the individual and collective sacrifices, the noble example and omnipresent activity of American missionaries, the schools and hospitals and clinics sustained by millions of American contributors (in many cases themselves but poorly supplied with this world's goods) the Y. M. C. A., developing healthy minds in robust bodies; Yale, Princeton, and the Red Cross projects—these were dwelt upon with sincere, quiet enthusiasm. And then came "the reverse of the medallion."

WHERE AMERICA HAS DISAPPOINTED.

It may be momentous for us and for China, this less pleasant fact which ever obtruded itself. And as it must become a part of essential American history the truth should be made known while there is yet time for remedial action. Also, it is to be noted that in what was said to me by Chinese in varying walks of life there was little suggestion, scarcely a syllable, betraying resentment. The one dominant note was disappointment—mystified, dumbfounded disappointment; poignant disappointment in us, for us, for China.

"You have done so much for China," was in substance the burden of their appeal, "you have been so unselfish in your regard for us that naturally we began to look to you, more and more, particularly now, when we have at last succeeded in putting into operation in our country the principles of political life which you have utilized with such excellent success. Now, what we cannot understand is that you should seem to hold aloof from us at the

very moment when, it seems to us, we are proving ourselves most deserving of your sympathy and support.

"We want you to share with us the profits of developing China, because we know we can trust you, *absolutely*. It seems to us a fair proposition on both sides. We have the country, the resources, the people needing development. You have that which we lack—capital. We are ready to reorganize from top to bottom. We *must* reorganize. If you help us we know that all will be well. If you don't help us, why, we must take our chance and do the best that we can, under the circumstances. Your bankers are sending millions to Europe every week—not a cent to China. We are ready to offer as good terms as they offer and there is no question as to the security. Why do you hold back?"

The answer to this question concerns the most vital interests of every American, rich and poor alike. It concerns the laborer on the farm and the farmer who owns the farm; it concerns the weaver and the minder in the mill and the man who owns the mill; it concerns the mechanic at his lathe, the superintendent at his desk, the clerk, the banker, the youth or girl behind the ribbon counter, the widow and orphan to whom hard times and a possible panic may mean penury or worse. It vitally concerns our national honor, as to which much has recently been said.

Why should we hold back now?

Providence gave us a large share of one side of the Pacific. The same Providence gave to China a large share of the other side of the Pacific. Destiny has drawn our political paths along parallel lines. Shall we, by act or by omission, defeat China's expressed purpose, obstruct our own destiny, divert those lines from their parallel course? Should we, because of some unworthy motive—some reason so utterly contemptible that it shuns the light—hesitate to pick up a golden prize which is ours because it is China's will to give it to us?

WE MUST HELP FINANCE CHINA.

Thomas Jefferson did not hesitate when the Louisiana Purchase became possible. He seized the opportunity boldly we crossed the Mississippi, conquered the wilderness, the "Stony" mountains of pioneer times, the desert and the prairie. Thus came the winning of our West. Today, China pleads to us to carry our energy and the energizing wealth we have won across the Pacific, not for territory, but assuredly for trade. We need this trade. We can have it. And we can have far more and far better. The shaping of the political future of China will largely determine the history of the world. Is it to be molded on republican ideals by the free will of a people glad to accept the suggestions of friends, or is it to be crushed into a mold fitted for it by taskmasters trained as militarists, whose aim is exploitation and whose political ideal is submissive obedience to authority? The glory of a nation's strength is that it gives influence to its moral ideals without the use of force, since it is known that it can and will enforce the rights of its citizens at home and abroad, thus caring also for the rights of its friends with whom it deals. Is our own will—or lack of will—to stand between us and self-evident advantage? Is it to prevent us from doing our duty to civilization?

I returned from China firmly convinced that China's foreign policy will necessarily be shaped by the attitude of the American people upon these matters. We have been hesitant and laggard where we should have been strong, energetic, and enterprising. It is little wonder that the Chinese have been mystified by our conduct. They cannot understand us. Can we understand ourselves?

The Chinese President is a man of large democratic leanings and sympathies. Day by day, he is knitting China

closer and closer together. He is surrounded by able, honest, patriotic Chinese, men like Premier Tuan Chi-jui and the Minister of Finance, Dr. Chen Chin-tao, scholastically an American product. These men are republicans in every sense of the term. They have dared much to secure for their country a rebirth under the republican constitution. China's roll of honor is rich with the names of other courageous, progressive patriots. Yet their task is a hard one. Our weakness and vacillation has made it much harder than it might have been.

LOST OPPORTUNITIES.

Many opportunities have slipped through our fingers. At one time a loan of three millions of dollars advanced on unquestionable security would have enabled the government banks to maintain specie payments. No loan came from friends. They dared not accept advances from those whose proffered terms meant future financial subjection. They went to a paper basis, at a loss now of untold millions. Are we to blame? Was it ignorance of conditions, or short-sighted reluctance to sacrifice a little present gain that we might serve a much greater future? Or was it merely cowardly fear of a possible disagreeable international dispute of which we could not see the exact outcome? But any well-informed man could not but know that as only right action was involved there was no cause for timidity. All right-seeing men of every nation would have approved.

That chance has gone; others, too, have been lost. If we are to redeem ourselves, we shall have to act swiftly. The sands of our opportunity are rapidly running out of the glass of time.

Old ways, long-cherished hopes die hard. Those who

are familiar with Chinese history from the abortive embassy of Lord Amherst to the fall of the Manchus, particularly as told in the interesting writings of Dr. Morrison and Mr. Putnam Weale, will recall the curious diplomatic croquet which was summed up in "The Battle of the Legations." It was not always but it was sometimes a "sham battle," with China a helpless ball knocked alternately through this or the other Manchu "wicket." China under the Chinese has developed a new school of diplomats, a modern method of diplomacy. Her cards are laid on the table. She wants peace. She wants progress. She wants to play her part in the peaceful development of the Pacific trade routes. She is ready and willing to uphold her end of the contract. Are we willing to uphold our end?

China enters upon her new era, I am satisfied, with friendship for all nations, with malice toward none—absolutely not one. Facts which have come within my knowledge have assured me that most of the pressing problems of the Pacific will be well on the way toward solution the moment when we make it clear to all whom it may concern that we intend, as a self-governing nation, to play our natural part as the practical friend of a self-governing China, with no aggression either in spirit or in deed, but with a firm, if need be a stern, insistence upon our rights and in consequence upon China's rights, so far as ours are involved. Indeed, there is no doubt in my mind that we have only to declare this, our just and fair purpose, with confidence and with courage in order to be heard with respect and with approval. No nation will object to such a policy, though at first some might suspect our intentions. Our hesitation invites trouble. Weakness may involve not merely dishonor but disaster.

JAPAN'S ACTS IN CHINA

(From *The World's Work* for January).

BY JEREMIAH W. JENKS.

Events, not intentions, define and decide international policies. International suspicions, rivalries, jealousies, have their roots, usually, in specific acts. In China, in America, in Japan, one hears constant references to the "failure of the Japanese policy in China." The actual nature and the extent of this failure become measurably apparent when one reviews the acts of Japan in China as these acts reveal themselves when they are viewed through Chinese eyes.

In the days of "The Three Kingdoms" in China, two men were rivals for the office of prime minister at the court of a young monarch who was earnestly eager to prove himself a model king. Unable to decide between their claims, the king divided the honors and duties and appointed both men to assist him in bringing greater happiness to his people. The ministers spent much of their time picking upon each other's weaknesses. Anything that one suggested or did, the other objected to as impolitic or improper.

A river ran between the dwellings of the two ministers. One day, the older and wiser of the two went down to his bank of the river to ponder over some proposals which the younger minister had made to the king. He hoped to ridicule them at the next royal audience. He glanced over at his rival's house, anger and vexation in his heart;

then he turned his eyes upon the water. He knitted his brows and frowned; suddenly, his face cleared and he laughed aloud.

"Why do you laugh, sir?" the voice of the younger minister queried across the stream.

"I laugh, friend," the older man replied, "because, looking over the water to see your face, I found my own."

I returned recently from the Far East, regretfully convinced that much American criticism of Japanese acts in China has failed to perform useful service, not because it is unwarranted by facts or because the Japanese are unwilling to listen to reason, but mainly because a great many influential Japanese question the sincerity of this criticism. They really fear American aggression—absurd as this fear seems to us—and they question American motives. These are unfortunate facts which should be borne in mind by those who seek a reasonable and equitable solution of Oriental problems. When we criticise Japan and review her acts in China as the basis of criticism, it is the part of prudence, as well as of justice, to remember the weak points as well as the strong points of our own Far Eastern diplomacy. We should also give thought to those events which have, undoubtedly, profoundly influenced the acts of Japan, to her ultimate disadvantage as a friendly adviser of China. It is particularly important to approach

the matter in that spirit now, because I think it is but fair to concede that events in several parts of the world are tending to force Japan's hand and to jeopardize her future usefulness as a friend of China.

Most American critics of Japan start from the assumption that our attitude toward the Orient has left nothing to be desired. We have championed, if we did not originate, the "Open Door" policy; upon that we are supposed to take our stand. Unfortunately for us, the record will not support the conclusion that we can justly criticize Japan without having regard to many other matters which, from the Japanese viewpoint, are not merely pertinent but vital to the issues.

Accident threw in our path a decade of inconsistency and blundering in Samoa. While south of the Equator, remote from Japan's island empire and brought to a satisfactory issue before Japan took her place as a World Power, the problems of Pago Pago, the difficulties with Germany and with England in the impossible task of "bearing the white man's burden" on three backs elbowing each other at every turn, have not escaped Japanese attention. Then, there came the matter of Hawaii. We followed the natural and inevitable path of destiny, as Mr. John W. Foster and others have pointed out. But the record shows that we did not lead ourselves. First, we took one course and then another. Our indefiniteness gave rise to the Japanese protest, excusing, if it did not justify, it.

Still closer to Japan are the Philippines. Responsible Japanese do not question the compelling logic of events which drew us to the Philippines. But the fact that we are there is indisputable. Permanently? Temporarily? And if either permanently or temporarily, upon what terms? These questions influence Japanese opinion and Japanese policy.

"Japan," says Mr. K. K. Kawakami, "is certainly desirous of extending her interests in the southeastern Pacific"; but, adds this Japanese author of several important books:

"It is not necessary that Japan should, in order to extend her influence and interest in the south, absorb the lands now under the American, Dutch, or French flags. Confining our discussion to the Philippines, it must be emphasized that Japan does not covet the territory. She would, of course, take it if she could get it for a song. It is absurd to tell Americans that the Japanese would not take the Philippines even for a gift. She would be glad to accept it, if America, with the unreserved consent of the Filipinos, were to hand it over to the Japanese without regret or reluctance. But the Japanese know the Philippine situation too well to fancy even for a moment that the islands can be had for the asking. They know that an attempt to acquire the territory would cause them endless trouble and countless expenditure, for the the Filipinos who have been opposing the American rule established over them would even more strenuously oppose Japanese rule. Certainly the Japanese are not foolish enough to think that such a game is worth the candle."

Balancing one fact against another and excluding sentiment or "traditional friendships," I think we may fairly accept the Japanese assertions that they prefer American occupation of the Philippines to European occupation of the Philippines, though we may think that they would like it best of all if they had them themselves. Lately, as many will recall, some Japanese writers have urged that Japan must get by purchase or otherwise the Dutch East Indies. Though such views are not common, they give point to the Philippine aspirations. If we grant that they, after all, prefer us in the Philippines to the Europeans, and in that light examine Japanese references to our presence in the Orient as a sovereign power, we have in our hands a clue to some of the thoughts which move

the Japanese in their estimate of American policies in relation to China.

The Hay "Open Door" notes were based upon European acts of aggression in China immediately preceding the Spanish-American War. The war was in progress while both Japan and America were given solid reasons for doubt as to the intentions of certain European Powers. Indefinite as our Philippine policy has been since 1898 and 1899, it was still more indefinite when Mr. Hay circularized the Powers and received assurances which must now be regarded as indefinite and unsatisfactory, because Europe purposely evaded the main issue, "Spheres of Interest." Mr. Hay placed America on record as declining to recognize the "Spheres." He accepted the best that could be got at the time.

British statesmen from Mr. Gladstone and Sir Michael Hicks-Beach to Sir Edward Grey have pledged British faith in the "Open Door" policy. Sir Michael, on the floor of the House of Commons, at a critical juncture announced amidst applause that "if necessary, England would go to war in defense of the 'Open Door.'" Yet the "Open Door" and its natural corollary, the integrity of China, despite reiterated promises to uphold them, have been flagrantly violated since the ratification of the Hay circular. Japan has been the principal, but not the only, offender.

In 1898, as Professor Hornbeck has pointed out, "the scramble for concessions was cumulative." So, suspicious of one another's intentions, the Powers agreed to respect the *status quo*. "Certain nations," writes Mr. Hornbeck, "conspicuously the United States, Great Britain, and Germany, have subsequently lived up to the implications and prescriptions of these agreements. Certain others, France, in some degree, Russia more, and Japan most of all, have chosen to exert themselves along lines which no amount of explanation can reconcile with the conception of a desire scrupulously to observe either the spirit or the letter of the agreements to maintain the *status quo*."

The Oriental mind is quick to strip the flesh of assurance and assertion in order to lay bare the bone of fact. The Japanese have long realized that the "Open Door" and "Sphere of Interest" doctrines could not thrive in the same house. They seem disposed to accept as a fact, rightly or wrongly, the failure of the Hay Doctrine.

They say—with what truth we may ask ourselves—that we have been attempting to walk along two roads in the Orient. And they are not fully convinced, as yet, that events might not drive us into adding a naval base or two—if not more territory—in the Orient. I have yet to see the American, either private individual or official, who advocates this, but some Japanese believe it to be a fixed intent.

Our assertions that our ambitions in China are commercial and not political do not convince the Japanese for the good and sufficient reason that the record shows that we have political aims in our dealings with China. These aims are legitimate, we know; we have nothing to deny or to conceal. They are not territorial at all. But our expression of these aims has been clouded by indecision, by irresolution, by a seeming unwillingness to face facts and to meet issues squarely. Manchuria, for example. Have we a policy regarding it? The Santuao dockyard contract, for another example. Were we consistent there? Excuse ourselves as we will or may, our record is not beyond reproach. Pick a dozen representative men and put to them the question, "What is our Far Eastern policy?" and a dozen different answers, all equally sincere and each more or less interesting in its own way, will be the result. It is but fair to Japan to bear this in mind when we attack—with good reason—Japan's record of the last ten years in China.

Japan's record in China is that of an opportunist groping in the dark. Japanese are well aware of this fact. There are conservative as well as jingo publicists in Japan. While I was there, my attention was drawn to quite a number of sharp criticisms of governmental policy toward China, some of these much stronger than most American criticisms, and along similar lines. Occasionally, one hears reflections of these criticisms from Japanese sources in America. Within a week after my return from the Orient, the *Japanese-American Commercial Weekly* began its leading editorial with the following statement:

"Judging from the sequence of events in the Far East during the past decade or more, we can hardly believe that the Japanese Government has any definite policy with regard to China. That Japan desires, and desires most sincerely, to maintain China's independence and integrity is unquestionable [*sic*] but she does not know how to accomplish that end. She has been groping in the dark. She has been following a policy of expediency and opportunism * * * etc."

The facts support the conclusion as to "opportunism" and "groping in the dark." And the world naturally questions seriously the purpose. Japan does not understand China. Does she understand herself? Do we understand ourselves?

Nine years had elapsed since the war with China—with a part of North China, as a matter of fact—when Japan threw down the gage to Russia. Of course, she had been preparing from the date that Russia "leased" Port Arthur. Japanese statesmen had said privately even to foreigners, years before the struggle began, that war with Russia was inevitable. It merely awaited the propitious time. And about four months before Japan struck the sudden blow at Port Arthur a Japanese said to me, "We are ready now."

When the war came, and Russia and Japan moved their troops into conflict on Chinese soil, time had healed most of the wounds inflicted upon Chinese pride. The people of China blamed their Manchu rulers more than they blamed Japan for the humiliation inflicted nine years earlier. Russia's duplicity deceived neither the mandarin nor the man in the street. Yuan Shih-kai strongly urged upon Prince Ching and the Empress the desirability of supporting Japan. The Court and Government of China remained neutral, largely upon the advice of the foreign legations but also because there was a strong pro-Russian party within the ranks of the Imperial Grand Council and—what was more decisive—among the intimates of the strong-minded Empress. It will be remembered that both American and British war correspondents in Manchuria at that time made much of the friendliness manifested by the Chinese toward the Japanese troops. I was in China myself during the first eight months of the war, and the sympathy with Japan on the part of both officials and laymen was clearly in evidence. It was not strange. I had heard Russians in China refer to Manchuria as "our country." They doubtless expected soon to annex it. The whole world, Americans particularly, cheered the brave little men of Nippon as they drove the tall Russians across the Yalu and, step by step, forced the fighting to the three-days' battle of Mukden. Japan gained hosts of friends in China during the war with Russia; they believed her words. The war won, she lost those friends. Her spirit of opportunism was the cause. She was not great enough to frame the grand policy which she talked—and live up to it.

JAPANESE WORDS—AND JAPANESE ACTIONS.

She entered the war as the champion of Chinese rights, which Russia, undoubtedly, had infringed. She closed the

war as successor in fact and in act to the Muscovite violations of Chinese sovereignty. She held possession of Port Arthur and joined with Russia in the virtual partition of Manchuria, because, while much ink was expended in the pretense of acknowledgment of Chinese sovereignty over Manchuria, in the leases and conventions that sovereignty was attacked anew from within and from below. And since then, her administrative acts have even more strongly belied her former professions of friendship.

She chose Russian friendship in preference to Chinese friendship. Making all due allowances for the various considerations which forced her hand, so to speak, the record proves rank shortsighted opportunism. And, as one mistake inevitably leads to another, so the blunder of 1905 has been parent to many subsequent errors of judgment in Japanese diplomacy concerning China. I dislike to write of them, for I like many Japanese and I wish to see Japan's influence for the right grow instead of weaken.

Japanese of high rank, explaining their Government's difficulties and anxiety as to China, have frequently pointed out the grave military menace to Japan in the double-tracking of the trans-Siberian railroad to the point of contact with Japan's war-won frontiers on the mainland of Asia. "We must be on our guard," has been the substance of what they have said; "we may have to meet Russia once more." There have been cogent reasons for these suspicions and anxieties. The reasons still obtain, and only a few weeks ago in Tokio the suspicions were again expressed to me in conversation. Beyond a doubt, the recently concluded Russo-Japanese alliance is intended to avert this danger. But at what cost?

"The bear that never sleeps," expresses an Asiatic view of the persistence of Russian pressure. On the Amur, in Kukuor, on the Afghan heights and the plateaux of Tibet, it is an ever-present political question. China's difficulties with Russia in 1912 were so intense that several prominent Chinese patriots tendered serious advice suggesting drastic action. Some even resigned high office rather than quietly witness Russian aggression. Immediately before and since the outbreak of war in Europe, Russian intrigue in Mongolia had been a very dangerous thorn in the side of China. Japan, in active partnership with Russia (however strong the compelling cause), so long as Russia acts selfishly and in disregard of Chinese sensitiveness, invites Chinese suspicion and slams the door against Chinese friendship and Chinese confidence.

Japan had a great opportunity to serve China, herself, and humanity, when, quite legitimately, she attacked the German stronghold of Tsingtao. Instead of rising to this opportunity, because of her spirit of opportunism, she rode roughshod from one blunder to another. First, she ignored China's declaration of neutrality, paid absolutely no attention to the war zone, arranged according to Russo-Japanese precedent; she landed her troops in Lungkou, forcibly trampling upon China's protest. She pleaded "military necessity." Germany's excuse for violating the neutrality of Belgium.

Before Tsingtao was taken, she scattered her troops over Shantung in a manner which "military necessity" could not pretend to explain; this and her truculent attitude toward Chinese officials begot and compelled Chinese resentment. Some of the details of Japan's campaign in Shantung, confirmed to me personally in a way which establishes their truth beyond question, cried aloud to Heaven for vengeance. There are some things so unspeakable that any attempt to excuse them merely makes bad worse. The conduct of responsible Japanese officers toward the Chinese women of Shantung marks an ugly page in the annals of Japanese warfare, which a friendly world had placed upon a very high plane, indeed. The *Kokusai*

(Japan's official news service) has seen to it that due credit has been given to Japan's treatment of German prisoners and enemy traders. Not a word has been published about the hundreds of Chinese women and girls forced by Japanese officers to become the victims of Japanese lust. The story of how, upon their knees, in agony and in shame, with blood extracted from the tips of their fingers, they wrote their pathetic appeal to the Government of China; how the Chinese commissioners were received with contemptuous amusement—has yet to be written. I should not care to write it. The fact that the women were eventually released does not excuse the shameful deed. This is one of Japan's acts in China for which she cannot hope to make amend. The more reason why she should prove her friendship now, instead of talking about it in one sentence and disproving it in the next, if she really values the goodwill of China.

"Another act of Japan's which was not only a violation of the sovereignty of China, but also a seizure of enemy property in neutral territory," says Mr. F. Chang, of Harvard Law School, "was the taking possession of the Kiaochau-Tsinanfu Railway. This railway is a German and Chinese private corporation, situated in neutral territory, and guarded by Chinese railway guards. The Japanese troops have taken possession of the whole line, taken its management into their own hands, and replaced the Chinese guards with Japanese soldiers. Kiaochau was subject to attack and capture because it was fortified, might be used as a naval base, and was public in character. The railway was the private property of Chinese and German citizens, was not fortified or guarded by German soldiers, and was not leased to Germany. Even if it were leased to and the public property of the German Government, it would not be subject to capture, there being no such rule of international law as sanctions the seizure of enemy property situated in neutral territory simply because it belongs to the enemy. Japan, however, justified her taking possession of the railway by alleging it was used by the Germans for the transport of troops and munitions of war to Kiaochau. It is hard to believe there were German troops and munitions of war to transport from Tsinanfu to Kiaochau. Even if there were, the act took place before the declaration of war by Japan. However, these are questions of fact. Japan has not only taken what German interest there was in the railway, but also ousted China from her possession of it. To the settlement of the status of the line and the legality of the Japanese possession China has a right."

If, after dislodging the Germans from Kiaochau, Japan had proclaimed her intention to employ her victory in fact as a proof of her determination to end once and for all the accumulating dangers of foreign "Spheres of Interest" in China, her position as the champion of a "Japanese Monroe Doctrine for Asia" would have been irresistible. Earnest support from China and from the United States would have been immediate. Instead of taking this logical and reasonable course, she placed herself on record as China's immediate menace. Her victory over the tiny German garrison was made the excuse for new acts of aggression upon China.

She presented a list of twenty-one demands in a manner insulting to the Chinese Government. She demanded secrecy, threatening the Chinese President and ignoring China's foreign office; she violated the secrecy. The secret out, she issued, deliberately, false statements to the Treaty Powers, the United States included. She doctored the news and prevaricated to officials and the press. These statements are fully proved by official Japanese documents, and her false statements have been admitted to me personally on high Japanese official authority. There is no denying the facts. It was not until two months had passed

(from January until March, 1915) that the public of America and Europe learned a material part of Japan's duplicity—the whole truth did not become available until she had, through her ultimatum, troops, and warships, forced China to sign treaties and notes which tamper seriously with the rights of China and with China's obligations to Treaty Powers. This was sheer selfish opportunism. It was and is condemned as such, I am glad to say, by thoughtful, honorable, patriotic, farsighted Japanese.

Confronted by the consequences of their blundering, the responsible Japanese officials offered fresh protestations of friendship to China. But, even since then, for almost every friendly word Japan has inflicted an unfriendly act. Steadily, she is building a stone wall of prejudice against her most vital interests in China.

THE ROOTS OF RIVALRY.

After centuries of distance-decreed divorcement, East and West are meeting anew. They met before when the world was much younger, conditions very different. The misinterpretation of Kipling's verse—he had India in mind, I think, and not the greater East—symbolizes prevailing misconceptions as to earlier happier relations and particularly as to the causes and character of Oriental isolation. And there, I believe, lie the roots of rivalry.

In the Middle Ages, China walled herself in, not against civilized humanity, but against the roving barbarians. She stemmed the flood, and it poured into Europe, instead. At times, as in the cases of Genghis Khan and Nurhachu, the barbarian with his sword overcame the more scholarly and peace-loving Chinese. Meanwhile, the caravan trade was continued, East met West in Palestine, in Persia, and on the shores of the Mediterranean. The Chinese junk anchored alongside the feluccas and galleys in the trade ports of Tyre and Venice and the garookhs of the Persian Gulf. The scholar, the teacher, the philosopher received a warm welcome in China until an impolitic act and religious rivalry as to the proper way of expressing God in the Chinese ideography originated misunderstanding and caused exclusion. Probably, this difficulty would only have been a temporary matter. Unfortunately, other more serious obstacles obtruded.

Mr. Foster, from whom I have already quoted, summarizes very accurately the spirit in which the West first knocked at the door of the East. He says:

In the sixteenth century, the Chinese Empire and its dependencies extended from Korea to India. Its rulers did not fail to note the aggressive spirit of the Portuguese, Dutch, and Spaniards, who had taken possession by force of the Philippines, Java, and other islands, and had acquired a foothold in India and the Malay Peninsula. The early intercourse in its own ports with these nationalities and the English, so marked by violence and bloodshed, led the Chinese authorities to stringent measures in the seventeenth century, which resulted in the closing of all ports except that of Canton, and even at that port foreign intercourse was conducted under very onerous conditions.

Then, on the East, the West used a club and the drug, opium.

The Japanese, like the Chinese, are famous mariners. Their ships, too, penetrated far into European waters many centuries ago. They reached America, we are told. It is on record that down to the closing decades of the seventeenth century, "both in regard to religion and commerce, the Government of Japan exhibited more liberality to the nations of Europe than the latter exhibited to each other." The Oriental is, by nature and habit, courteous and friendly. The over-zealous and somewhat dangerously political character of early missionary work in

Japan was responsible for the closing of Japan's doors against the foreigner. These doors remained closed until the politic Perry induced the Shogun to open them a little bit. While Perry did not employ force, Japanese remember, and we, too, should remember that he came first to Japan with four ships of war. And he gave them clearly to understand that on his next visit he should expect a favorable answer. When he returned in the following year it was with eight ships.

The first adventurous Western mariners were rude-spoken men, not polished diplomats. That was one reason why the more courtly and scholarly Orientals with whom they came in contact classified them among the "barbarians." The old-time sailor loved his grog, and Jack ashore was a tough customer, even judging from his own accounts. Nature and the times made him so.

So the East did begin to look down upon the West, and the consequence was a rivalry, unconscious in many cases, but none the less present. This rivalry was intensified rather than removed by the manner in which the West knocked at the door of the East and demanded admittance during the nineteenth century.

The Japanese were prepared to respond in kind to the particular nature of the shock. Like the Irish, the Japanese are militant. It is in their blood. They cannot help themselves. Like the Irish, they possess natural virtues which, when employed, temper this aggressive disposition with justice and moderation. But they very naturally trained to fight.

They were fighting among themselves as a consequence of feudal misrule when they saw the warships of America and later those of European Powers. Before that, they had not been seriously impressed by foreign naval power. They stopped fighting among themselves and closed their ranks to protect Japan against foreign invasion. America and some of the European Powers, notably Great Britain, aided Japan to meet new world conditions. But—as in the matter of her tariff and the consular courts—Japan had to fight hard for her rights in the diplomacy of those days. Her friends, notably America, supported her in preserving her autonomy and in becoming the Power which she is to-day.

The Japanese are too prone to think solely of Japan's own part in bringing about the transformation from Old Japan to New Japan. They know full well what their great emperor, Meiji (Mutsuhito) did, what Ito did, what Oyama, Togo, Yamagata, Kuroki, and Nogi did. While they are familiar with what Townsend Harris did—and they are sincerely grateful to this truly great American—they do not realize, at least they seem not to remember their deep indebtedness to Mr. Roosevelt and his predecessors while their nation was in danger.

Japan defeated a portion of China—most of China took no part in the war of 1894-5. Japan defeated Russia—in the field and at sea. Thence came a new movement over Nippon, a revival of the war spirit. The "Japanese Monroe Doctrine for Asia" is undoubtedly a manifestation of that spirit.

China, humiliated, invaded, despoiled by the West that knocked at her East, approaches the new meeting in a very different mood. By nature philosophical and contemplative, Chinese character is finer, more forgiving, more evenly balanced than Japanese character. China looks askance at this proposed "Japanese Monroe Doctrine for Asia."

First, it is too Japanese. The Chinese are not prepared to place themselves under the wing of Japan, even if they were convinced that Japan's motives are above and beyond reproach. They are not quite sure of these motives. The evidence, so far, is sinister; and "when you sup with the devil you require a very long spoon."

Secondly, China has her own ambitions. She desires to meet the West of herself, unhampered by a Japanese alliance or "Japanese Monroe Doctrine" which might nullify her opportunities for self-development and for usefulness in the service of humanity. Japan answered the West with a gun; China is answering with a prayer, "Peace."

CHINA AND THE "OPEN DOOR."

China is fully alive to other considerations, and well does she understand the nature of the new conditions affecting her own relation to the world which have arisen as a consequence of the European War. Before the war cleft most of civilized humanity into two contending camps, the eyes of each and every one of the great Powers were upon China. The upset of the Ta Ching dynasty and the political and social temblor which was shaking up the human ingredients of Chinese life united manifestly in preparing a new era in China. The "yeast" of progress was working—for what? Few ventured to predict the ultimate shape in which such a vast mass would disclose itself; but one fact was accepted as certain. There, in China, lay waiting the great stakes of enterprise. The time had come for the industrialization, not piecemeal but in whole, of the most industrious quarter of the world's inhabitants.

No longer could the nations afford to regard Chinese commerce as merely a matter of exchange and barter. Chinese trade questions could no more be considered from the viewpoint of the tea importer, the silk importer, the piece goods or yarn exporter, the cotton planter or broker or shipper. No longer was it a question of selling so many locomotives or so many tons of steel rails, a few dynamos or electrical parts; or of securing a railway or mining concession here or there in China. The immediate industrialization of a vast empire from top to bottom was involved. The possibilities were too huge for the ordinary mind. The prospect required the vision, the daring, the determination of a Harriman, a Hill, a Rhodes. China was opening up, herself, of her own volition.

That was the vital fact—before the war. And the war came—the red plague—blood and iron summoning art and science to the destruction of life and property in such gigantic scope that, as yet, no Homer, Napier, or Kinglake seems in sight to tell a tithe of its meaning. But those who deal in concrete values—who appraise the producing worth of men and of the products of men—the cumulative power of industrialized property, its users, directly and indirectly, and the uses to which such property is put; these men realize somewhat the staggering debt which will have to be paid by industry and through industry. Out of the smoke and fire of war come thoughts of the period of reconstruction which must follow the war. Where man has destroyed there shall he rebuild. By the sweat of his brow and the labor of his hands and the creative force of his brain man will seek atonement for the red years since 1914. There will be a new Europe in many vital respects to replace that temple which, Samson's-like, is crashing down upon the architects of its destruction.

China, amid her own troubles, visualizes what is coming. Our American part may—and I trust it will—be that of peacemaker. China can help heal the wounds and she hopes to do so. She is ready to play her part.

China, herself, is giving new value, new meaning to the "Open Door." Even her younger statesmen are tendering freely the invitation. Her "Open Door" will not be reserved to a few alienated ports or "Spheres" arbitrarily asserted by suspicious and selfish alien states, relying upon force of arms to legalize robbery. All that she asks is honesty and fair dealing. Then all may come

and welcome. Her "Open Door" covers all China; it is nation-wide in its scope and it is backed by the will of a fourth of mankind. It is an honest, as well as a tempting proposition. And it is a vitally necessary assurance of permanent peace.

Who desires that the present war should be merely the prelude in the West to a later conflagration in the East? Surely no war-fevered brain could regard such a possibility with favor or equanimity? Yet, if there is to be durable peace, China cannot be left out of account.

It is not merely a question of the inviolability of treaties—and that is important. It is not merely the right of militarily weak nations to the "Square Deal"—and that is important. It is a matter of sheer necessity.

The only possible alternative to the preservation of China's integrity is an international contest for the political partition and the industrial exploitation of China, with the active opposition of four hundred million people.

China's sovereignty over herself cannot be destroyed without challenging her destroyers to eventual destruction.

This fact will have to be considered in the Peace Conference. It must be considered now, so that the issues shall not be needlessly complicated beyond existing complications.

There is a strong feeling among the Chinese people that Japan is acting, now, with the wilful intent of further complicating the issues. There is an equally strong feeling in China that Japan so desires China's resources for herself that she is heedless of the present and future necessities of even her own allies. Some go further and say that Japan would welcome an after-the-war condition in China that should be as unfavorable to Europe and to America as it might be made favorable to herself.

Huge fortunes will be made, great international industry produced, during the immediate development of China. The wage-earner is even more vitally interested than the employer. Conditions, to a great extent, govern the wage-earner; sometimes, although not always, the employer can master conditions as well as his men and women. China seeks a fair distribution of this prosperity which it will be her pride and joy to confer after the war. Has Japan or any other nation the right to intervene between China's opportunities and the needs of the American or European workman?

OUR POLITICAL RESPONSIBILITIES IN CHINA.

I have mentioned the fact, too often ignored, that we have political as well as commercial aims in China. They point to the injury of no one, to the benefit of all. These aims are not merely defensible, they are of the very essence of international honor. No nation can assail them without thereby attacking its own right to national existence.

It requires no particular prescience to realize that the war will leave the world in a state of mind to appreciate at least something of the fact that nations have responsibilities to others as well as to themselves. As municipal law is now generally successfully invoked to protect the individual, it is no Utopia to imagine that we are steadily making headway toward the day when international law can generally be successfully invoked to protect nations, irrespective of their military standing. Hitherto, that has not been possible; but as this war has exceeded all its predecessors in sacrifice and in destruction, so, too, it has eclipsed all previous wars in its educational value. It has influenced all, individuals and nations, for good as well as for evil.

The shadow of war had scarcely lifted itself from overhead within these shores of ours, fifty years ago, when America raised its voice for China. Ever since then, allowing for aberrations of judgment, mainly on minor matters, politically we have stood by China. Despite the

conduct of a few individuals in one or two instances in China, we have stood by China. Our conduct, as a nation, our action, has never been selfish. It is wrong for Japanese and others to question our motives. They have always been beyond reproach.

Failing in some things, no doubt, there has been this in our general policy which is proof against scrutiny—we have always put China's rights and China's interest first. And we have always acted in the general interest of humanity.

Either as toward Japan, or toward Europe, we stand upon unassailable ground. We have recognized their interests while declaring our own.

Our declaration of the Hay doctrine was not made without due thought and study of the rights of others as well as of our own rights. It was a step in logical sequence to all that had transpired from the commencement of our diplomatic relations with the Orient. It recognized an obligation, the probability of which had been foreshadowed almost fifty years earlier by William H. Seward. It is an obligation as it should be a source of national pride.

We cannot fail to defend the Hay doctrine without proving ourselves recreant to an international trust as well as to our own ideals of right conduct. That fact justifies our political interest in China. We have further justification.

We have accepted responsibilities in the Philippines. Whatever fate has in store for the Filipinos, it is our duty as well as our right to participate in the politics of the Orient with the general aim of securing in the enjoyment of their rights and opportunities all the inhabitants of the Philippines. That right is incontestable. The duty is one not to be shirked by honorable men.

We are a self-governing nation. We do not regard our fundamental political institutions as "experiments," although others may so regard them. The fact that a fourth of the world's population, through intrepid and able leadership, has disowned despotism and decreed the adoption of our political institutions is both of political importance and political interest to the Government and the people of the United States. Given a fair chance, the present Government of China should very soon develop into the United States of China. That is a matter of very serious importance to the United States of America.

Is there room for doubt that without harming in the least the legitimate rights of others we have legitimate political aims in China?

SOLVING THE PROBLEMS.

Japan's acts in China interest us chiefly because they seem to threaten the peace of the Orient, and, therefore, the peace of the world. We could not afford to stand idly by and see China ground to powder between the millstones of Japan and Russia. Such a weak course upon our part would be as disastrous as it would be dishonorable. Should these nations, allied in aims and in methods, persist in a set policy of ignoring and trampling under foot their covenants with China and with other Powers having vested interests in China, what assurance have we that, given the opportunity, the same aims and methods might not be employed against us?

If treaties were, in fact as well as in name, sacred things, then China might be said to be protected against molestation by a perfect wall of sanctified ink and paper. The following summary will furnish an idea of the interlocking obligations "guaranteeing" the sovereignty of China:

The Hay circular telegram (July 3, 1900) to Great Britain, France, Germany, Russia, Austria, Japan,

Italy, Spain, Holland, Portugal and Belgium. Approved by all.
 Lord Salisbury's declaration (July 7, 1900).
 Statement of British policy, House of Commons (August 2, 1900).
 Anglo-German agreement (October 16, 1900).
 Hay declaration (October 29, 1900).
 Anglo-Japanese Alliance (August 12, 1902).
 Hay note, approved by Great Britain, Germany, France, Austria and Italy (during Russo-Japanese War) (January 13-23, 1905).
 Anglo-Japanese Alliance (renewal) (August 12, 1905).
 Lord Lansdowne's note to Russia (September 6, 1905).
 Russo-Japanese Treaty of Portsmouth (September 5, 1905).
 Franco-Japanese Convention (June 10, 1907).
 Russo-Japanese Convention (July 30, 1907).
 Root-Takahira Agreement (United States and Japan) (November, 1908).
 Russo-Japanese Convention (July 4, 1910).
 Anglo-Japanese Alliance (renewal) (July 13, 1911).
 Our leadership is disclosed in this list. That is one

reason why we cannot without dishonor shirk our responsibility and leave China to shift for herself under the very doubtful "protection" of a "Japanese Monroe Doctrine for Asia."

The Japanese white book of May, 1915, is irrefutable evidence that the future of China cannot safely be entrusted to the care of Japan.

The history of the Far East since the first Hay declaration proves that government by legation is injurious to China, to Europe, to America; a dangerous temptation to Japan and to Russia; and a grave menace to the peace of the world.

The solution is definite action by all the Powers, restoring to China complete control over all her affairs; candid abandonment of the "Sphere of Interest" pretensions; withdrawal of foreign military forces from Chinese soil; full enforcement of the Hay doctrine.

The United States must lead the way, firmly declaring its purpose with a clarity of expression which none can misunderstand, and persisting in that purpose until it is accomplished.

AMERICAN AND CHINESE RAILROADS

BY WILLARD STRAIGHT.

(From *The New York Times*.)

Willard Straight, Vice-President of the American International Corporation, which is interested in the development of railroads in China, was asked the other day why his company desires to do business in that country, in view of the fact that it is reported to be in such a disturbed political state.

"China," said Mr. Straight, "is one of the great markets of the world, and the development of China, we believe, offers great opportunities for the various manufacturing, transportation, commercial and banking interests which are represented on our Board of Directors. To co-ordinate their activities and to enable them to enter the Chinese field, China, our prospective customer, must be financed.

"This the American International Corporation is willing to do, if satisfactory business terms can be arranged. This is the character of work that the American International Corporation was created to perform. Despite rumors of trouble, moreover, we believe in Chinese credit, for, although there have on one or two occasions been some slight delays in payment, China has never failed to meet her external obligations.

"You say that since President Wilson's declaration in 1913, as a result of which the American bankers withdrew from the so-called six-power loan, it is generally supposed that the State Department would refuse to support American enterprise in China. Many people, moreover, ask why our investors should go to China in any case, when they have the example of Mexico before them.

"Here you have raised questions which involve the whole theory of Government protection of American interests abroad. Personally, I believe that the Administration made a mistake in not supporting the American in-

terest in the 'six-power' loan. I believe that the result of the withdrawal of the American group from China was unfortunate—more unfortunate for China than for any one else.

"The Administration's decision, however, did not necessarily mean that the Government would not protect American investments; it involved rather the reversal of a diplomatic policy. This policy had been developed by experience, and further experience, I believe, will prove the policy to have been a sound one.

"The preceding Administration had encouraged, and, indeed, requested, our bankers to go to China in the hope that their entry into this field might enable the American Government more effectively to support the open door. Our Government desired primarily to help China, and, by so doing, to safeguard the future of American trade. The bankers were prepared to help China if they could do so on a practical business basis.

"Both the Government and the bankers from the outset found that sound diplomatic as well as business policy made it wiser to co-operate with other powers and financial groups rather than attempt to play a lone hand. The American Government and the American bankers committed themselves to the principle of co-operation.

"When the Government changed its policy the bankers withdrew. They could not without their Government's approval continue in the international combination which had been created. The result of their action was that China, instead of securing money in the United States on less onerous terms than those demanded by the six-power group, as she expected to do, was forced to borrow from the five powers who remained in the combination. China lost the benefits which American participation in this com-

bination might have given, and the Americans were for the time being excluded from any real voice in the Far Eastern situation.

"Open-door declarations are only empty theory, unless made effective by actual business arrangements. The only practical way to realize the open door and to enable China to work out her own salvation is to internationalize Chinese finance. Our Government in 1913 did not, I believe, realize this situation as clearly as it might have done had the problem been presented after the Administration had been longer in power.

"Our Government having reached its decision—that it would not approve international financial combinations in China—there were three courses for American bankers to follow. First, to keep out of China entirely; second, to act alone in competition with other powers; third, to avoid transactions clothed with any political character and adhere strictly to business lines.

"To have adopted the second alternative might have involved the United States in serious diplomatic and financial rivalry. Our bankers could co-operate, but they could not compete with others unless the Government was prepared to back them with force if necessary. This the bankers did not desire, nor would the Government have been prepared to embark upon such a policy.

"There is a good deal of misunderstanding about the nature of the support which banking interests desire their Government to give them in foreign fields. It seems to be the popular idea that American bankers expect the American Government to act as a sort of collecting agency; to send gunboats or armies, if needed, to collect their debts.

"It is frequently asserted that American financial interests have been responsible for American intervention in Nicaragua, Haiti, and San Domingo. It is true that American interests in these particular countries have been threatened by the continued disorders which prevailed there until our Government assumed control. But our Government, so far as I have been informed, did not go in as a collecting agency on behalf of its nationals; but did intervene to restore order in the interest of the people of these countries themselves and to protect them from exploitation by their unscrupulous leaders. And this action was made necessary by the fact that under our interpretation of the Monroe Doctrine we have caused it to be understood that we would resent armed or political intervention by any other nation for the protection of their subjects or citizens on this side of the Atlantic.

"Having assumed this position, we have made ourselves to a certain extent responsible for the preservation of order in the Western Hemisphere. This assumption on our part has been resented by many of our Latin-American friends, who have, with justice, felt that they were themselves capable of maintaining order within their own boundaries.

"If the United States intervenes in Mexico it will not be because American armies are sent across the border at the behest of Wall Street, but because conditions in Mexico have become so bad that, unless we recognize our responsibility under the Monroe Doctrine, other powers for the protection of their nationals will take steps to assure the maintenance of order.

"American intervention in Mexico, Central America, Haiti, or San Domingo, therefore, while it may incidentally benefit American investors, has been and will be inspired by the desire of our Government to insure stable conditions in these countries. Given stability, they will be free under American protection to find their own salvation. They might otherwise be subject to the interference of powers that would have no responsibility for or

particular interest in the welfare of the native population, but would act solely to protect the interests of their own nationals.

"In Mexico, Central America, Haiti, and San Domingo our Government may have to act as a policeman. This, to my mind, is not the case in any other part of the world. In China it seems to me that all American bankers can expect is that the State Department is prepared to act as their advocate and endeavor with ordinary diplomatic means to secure for them adequate protection. This the State Department has shown itself prepared to do. Dr. Reinsch, the American Minister to Peking, has on more than one occasion been of the greatest assistance to American business men.

"There is no similarity between our Government's general responsibilities in this hemisphere and the support which it might be called upon to extend to American interests in China. I doubt if any American banking group which contemplated investment in China ever considered the possibility of asking the American Government to assume jurisdiction over any part of Chinese territory in case China defaulted in her debt.

"Had the bankers contemplated that such necessity would arise, they probably would not have made an investment. Reputable bankers do not stand sponsor for foreign investments unless they feel reasonably sure of the stability of the country in which their clients' money is to be placed. As far as I know, it has never been necessary for any foreign power to assert force to collect from China a debt owing to its nationals. That is one of the reasons why China affords such a desirable field for American investment.

"You ask whether the recent Russian protest against construction by the American International Corporation of the Fengcheng-Lanchow Railway and the Japanese Government's protest against the dredging of the Grand Canal do not constitute to our minds a threat to the open door. In both of these instances the Chinese Government had, it is claimed, given certain pledges to the Russian and Japanese Governments, which, in the opinion of the latter, preclude China from carrying out with other interests the contracts which it is proposed the American International Corporation should undertake.

"The fundamental questions involved are primarily political and must be settled between China and Japan and China and Russia. If Russian and Japanese action is considered a violation of the open door, the matter no doubt will receive the attention of the State Department. The American International Corporation, however, does not desire to become involved in political controversies in China. This corporation was established to do business and not to mix in politics.

"The other day, at a luncheon of the Japan Society, Doctor Iyenaga, the representative in America of the East and West News Bureau, stated that Japan would welcome American investment in China. He added, however, that some people in Japan feared such American investment because they felt it might be used as an instrument to extend American political influence as opposed to Japanese interest in China.

"He added that Americans apparently feared the extension of Japanese political domination, because they considered that such extension might interfere with the possibilities for American investment. He declared that Japan would support the open door. He felt that the policies of the two countries should be made clear.

"American interests, as far as I know, have no political ambitions in China. It seems that the assurance of Japanese statesmen must be taken at their face value. On

this basis there should be no ground for misunderstanding.

"There are many people in this country who urge the investment of American capital in China on the ground that such investment would serve as a check on what they consider to be Japan's aggressive designs. Investments made on such grounds would certainly be political in character.

"As a general thing, the people who voice these sentiments are the very ones who criticise the American bankers for what they suppose to be American bankers' desire to secure the armed support of the American Government in case their investments were threatened.

"They cannot have their cake and eat it. The American Government might embark upon a program of financial imperialism. With promises of active and armed support it might persuade bankers to undertake investments which it was believed might assure the future of American trade, even though such action might involve this country in difficulties with other nations.

"Our Government is not likely to initiate nor are our bankers likely to urge such a program. Our bankers and merchants will probably proceed, as they have in the past, on the theory that the American Government will see through peaceable means that American investments abroad receive fair and equitable treatment. On such a basis bankers and merchants will judge enterprises on a business basis, assuming the ordinary risk of possible complications.

"In China there is, I believe, much sound business which may be done, and ample opportunity for American enterprise free from the danger of political complications. For this reason I believe that we may safely proceed with the program which we at present have in mind.

"The American International Corporation is attempting, under its railway contract recently concluded, to work out an experiment which has heretofore never been tried in China. When China desired a railway in the past, a loan has generally been arranged, chief engineers appointed, surveys completed, and, if the amount of money originally provided was not sufficient, an additional loan was secured. The chief engineers have generally been recommended by the lenders and the roads have been built as part of the Government's transportation system. In some of the earlier contracts the lenders secured a certain percentage of operating profits.

"In recent contracts no participation in profits was given and bankers were obliged to rely entirely on the sale of securities for their profit. Inasmuch as the bonds issued for railway construction were Government obligations, secured by Government guarantee, and in many cases by specific revenues, there was no particular object in assuring economical constructions in order that earnings might meet the interest charge.

"We propose to proceed on a different basis. American engineers appointed by the Chinese Government will first locate certain roads which the Government desires to build. Plans will be prepared and the cost will be carefully estimated. On the basis of such estimates Chinese Government bonds will be issued. An attempt will be made to show that the railways constructed under our contract will, from the outset, pay their way.

"Although the Chinese have made rapid progress of late years, they have not as yet a sufficient number of engineers and technical railway men to construct and operate their lines. For that reason arrangements will be made whereby the Chinese Government will secure the services of American experts to assist them in the management of the new roads.

"They are anxious to introduce modern American administrative methods in the management of their railways

and to place all lines constructed under our contracts on a paying basis. For our services in financing and in directing operation we shall receive a certain percentage of the profits in operation. We believe this arrangement will be to the advantage of both the Chinese Government and our corporation.

"As to the service the American International Corporation desires to perform and whether or not we have found that the friendship which China is supposed to feel for the United States has facilitated our negotiations, I will reply to the first part of your question by saying that we desire to perform for the Chinese Government the same service that any reputable banker or engineering firm will perform for its client.

"China desires railways and we desire to build them. We expect to build good railways, and we believe that in assisting the Chinese to manage them we will perform a certain service for China. We do not wish to give the impression that we are undertaking this work from altruistic motives. We regard this as sound business.

"It has been my experience that when people state they are undertaking business from altruistic motives it is generally a pretty expensive proceeding for those who are alleged to be benefited. Altruism in business consists in a square deal and work well done for a reasonable profit, not in attempting to secure exorbitant profits in the guise of uplift.

"As to your other question, I believe that the Chinese are extremely friendly to the United States. I think they are inclined to trust Americans. Many Chinese have been educated in this country and they have, fortunately, retained a pleasant impression of the treatment they received here.

"The fact that the United States refunded some twenty-five million dollars of the indemnity exacted as a result of the Boxer rebellion, expending this money in the education of Chinese students in the United States, is generally known throughout China and has created a most friendly feeling toward this country.

"The Chinese know that we are actuated by no political motives and desire no Chinese territory. This gives them confidence in our intentions. Mutual confidence is the basis of any satisfactory business. For that reason we should be in an excellent position to undertake developments in China.

"At the same time, I must say that in my own experience, when it has come to an actual trade as to the basis upon which a piece of work should be financed, I have found that some of my Chinese friends apparently felt that it was unwise to mix friendship with business and have been quite prepared to close the transactions with some one else, provided the Americans were not willing to give equal terms or better.

"The Chinese are by nature business men. They will drive a hard bargain and when the bargain is made they will stand by it, even though they may lose in consequence. They consider that when any transaction is undertaken, both parties thereto desire to proceed. They do not, therefore, appreciate the technical legal methods developed by European and American practice to anticipate in written contracts possibilities for dispute or violation of agreements.

"They prefer to base their transactions on a simple arrangement and to proceed on the theory that when both sides desire to proceed with a piece of business, there will be no difficulty, in case of controversy, in reaching a satisfactory arrangement on an equitable basis. For this reason, the Chinese are an extraordinarily satisfactory people to deal with, and because of their industry, integrity, and the great resources of their country, I believe that China will be an excellent field for American investment."

JAPAN AND THE UNITED STATES

(By JOHN FOORD.)

I.

Attempts, more or less successful, have been made to throw around the relations between Japan and the United States a halo of sentiment. These have somewhat interfered with a correct understanding of the true character of these relations which, from first to last, has been severely practical. The distinction of being the first American ship to cast anchor in Japanese waters was earned in 1799 by the "Franklin", a vessel of 200 tons, owned in Boston and commanded by Captain James Devereux of Salem. At that time only the Dutch were permitted to hold foreign intercourse with Japan, and it was under charter from the agents of the Dutch East India Company at Batavia to make one of the annual voyages allowed them, that the "Franklin" entered the harbor of Nagasaki. In 1800, the Boston ship "Massachusetts" sailed for Nagasaki on a like errand, and in 1801 the Salem ship "Margaret", commanded by Captain Samuel Derby—an American mariner of note—was chartered to take the annual Dutch freights to and from Japan.

In 1831 Edmund Roberts, a sea captain of Portsmouth, N. H., was named by President Jackson as his "agent for the purpose of examining in the Indian Ocean the means of extending the commerce of the United States by commercial arrangements with the powers whose dominions border on those seas." He was specially told to "be very careful in obtaining information respecting Japan, the means of opening a communication with it, and the * * * value of its trade with the Dutch and Chinese." Edward Livingston, then Secretary of State, instructed him that the United States had it in contemplation to institute a separate mission to Japan, but that if he should find the prospect favorable he might fill up one of his letters and present himself to the Emperor for the purpose of opening trade. Roberts did succeed in concluding a treaty of amity and commerce with Siam, and a similar treaty with the Sultan of Muscat, but his mission to Japan was prevented by death.

In the third annual message of President Fillmore to Congress, dated September 6th, 1852, a reference is made to the extension of our settlements on the shores of the Pacific, and to the new direction which had been imparted to our commerce on that ocean. A direct and rapidly increasing intercourse had sprung up with eastern Asia. The waters of the northern Pacific, even into the Arctic Sea, had of late years been frequented by our whalers. The application of steam to the purposes of navigation was becoming daily more common, and made it desirable to obtain fuel and other necessary supplies at convenient points on the route between Asia and our Pacific shores. Moreover the Japanese treatment of American sailors shipwrecked on that coast left a good deal to desire, and the President declared that he had accordingly been led to order an appropriate naval force to Japan whose commander was directed to remonstrate in the strongest language against the cruel treatment to which our shipwrecked mariners had often been subjected, and to insist that they should be treated with humanity. He was further instructed to endeavor to terminate the commercial seclusion of Japan by endeavoring to obtain from the government of that country "some relaxation of the inhospitable and anti-social system which it had pursued for about two centuries."

The expedition, which Commodore Aulick was first nominated to command but which was later placed under the orders of Commodore M. C. Perry, had for its declared objects (1) a permanent arrangement for stress of weather upon the Japanese coast; (2) permission for American

vessels to obtain supplies and refit in one or more Japanese ports; (3) permission for American ships to enter one or more Japanese ports to dispose of their cargoes by sale or barter. As persuasion had hitherto failed to attain these objects, Perry was instructed to take an imposing force by way of making the impression desired, and he was to refer particularly to the subject of the ill-treatment of the crews of wrecked vessels. If argument and persuasion should fail to obtain "any relaxation of their system of exclusion, or even any assurance of humane treatment of our shipwrecked seamen," Perry was to change his tone, and to say that the United States would insist upon kind treatment of American citizens and vessels wrecked or driven upon the Japanese coasts, and that for any cruelty in such cases in the future the Japanese would be "severely chastised."

Perry resolved from the first that he was not to be trifled with. To quote his own words, he was to "demand as a right, and not to solicit as a favor, those acts of courtesy which are due from one civilized nation to another; to allow of none of those petty annoyances which have been unsparingly visited upon those who had preceded me, and to disregard the acts as well as the threats of the authorities, if they in the least conflicted with my own sense of what was due to the dignity of the American Flag." Hence he refused to deliver the President's letter, of which he was the bearer, to any but an officer of the highest rank, and he also declined to go to Nagasaki, hitherto the only port open to foreigners in Japan. Having placed his message in the hands of two of the highest officials in the Empire, the Commodore formally intimated that he would return next spring for a reply to the propositions of the United States.

On the return of the American squadron, consisting of three steamers and three sailing vessels, Perry produced the draft of a treaty which, after several weeks of negotiation, was finally signed on March 31, 1854. The preamble to this agreement declares that the United States of America and the Empire of Japan, "desiring to establish firm, lasting, and sincere friendship between the two nations, have resolved to fix, in a manner clear and positive, by means of a treaty or general convention of peace and amity the rules which shall in future be mutually observed in the intercourse of their respective countries." The treaty authorized the United States to appoint consuls or agents to reside in Shimoda, and under this provision Townsend Harris was appointed Consul-General. He was chosen in the hope that by reason of his knowledge of Eastern character and his general intelligence and experience in business, he might be able to induce the Japanese to enter into a comprehensive treaty of commerce.

The new treaty which Harris finally concluded with Japan, and whose signature was hastened by citing the humiliation which China had recently suffered at the hands of the allied British and French fleet, was that of July 29, 1858. Our later treaties with Japan are mainly amendatory of this convention, but have preserved all its essential provisions. Meanwhile, however, our conception of the place held by the United States as a Pacific power began to broaden, so that after an interval of fifty years it could be truly said that the policy of this country in regard to that position had been marked by a degree of vigor and directness comparable only to its attitude toward all questions involving the application or interpretation of the Monroe Doctrine. In fact, if the external policy of our government has anywhere been open to the charge of aggressiveness it has been in relation to our interests and responsibilities as the custodians of

the gate-way of the Pacific. The apology for planting our flag over non-contiguous territory has been that it was vitally essential to our future greatness and prosperity that we should occupy a place of preponderant authority and influence in the great Pacific area in and around which is massed half the human race.

Ten years ago, a French statesman announced that the North Pacific was already an American sea. But, early in this century the question seemed a pertinent one, how long would it remain so were we to be confronted with another Europe on the eastern coast of Asia; were the dominion of Russia to extend to the Yellow River, that of Germany to meet the Yangtze, that of France to prolong Indo-China into Szechuan, and that of Great Britain to be sandwiched in between? Such a plan of Chinese dismemberment had been seriously discussed before the last century closed, and its execution seemed to have begun in the early years of this one. It was obvious that there could be no stable balance of power between such forces as were then threatening the integrity of China. Out of the inevitable conflict for supremacy would finally emerge the conqueror of Asia, and with any such dominance would necessarily come the reduction of the United States to the rank of a second-rate power. It was considerations like these that secured for Japan the almost universal sympathy of the American people in her war with Russia. For, the issue on which Japan went to war was first that Russia should abstain from meddling in the affairs of Korea, and next that she should restore to China the sovereignty of her three eastern provinces known as Manchuria. It is hardly necessary to inquire what the United States might have felt called upon to do in defense of its rights in Manchuria, acquired by treaty with China, had an arrangement been patched up between Russia and Japan under which one was to have an absolutely free hand in Manchuria and the other in Korea. The important fact is that Japan steadfastly refused to enter into any such arrangement, and that, on February 5, 1904, the Japanese Minister in St. Petersburg broke off diplomatic relations with the statement that "the successive refusals of the Imperial Russian Government to enter into engagements to respect China's territorial integrity in Manchuria, which is seriously menaced by their continued occupation of the province, notwithstanding their treaty engagements with China and their repeated assurances to other powers possessing interests in those regions, have made it necessary for the Imperial Government seriously to consider what measures of self-defense they are called upon to take."

II.

It sounds rather fanciful, but it may turn out to be true that "when history shall have placed all the great political events of the nineteenth century in their proper perspective, none will bulk larger in the eyes of posterity than the appearance of Commodore Perry's fleet in Japanese waters." The obvious reason is that it initiated a complete revolution in the relations of the West and East by awakening to a consciousness of its power an Eastern Nation which, for the first time in history, has shown itself able to assimilate in great measure the civilization of the West without entirely surrendering its own, and thus to assert a claim to take rank on a footing of equality with the Great Powers of the West in the arts both of peace and war. When, therefore, the Island Empire whose seclusion of three centuries was broken in upon by the bearer of a letter from the President of the United States, became the defender of the principles and policy which this Government had deliberately adopted and steadfastly maintained in its efforts to conserve the commercial interests of its citizens in eastern Asia, it was inevitable that the sympathy of the American people should go with it. The fact was freely recognized that Japan had gone further than this country was prepared to

do in submitting her case against Russia to the arbitrament of the sword. ~~Thus~~ she would hardly have done but for the lessons she had learned from the war with China in 1894—a war whose fruits she was not allowed to reap, although they were gathered in by Russia almost without an effort. It had become an accepted axiom of Japanese statesmanship that Korea was a dagger aimed at the heart of Japan, and it was sufficiently evident that no nation could regard with equanimity the prospect of an easily fortified peninsula, lying almost within stone's throw of her shores, being absorbed by an aggressive military power.

From the Japanese point of view, the two questions—the territorial integrity and independence of Korea and the sovereignty of China in Manchuria—were inseparable. The question has an intimate bearing on the present and future relations of the Island Empire with the United States, whether Japan is not, in the limitations she is disposed to place upon the sovereignty of China, closely imitating Russia. The Treaty of Portsmouth appeared to be sufficiently explicit in its declarations committing both Russia and Japan to the preservation of the open door for international commerce in China, but the question remained an open one just how literally these should be interpreted. The treaty 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 the 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 the open door. On the other, she appeared as the legatee of many privileges more or less inconsistent with that principle. This contradiction plainly appears in the agreement between France and Japan "done at Paris, the tenth of June, 1907," whose essential paragraph reads as follows:

The governments of Japan and France, being agreed to respect the independence and integrity of China, as well as the principle of equal treatment in that country for commerce and citizens of all nations, and having special interest in having order and the pacific state of things preserved specially in the region of the Chinese Empire adjacent to the territory *where they have the right to suzerainty, protection or occupation*, engage to support each other for assuring peace and security in those regions, with the view to maintain the respective situations and the territorial rights of the two contracting parties in the continent of Asia.

Nor do the notes exchanged between the United States and Japan November 30, 1908, declaring their policy in the Far East shed much light on the question of Japan's conception of her acquired rights in China. These notes 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 will recur 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 status quo as "resulting from all the treaties, conventions and other arrangements concluded up to this date, either between Russia and Japan or between those two Powers and China." It will be perceived that the status quo as thus defined is exclusively a triangular affair between Russia, Japan and China, whereas it is legally quite as much the outcome of treaties between China and other powers, of agreements between certain groups of those powers which have at least the same legal validity as the Russo-Japanese agreement, and, finally, of a series of assurances, declarations and undertakings in regard to the rights of third parties to which at various times both Russia and Japan have affixed their signatures. But none of these are recognized as forming part of the Russo-Japanese conception of the status quo under the convention of July, 1910.

At the time this was given to the world its meaning was generally accepted to be that Russia and Japan stand back to back in Manchuria, and that no force capable of dislodging them exists now, or is likely to be created for many a day to come. The making of the agreement was probably hastened by Secretary Knox's proposal for the internationalization of the existing Manchurian railways. When Mr. Knox further urged the construction, under international auspices, of a great railway from Kinchau 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 Manchuria railway system.

But there remains the solemn engagement of the Treaty

of Portsmouth by which Japan and Russia bound themselves "not to obstruct any general measures common to all countries which China may take for the development of the commerce and industry of Manchuria." The question remains unanswered which the Japanese plenipotentiaries evaded at the Portsmouth Conference, what, definitely, is the limit beyond which China is at liberty to construct any railway she desires. There can be no question that there is room in Manchuria for at least another trunk-line and that the development of these eastern provinces of China is seriously hindered by the lack of it. Hence the impression that the opposition of Japan to the construction either of a supplementary trunk-line or of the branch lines required to open up new sections of the country, savors too much of the policy of Russia which Japan received the applause of the world, and particularly that of the United States, for checking.

In one of the last letters written by the late Durham White Stevens he speaks of it as something calculated to inspire the keenest apprehension that through lack of understanding "we may sacrifice one of the most valuable assets which we possess in the East—the genuinely cordial friendship of Japan." Mr. Stevens argued that wholly unfounded apprehensions regarding her political aspirations might unconsciously, but none the less surely, lead us into an attitude which cannot fail to retard the development of the great interests we possess in the Orient. "interests which need never clash with hers, and which will gain much by the continuance of the intimate relations at present subsisting between the two countries." There are many people in thorough sympathy with these ideas who feel, nevertheless, that there is something to be said for the indictment brought against Japan of having adopted a policy of late years which is neither quite frank nor in complete accord with the professions on which she went to war with Russia.

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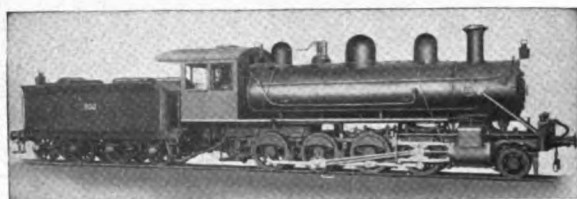
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