St. Petersburg Jan 1, 1911

My dear Straight,

Many thanks for your most interesting letter of Dec 17th which reached me safely about a week ago.

The impression created by this loan is no longer so eagerly sought for by the Chinese and they may not after all be concluded. I hope this is not true. The international loan to the loan has, of course, frightend the
Chinese who thinks that.

China is the beginning of a general foreign control and these French and Russian, England, Japan, Russia and Japan will all insist on having China to just what it has always desired, to the condition of Greece, Turkey, San Domingo, etc. You have a hard and a delicate job ahead of you. I hope you may get it without difficulty.

With much sympathy,

[Signature]

[Note: some future time, when a good opportunity offers, I don't think the moment has come just yet. I am sorry for you that the important Bank has run down in Peking. Carleton was to 

[Note: tilting letters, unclear from here to 

[Note: the signature "love both for Bank" but he and Clarke can give a lot of temporary trouble —

The political situation in

China bothers me more, however, than anything else. There are very grave misunderstandings. If to the undeclared condition of affairs were added wartime bankruptcy, which
might come if China is encouraged to the dissipation of money at the hands of such rulers. The opposition, armed with modern weapons, will be driven into the hands of some Power to obtain armaments in some form or other. And then?

Thanks for thinking about selling me your Testament, but the Tibetan copy. I shall be delighted to hear from him and to hear the ability of the future he has for which I shall give a fair price.

With best wishes for the new year, in which my wife and daughter join us.

Very sincerely yours,

W.W. Ramsey

Original in private hands.

The Willard Straight Papers at Cornell University
Dear Davison:

I am sending a long letter to the Group explaining my conversation of December 30th with His Excellency Sheng Kung Pao. The new basis proposed seems reasonable and very satisfactory. Mr. Calhoun would have telegraphed it to the Department and I would have sent it on to the Group had the Minister not felt that the Department would have been displeased with him for suggesting alternative plans rather than acting on the letter of his instructions. As stated in what I fear you may have considered a rather fresh dispatch I have not felt that the Department has had any clear idea either of what should be done, could be done, or what they themselves wanted. The Chinese, however, of course wanted no adviser at all. Their attitude has been inspired by the sage advice of Dr. Chen Chin Tao. I have always felt, however, that we could get an Adviser appointed if we could only take his name out of the Loan Agreement or else limit his functions solely to consulting with the Board of Revenue regarding the preparation of the plan for Currency Reform, the Bankers to be protected, subsequent to the adoption of such a programme, by the appointment of an auditor to the Ta Ching Bank. The Department, however has not, apparently, seen this way around the corner and so instead of telegraphing you the result of my conversation with Sheng I decided to wait until Mr. Calhoun placed the Department’s demands before the Chinese and was turned down, as I think he will be if he puts the proposition to them as last telegraphed from Washington. I have felt that when this had happened there might be more chance of getting a hearing for the new scheme.

It is very difficult to work this thing out at a distance of 11,000 miles and I hope that you will understand that what may have seemed a very rapid shifting from one position to the other was due solely to my anxiety to work out some scheme which would be acceptable to you and in which the Chinese at the same time would be willing to concur.

Sincerely yours,

H. P. Davison, Esquire,
No. 23 Wall Street,
New York City.

2- H. P. D.

The Willard Straight Papers at Cornell University
Dear Frank:-

Many thanks for the mattress you so kindly placed under me to break the drop after the Group's Solar Plexus about the "honoraria." I have no kick. It's up to me and there's an end of it.

I am sorry that there was any feeling that I had sailed gaily in without consulting the Group and had even seemingly committed them to a step which they could not approve. It never occurred to me that it might be a good thing to bring out these trinkets until the night I left London. I bought 'em in Paris before catching my train and wrote about the transaction en route. Otherwise I should have asked for authority and saved my money. Since I did ask for authority before drawing on the Group, however, and since that authority was refused I should think that there could not even be a suspicion of the Group's having authorized the expenditure.

Without dissenting at all from the action of the Group in this matter I hope that you will understand that I wish it made clear that the presentation of these trinkets, owing to my personal relations with the Chinese is much in the nature of asking them to dinner. It was natural to bring them some such souvenirs, more so than it was for Prince Tsai Huan to present cloisonne pots and rolls of silk to the President. The answer is of course, that such personal matters should be met by personal expenditure. I grant the point without argument. I hate like the devil however even to appear as a "grafter" and though I may have referred to these gifts in a jocular way as "house-broken graft" or something of the sort, their presentation did not seem to me to be incompatible with the strictest interpretation of even the spirit of my instructions. To give things of this sort makes for pleasant personal relations, just as does a dinner now and then. It is my job to keep up as pleasant contact, to be an close friends with these people as I can be.

If you knew the boredom of entertaining them and trying to get on this basis you would understand that it's work, just as onerous, if not more so, for you can't show it to be a task - than the drudgery of typewriting. My personal interest in knowing and getting on with the Chinese, as with the diplomatic body, for the case of a very few people I really like, is entire lacking. It's all in the game and has to be done, in my interest of course, but merely that I may attempt the better to deliver the goods to the Group.

I doubt if even the Group's bitterest enemies could make much capital out of the presentation of these gewgaws. If one is going to secure business by grafting...
one will have to give something more than gold cigarette cases.

In writing thus please do not think that I question the Group's action. I know, appreciate, and respect the desire of the Group to have an absolutely clean record. We have the cleanest name in Peking, I think, and I hope you will understand that I should be the last person to object to any measure which the Group might deem necessary to forestall not only accusation but suspicion.

Yours sincerely,
WILLARD STRAIGHT.

Yours of the 30th acknowledging mine of the 16th, just in. I paid Thornby's bill from here -- but there will be others, curse my sentimental soul.

THE AMERICAN GROUP

Peking, China.

January 2nd, 1911.

Messrs. J. P. Morgan & Company,
For the American Group,
No. 23 Wall Street,
New York City.

Gentlemen:

CURRENCY LOAN

Referring to my letter No. 141 of the 12th of December and to my telegrams Nos. 118, 120, and 123 I beg to state that on the 30th of December at the request of His Excellency Sheng Kung Pao I called upon him at his residence. A memorandum of our conversation is enclosed herewith.

From this memorandum it will be seen that the basis for the Loan Agreement discussed between His Excellency Sheng and myself is in many ways similar to that suggested in my telegram No. 118 and set forth in the Draft Loan Agreement of December 12th enclosed with my letter No. 141.

The new scheme, in fact, embraces features practically of all the various propositions discussed in New York as well as those which I have reported to you in my telegrams above mentioned.

Under this scheme the Adviser would be appointed and would be employed by China in consulting regarding the
preparation, and in supervising the inauguration, of the scheme for Currency Reform.

His appointment, however, would not be stipulated in the Loan Agreement, the bankers being officially apprised of his engagement only by formal letter from the Board of Revenue.

Manchurian needs would be met not by advances but by the issuance of the first series of the Loan.

Instead of stipulating that the purposes for which money is to be disbursed in Manchuria must be, in each case, approved by the Adviser or Group, as was first proposed, these purposes and the amounts to be devoted thereto would be clearly set forth in the Loan Agreement, thus giving the Group the power of veto in the course of negotiations.

The Group's purchase of the bonds of second series would be made contingent upon China's preparation, and the Group's acceptance, of the Programme of Currency Reform.

The bankers would be assured that loan funds would be drawn only for the operations contemplated under the agreement by the appointment to the Ta Ching Bank of an auditor acceptable to the lenders.

The scheme above outlined seems the most satisfactory yet considered. The connection between the Adviser and the loan is clearly understood and established.
I have not telegraphed the result of my conversation with His Excellency Shang as I have felt it desirable that a clear issue should be reached on the lines which the Department has advocated before any further suggestions are submitted for your consideration.

Mr. Calhoun has been appointed by the Government to communicate further with the Department until he has received the additional instructions which he had requested prior to the 30th of December.

Mr. Straight has been instructed to arrange for the appointment of an American Adviser. His Excellency stated that his views expressed by him were entirely private in character and that he had requested Mr. Straight to call upon him because he felt that certain misunderstandings existed and desired to have a quiet talk in order to prevent any possible rupture or interruption of negotiations for the Currency Loan.

Mr. Straight announced his willingness to accept the offer and the Programme therefor required careful consideration which the Government requested. It was pointed out that the fact that the Viceregal had concluded a contract for Manchuria with Mr. Chao, and that the Chinese Government was nearly a year later than another was entirely private in character and that he had requested Mr. Straight to call upon him because he felt that certain misunderstandings existed and desired to have a quiet talk in order to prevent any possible rupture or interruption of negotiations for the Currency Loan.

The Willard Straight


Letter No. 379

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The Willard Straight
discussing either one or the other matter the relations
between the two must be clearly understood.

After considerable discussion it was agreed that a
way out of the present difficulties might possibly be found
along the following lines:

I. The Loan Agreement

The Loan Agreement to provide

1. For the issue of Gold Bonds in aggregate
amount of 50,000,000 Gold Dollars for
(a) Manchurian Industry.

The several enterprises for which it is intended
to utilize the Loan Funds with the separate amounts to be
so disbursed to be specified under this heading.

(b) Currency Reform.

In accordance with the Programme to be prepared
by the Imperial Board of Revenue. (No mention to be
made in the Loan Agreement of the fact that this Programme is
to be prepared in consultation with a Foreign Adviser.)

2. Loan to be issued in two series: the first
series immediately, to provide funds for the expenditures con-
templated under Sub-head (a) above.

The second series to be issued upon the com-
pletion of the Programme for Currency Reform and its acceptance
by the Group as a satisfactory basis for a bond issue.

3. The Loan Funds to be expended in accordance
with the actual requirements of the operations contem-
plated under Paragraph I, Sub-heads (a) and (b)

Proceeds of the Loan to be drawn upon the order
of the High Official in charge of the Loan Funds under the
limitations embodied in the preceding paragraph.

The Chinese Government to appoint an Auditor
who shall be acceptable to the Group as an official of the Ta
Ching Government Bank, such Auditor to be entitled to assure
himself and the Group that the proceeds of the Loan are being
actually expended for the purposes for which they are borrow-
ed. This would apply to expenditures for Manchurian Industry
as well as those for Currency Reform.

II. The Adviser

Prior to the signature of the Loan Agreement the
Chinese Government to request the American Government to
recommend an Adviser who shall be appointed by the Chinese
Government to assist in the preparation and inauguration of a
programme for Currency Reform.

The appointment of this Adviser to be under an
interchange of notes between the two Governments.

At the time of signature of the Loan Agreement the
High Official in charge of the negotiation thereof to inform
the Group by means of an official letter that the Currency
Reform Programme, the preparation of which is stipulated in
the Loan Agreement, is to be formulated with the advice of
an American Financial Adviser who has been duly appointed under
an interchange of notes between the Chinese and American
Governments.

His Excellency asked whether the American Government
would expect China to engage the Adviser for the term of the
Loan or merely for the period necessarily occupied in the pre-
paration of a scheme for Currency Reform. Mr. Straight re-
plied that he was not entitled to voice the views of the Amer-
ican Government in this matter but that he felt that the Amer-
ican Government desired China, in her own interests, to appoint
an Adviser who should be consulted not only in the preparation
but in the introduction of a Programme for Currency Reform.

His Excellency Sheng seemed to regard this suggestion as
entirely reasonable. His Excellency then asked whether the
Bankers would expect China to retain the services of an Auditor
appointed under the Loan Agreement during the currency of the
Loan. Mr. Straight stated that in as much as the Auditor’s
functions were limited to assuring himself and the Bankers
that the Loan Funds were to be expended only for the purposes
for which they were borrowed it was to be presumed that when
the proceeds of the Loan had been thus expended that the
functions of the Auditor would cease.

His Excellency asked whether there was any possibility that the Adviser and the Auditor would be one and the same person. Mr. Straight replied that he thought that this would not be the case as the Adviser should be a man of International reputation who would advise the Chinese Government regarding the preparation and inauguration of the Programme for Currency Reform while the Auditor, to be appointed by the Ta Ching Bank to insure the application of the Loan Funds to the operations contemplated under the Loan Agreement, rather than their actual disbursement for these several purposes. His Excellency further stated that in working out the foregoing scheme it would be necessary to so word the Loan Agreement and the letter so that it would appear that China herself desired to secure the services of the Adviser and the Auditor rather than that these officials were being forced upon China by either the American Government or Group. Mr. Straight assured His Excellency that this doubtless could easily be done.
THURSDAY NIGHT.
[DEC. 29th 1910]

Wonder of the World - I've just done it myself - written to you and burned it! But it's a great mistake and I know it. However, you are. Reminds me of a story (only it doesn't) about the hostess who when a guest burst a priceless piece of porcelain promptly smashed its mate, in order to make her friend feel at ease. That's not really my reasons, however. The real reason is that I am just naturally contentious this evening; and nothing else and I wish you were here to laugh at me when I walked up and down the floor and cussed as I undoubtedly should do - until you'd laughed enough - when I should laugh too, oh Dorothy - and all would be well. You'd save me such a lot of temper if only you were here to laugh.

We all had a futile interview at the Board of Communications today, but I really think that we may have a settlement of the Hakwangs in sight, within a month or so - for I am almost convinced that the Chinese attitude though apparently uncompromising is only bluff - and that they are preparing the way for a general climb down. I am getting rather fed up with the whole business - and the more so, since I can see no way out of the thing for many moons to come. Granting that something is done, I shall still have to wait for the Adviser and the preparation of the scheme for currency reform and all the rest. It drives me crazy sometimes.

From the home papers I see that the race track matter is still under discussion. I do hope, child, dear, that you are not worrying about it.

I want so to know what you are doing - about the charities, about the apartment where you are living - what you are doing - all these things. I am rather surprised at myself, for I'll tell you quite frankly that I am selfish, and have never in my life really cared much before to know all these things, even about those that were closest to me - and for whom I cared the most. Write of all this, Wonder Child - some nearer, for you do in this way - send me back any clipping of papers that amuse you - anything that will bring your life nearer mine. I'll never ask you again. I've never asked anyone before to do this not even you, but I want it more than I can say. It would be such a comfort to feel that you wished to share each and every day - that I was really part of your life. Do you still wear the ring and the flowers and the bracelet, oh Dorothy mine? God Bless you.

SATURDAY AFTERNOON.
[DEC. 31st 1910]

This is the last word of the old year - Oh Wonder of the World - a special letter, written like the Soldier's Farewell, before he goes into action - not that I expect suddenly to fight, but this awful party that has been hanging over me like a pall is imminent and in a few hours it will all be over, and I once more a free man. But it's not of that, oh Dorothy child - that I am thinking - a day or two ago I wrote up part of my summer's diary - from the time I left Peking until I reached Dorset that early morning and now as I think back over the year, which was started, dear child - with a letter to you, as the next shall be when the wild crowd goes away - it has been really a wonderful one - because it has been so absolutely yours. The first months when I anxiously watched the mails for news from the south - then when all my effort was directed to getting away, that I might get home to you - home, Dorothy - wherever you were to me. Then the summer, with its beginning in those days at Milan and Stresemann - Paris, Dorset, and dearest of all, Divonne - then the weary weeks of waiting until you came back. The few days that we had at Westbury, which were the most wonderful of all - then child, this separation, which has made you nearer and dearer almost - and made me realize as never before it seems how you are my life, and my whole being. It is thus I suppose because each day must have its mark on us - each day I think to you, that for you so that each day as I grow older, you are just so much more part of my being then ever before. Is not this true - Oh Wonder of the World?

As these days go by, it seems harder and harder to bear - for I want you so, and I feel so that there is no one but you, child - who can bring me Peace and Happiness. We are all selfish I suppose, and I do want these, so for sometimes it seems that I have never realized before what they might be. I have never been quite so alone before, for here I have not one single friend, who knows or understands. You don't know what that means, perhaps - though you did, poor little girl, before Beatrice came. I hope you never will. Being large and strong and willful and domineering and the rest - I curse myself sometimes for feeling this way - and more so, for writing of it to you. But you are all I have - Oh Wonder, Child - and its me that writes - a realer me, than the one.
that site about and sings and makes pretty pictures in the ladies' albums- or even than the one that tries to browbeat the Chinese into signing loan contracts- and since it is an open book between us I'll not even try to skip any of the pages,- even though whispers are not the most satisfactory kind of letters to receive or send, from China. I am just downright blue, and homesick- not for "home" as some put it- but for you. The youngest off at school for the first time, who wants his mother, and wouldn't care a hang whether he found her in Pissadilly or Timbuctoo,- as long as he found her and could have her stroke his hair and pet him just a little.

Good bye to the old year-child- As it passes I shall leave the crowd and stand under the stars and pray to, and for, you- for the Miracle- Dorothy--- for Us.

God Bless you.
Dorothy dear-- your letter which I wanted more than anything today, I found when I came in to dinner. It was the letter of the 4th of December, and it made my New Year's Day as complete as it could be without you-- oh, wonder of the world-- without whom no day is full or happy.

All in all, it has been a good day. It has been a day that has been filled with you child-- a peaceful, restful, quiet day. This morning I rose fairly late, for folk did not all go until half past two, and there was the greatest satisfaction in thinking that everyone had had a splendid time-- a very gay time, but there was none of the bad taste that was left after the dinner I told you of that Sunday at Westbury-- the dinner with which I opened the house. It was a better morning than that which started last year, for on New Year's Eve then old Father and I had been alone, while last night I felt all through that you were with me, and that it was our party-- and we did make people happy not just hilarious. Then I wrote letters this morning for a while-- lunched with Gillis and Reeves-- the Military Attaché-- in old Jameson's house where Billis is living. I thought of that day when you lumined with Jameson-- the day before we all went to the Great Wall. I'll bet that you comforted the old man a lot when you had him in to tea-- you and Beatrice. After lunch I drove to the same bridge, whence you and I started that Monday afternoon, riding "Willy" while the Mafoo rode "33". First along the same road that you and I followed. I could recall every word we said almost-- to the Bell Temple where I lit two sticks of incense-- one for you and one for me-- and across the fields we went that day-- to the Jade Canal-- across the bridge and over the turf to there-- by the "Well"-- the slab on the tortoise-- where you and I had turned. Incidentally I got a stone, and succeeded-- marvellously-- in hitting the same dog that had barked at you. Back along the canal to our Temple-- child-- there again I burned two sticks of incense-- then homeward as the sun was setting, brilliant and golden-- as the hills were purple and the evening light softening the dun fields and the naked trees by the ice covered canal. And I sang "Borderland"-- child-- for the first time since that Saturday afternoon, in the rain, at Westbury. You were there, weren't you Dorothy dear-- even though I couldn't insist on your putting the sweater around your throat. You seemed very close, child-- and it was a blessed beginning of the year.

I stopped at the Legation and had some of Mrs Calhoun's punch, and the Ministers' conversation-- and declined their invitation to dine en famille, for all day I'd had the feeling that I should find a letter from you when I got in at last.

And I did. You had done just what I had asked in my letter of Thursday-- which is marked with this-- you had sent me Davison's letter and the clipping about 'Mrs Magee' (?). Dorothy dear, I love to think of your helping out the Red Cross work, but it doesn't mean half as much as what you say of your reaching out, caring for, giving yourself, to the people in New York. Money's not hard to give if you have it. You give yourself dear, and that is more than any amount of money. You make me laugh when you speak of falling short each day of your ideal-- you who's every thought is an inspiration to those that know and love you-- whose presence itself is a benediction. Oh, Dorothy-- "Gift of God--" your letter worried me, for though I was, oh, so grateful that you had written, I hate to think of your staying up late to do it. You're writing showed how tired you were-- little Dorothy-- You must be careful, - you must not tire yourself out-- give too much, too free to all that makes demands upon you. If you do, you will one fine day be unable to give anything, and thus you will defeat your own end. Child, please be careful. It worries me frightfully all the time-- this fear that you are wearing yourself out, as you did the year before you went around the world. Will you promise me that you will stop the moment you are tired? You did promise not to ever do-- but I want this too. Will you give it me?

Mrs Margaret Lawrence's letter I liked very much. I'd like to keep it, but so, doubtless, would you-- hence I return it. -- but because I do this, don't you send me any gold brick letters. If I want any that I send you back again I'll mark 'em in red ink. She was quite right in not writing you that she was "sure" when she wasn't, and she was quite right in not being "sure" after seeing me the ones. I wish from the bottom of my heart that she had been-- that I could have made her feel that all was well-- that I could make you happy. It should be possible-- it seems, somehow-- to do that even by a flick impression, and I'm sorry that I couldn't. I must confess that I feel rather flattered at being considered a person with his hand on his nursery, must have been even more
soared than I thought I was- to give an idea of that sort-- for I suppose that shyness
does shut one up. If there's one thing that I have had to try to get over, its hypochondriac
and there's one thing I've tried to put off, its brake on my generally far too irresponsible
fase. Apparently I'm succeeding, and that's some satisfaction anyway- though I wish
that anyone but this dear lady should have given me the say so. Indeed she is a fine per-
son- Dorothy- and a wonderful friend to you. She loves you so, child- and she wants so
much for you, and longs so for your happiness. Because she has proven all that, I'm
grateful to her for saying as much as she did and not one bit more- and she is right too,
oh Wonder of the World- in saying that no one is good enough for you. She doesn't see
my limitations any clearer than I do, but my hope, dear, is that as she writes, if the
Miracle does happen, Dorothy- if you can give me your love, just that gift will make me
a better man-- will bring me nearer to being what you're husband ought to--must be.-- even
as I know that I am better for these fourteen months during which you have been the Power
in my life- and the goal which I have tried to reach.

I should like to write to her and answer her letter to you. I will, and will enclose
it with this- and you can send it to her or not, as you will.

Dear Dorothy, you've never sent me the picture of yourself, standing- that you promised
and I want it. Please.

It's funny that you should have been writing about personal loyalty, just at the time
that I was expounding on the same theme from here. We've talked of it, do you remember-
and that's one of the great lessons you've taught me, for if I see it all at all rightly
now, its been your example, and your inspiration.

The New Year has opened well- child- has it with you, oh Wonder of the World. If only
we could talk- just now so I wrote (11:30) in the Sanctuary - it seemed almost as if your
spirit came to me- Blessed One, the most wonderful feeling- and I stopped. It has seemed
that you have been very close all day, and tonight there seems more Hope, more Peace, than
there has for a long time.

Dearest Dorothy-Goodnight. May the year bring the Miracle for us.

God Bless you.
A Palatial Dwelling situated in a lane off Morrison Street, Peking, was the scene of high revelry on New Year's Eve. A large company graced an extremely festive board, and later in the night were heavily reinforced by hordes of enthusiastic Pleasure-seekers from the highways and by-ways. The event of the evening was the Birth of the New Year, which took place behind a curtain, and was immediately thereafter heralded to the world by the appearance of the Infant, propelled in a gigantic perambulator by its Nurse, and escorted by an Old Salt. The Infant was universally admitted to bear a close resemblance to a Distinguished Diplomatist now resident in Peking, while the Nurse and the Old Salt were recognized, respectively, as a Beautiful Lady and a Gallant Gentleman indispensables at all social functions in the Chinese Capital.

Towards Dawn, a Second Beautiful Lady, dressed in apron and upturned sleeves, cooked for the company, on a fire specially provided in the Banqueting Hall, a large number of Welsh Rabbits, which disappeared so quickly that the Lady had much ado to keep pace with the demand. Such rabbits had never before been seen in Peking.
The Outlook
267 Fourth Avenue
New York

Office of Theodore Roosevelt

January 3rd, 1911.

Dear Straight:

It is a pleasure to hear from you. Let me know whenever you come here, and I will try to answer the questions you have to put.

Faithfully yours,

Theodore Roosevelt

Mr. W. D. Straight,
The American Group,
Peiping, China.
January 3rd, 1910.

Dear George:-

I was sorry I worried you about the Hukuang papers but I did not think that you were going to take them away with you although it was quite right for you to do so, and suddenly wanting them one day I remembered that you had them and telegraphed you for them.

At Col. Ting's request I yesterday forwarded you a box containing photographs of the Chengtefu maneuvers together with a few loose photographs of some of the officers of the new Army. These loose photographs are the personal property of Col. Ting while the big volume belongs to the War Department, and Col. Ting wished me to ask you to take the best care of the pictures and return them as soon as possible.

I wish that you would send me the following numbers of your journal:

1909 2 copies each, January to July inclusive,
1 " August, September & October,
1910 & " July, August, September & October,
2 " November & December.

Hoping you are well and wishing you a Happy New Year, I am

Yours sincerely,

George Bronson Rea, Esq.,
Shanghai.

---

January 3rd, 1911.

The Metropolitan Club,
Washington, D. C.

Gentlemen:-

Enclosed please find my check for $64.25 in payment of the account returned herewith and my semi-annual dues.

Kindly note that my address is no longer care of the Department of State, but is now Care of J. P. Morgan & Co., 23 Wall Street, New York City.

Yours truly,

WILLARD STRAIGHT.
January 3rd, 1911.

Bush T. Sagiyaama, Esquire,
O/o The Equitable Life Assurance Society,
No. 2 Uchisaiwaicho,
Koimachi-ku, Tokyo.

Dear Mr. Sugiyama:-

I was much pleased to hear again from you, and am glad that you have had some correspondence with Mr. Ginnell of Pauling & Co. I shall be much interested to hear what you have to say about the Kiangsu Railroad Company.

Wishing you a Happy New Year, believe me,

Very truly yours,

WILLARD STRAIGHT.
temperaments. I should hate to think that Einstein would leave the service. He would do well as Minister, he would be valuable in the Department. At the same time he should not be permitted to return here. Mr. Calhoun can never work with him, just because of the very qualities that I admire most in his character, and which make him respected by Chinese and foreigners alike. Therefore without wishing Einstein anything but good I think he ought to go just as I believe Mr. Calhoun to be one of the best men we could have here at this time.

For Hientzleman, the Second Secretary, I have no respect, either for his intelligence or for his character. He is weak, pusilllne, and though he may be a good clerk, he lacks even the discretion which a man in that capacity should possess. I have known him since he first came to Peking as a student, and was extremely surprised when the Department sent him here, of all places, as Second Secretary. Mr. Knight knows him, and I think shares my opinion. The Associated Press story, which appeared at home on the 2nd of December I think, which I heard had been sent, and which caused my telegram to you, was leaked by Hientzleman. Not that it did much harm, but it showed a very distinct danger in the Legation. Since that time there have been numerous other stories emanating from the same source all of which have been unfortunate. I have talked with Mr. Calhoun about it. He has realized the danger, has spoken to Hientzleman, but the thing has gone on. I recently learned that he was playing with the Japanese. He is not socially persona grata, as no one can regard him seriously, and this fact makes him all the more susceptible to flattery and consideration which the Japanese would soon discover it to be their interest to give. To have him in the Legation at all is a danger, for it might well be that information which he might let drop would be used against us at a most crucial moment, and an entire enterprise blocked, either temporarily or permanently because of this leakage. The Chinese we can hardly ever rely on absolutely, but we should be able to have cooperation and secrecy among our own people.

Hientzleman came out here I understand knowing that he would be given a Consulate when the opportunity offered. He would do well enough in that capacity. He ought to go. I do not wish him any ill, nor desire to wreck his career, but though it is bad enough now, with Einstein gone on leave and Hientzleman the only Secretary matters would be even worse. There are certain other circumstances which cause the Minister the gravest concern but regarding which the proof is not sufficiently strong to warrant their elaboration here.

I am the more sorry to bring these matters to you because I feel always that one should be able to handle the men with whom one is placed without requesting outside help. Life is too short, however, to attempt such a thing where the various conflicting elements of personality and politics are as concentrated and complex as they are here. There is no padding, there are no human cushions, and you are up against the game all the time, each party to it finds but little respite, for even our distractions must be shared by the same fighting crowd who carry the scrap with them at the dinner table and on the polo field as well as in their business dealings.

The suggestions growing out of my recent conference with Sheng were telegraphed yesterday, notwithstanding the previous decision, as the Department's reply to the Minister's last telegram was so long delayed that we both felt it might be better to give you this new light on the subject.

The Minister knows that I am telegraphing you as well as writing you today about this matter. He felt that representations from him might be more calculated to injure both Hientzleman and Einstein than would suggestions coming from you. In this he may be wrong. I have however taken the matter on my own shoulders, and trust that you will understand my reasons for so doing.

With kindest regards,
Sincerely yours,
Why black gloves? you ask—because they hide the bad drawing of the fingers. Writing again?—can't help it. Damn that cat—excuse my language—but he always poops at this time of night. As I was about to say—you, Miss Dorothy, almost made me late for dinner tonight. You did, honest. It was this way. Lewis—that's Einstein, and Percival—that's Heintzelman—nice names for American Secretaries I came to call. The latter made me angry. He always does even when I look at him, for he's a drivelling, inane, mouthed ass, and is a human slave, as far as talking things he ought not to, goes. —a living monument to Huntington! Wilson's one fault, which is an ignorance of human nature, I think I called—but the Department wants so and so. If he hadn't said it, I should have kept my face shut, but since he did, I let loose, and told him, I didn't give a ———— what the Department wanted, it would only get something else,—which I trust, —though I think as a matter of fact, we know better than to do the Department what it really wants, and I think after the talk of Dec. 30th with old Sheng that we'll get it for 'em, though Goodness knows they don't deserve it for a minute—-but I must go on or I'll pass again Percival and the Dept, both. So I let 'em have him, and I told Percy that after all, that the Dept. was all right and that I was irritable by nature and he mustn't mind. (I'll probably write Wilson tomorrow—I hope he does.) I don't, and you know I don't—anyway I had to go and walk off the nasty temper that Percy put me into. Drat him. I did sixteen miles a minute and then I felt better—and I thought of you, dear Wonder Child— in Washington— and I wondered whether you wouldn't like to live there. For you'd be so wonderful and do so much good in getting hold of Congressman's wives. You'd have a salon and we wouldn't go out much save to play with those people who are really worth while and wish Washington society looks down upon. Then I got to planning, and thought that really if we can put some of these things through, it would be much better to leave the Group and go back as Chief of the Far Eastern Division. It could be made a very big job, and then there might not be so much chance to mess the Department. Anyhow I wouldn't do the causing, and it is my best disposition I am trying to save— nor would there be any arrivals or Lewis's either in

the Peking Legation. I planned for a house on "P." Street—one of the old Colonial houses, not in the fashionable district at all—where we could have big fires places and be quiet. We could ride in the Speedway in the afternoons of week days and in the Park on Sundays and we'd only go out once or twice a week, and you wouldn't have to do the foolish Washington round of calls for I'd watch your eyes too closely to see that they were never tired and you could have tea for the wives of Congressmen, and we'd play in the Congressional Library sometimes and try to make folk happy and more intelligent about national and international affairs— to ween them from Pensions for Tom Dick and Harry and dredging the creeks at Podunk and Squashville, and get them to run a really effective foreign service and a big navy, and be peaceful and dignified too. All that can be done better in Washington than anywhere else, and by you, better than by anyone else— and I'd love to serve in the Department not for the position or the pay—not as an assistant Secretary now necessarily—but as a Chief of Division—for from that post we could do a lot with Wall Street too. It appeals to me a lot—because of you, and what you could do, rather than for any other cause— and because I'd love to be there to watch and help you. Am I foolish, oh Wonder of the World? Of course there are lots of reasons why it might be better to stay in New York but we can talk about all of these days.

It makes me laugh when I think of Mrs. L.'s fear that I would sacrifice you—Wonder Child to my ambition. I've only one, and that is to be and do for you. She was right when she wrote that It is in the hands of a Higher Power—but I believe in Him—and I love to think that He has meant that you and I are for each other— We are, dear.

God bless you—

Do you wonder that I was late to dinner? In writing all this I even forgot to tell you that in thinking it, as I walked, I had walked too far—but that was obvious, wasn't it?
Can you hear the wind—whistling outside—dear child— and the paper rattling, and the trees swishing to and fro. It's cold and dusty— and disagreeable —my Wonder of the World—but here in the Sanctuary its warm enough and the pipe goes merrily. I've been dining en famille with Mr and Mrs Calhoun— and the old Minster and I've had an argument on Grant and Stonewall Jackson, on Army and Sea Power and on most other things under the sun. Then I came back and have been reading for awhile "The Intimate Life of Alexander Hamilton" by Allah Molane Hamilton— his grandson. Quite good though, with many letters. As a matter of fact I should have done Professor J.W. Jenks Memorandum on the Introduction of the Gold Standard into China— which has been lying more ways than one (!) on the table before me—a living evidence of idleness and the instability of the Human Will.

Yesterday we went to the Yu Chuan Pu— Hillier, Cornes Cassavel and I—and had small a very satisfactory interview which makes us all feel that a settlement may be in sight.

The changes in the original agreement which the Chinese suggested were not half as radical as we had feared they would be— and in every case but one, we found a way around the corner, and from that the Chinese said they had a light. We told 'em to get busy with the matches and they said they would. If only we can pull this off soon our whole interbank structure will rest on a much firmer basis— that of real common interest instead merely of paper agreements. It is most important for all concerned.

Nothing new in the Curraooy loan, save that today I telegraphed the results of my conference with Sheng of which I wrote you. At first the Minister thought we'd better wait until the Department had worked out its own ideas— which would either be accepted or turned down by the Chinese. But there has been such a delay that we fear that perhaps they may have seen sense at last and be trying to work out a practical scheme— which they have heretofore failed to do. That being the case we thought it better to let them have a new crop of suggestions which might aid them to reach some intelligent conclusions. Up to the present time they have not seemed very much inclined to listen to reason. Knocking again!

A much more serious situation is the internal one in the Legation—Einstein has asked for leave. He ought to get it— and for the sake of the efficiency of the Legation he ought not to come back. I rather like him although we have the hottest kind of arguments and get on with him very well— but Mr Calhoun simply can't stand him. He has some justification, but perhaps not quite enough— however that's the situation and it would be better for all concerned if Einstein were elsewhere. But that makes the situation really serious, for the 2nd Secretary is impossible— a nice enough youth, but without character or judgment and a bad habit of talking and trickery. He has been leaking a good deal as I was afraid he would, for I've known him for a long time. He has been worse than I feared however, and has been saying many things he had no business to. It's bad enough with Einstein here, but with Einstein gone and only this flannel mouth as a secretary it will be dangerous. If the Minister telegraphs about him it may ruin his career— so after a long consultation we decided that I should do it— recommending that he be given a Consulate, and that a new second secretary be sent immediately to Faking. It's hard to have to mess in with other peoples' lives this way, but it can't be helped. Lectures from the Minister would do no good, he is too weak— and so he's got to go if he can be put out. The game's too big to risk chances of his giving things away. The Japanese have already discovered him, and are inviting him to dinner— anyone could turn him inside out and pump him dry with the slightest effort. It's too bad. It makes me all sick sometimes.

Last night as we came out of the Yu Chuan Pu, there was the crescent moon over the right shoulder—Wonder Child— and I wished so you and for you, with all my heart.

God Bless you.
A bunch of "Herald"s" to-day, but no letter from you-- Gay Butterfly. I always feel cheated and doleful when there is an American mail and no word. The week for me is marked by two spots-- Thursday, when a mail should come in, in the morning-- and Sunday when we get two-- that which arrives on Saturday night and that which comes in at about two o'clock in the afternoon. These are the days I look forward to-- Oh, Child-- and the only ones.

I can appreciate how a prisoner treasures the thought of his Sunday afternoon when people with papers may come-- how the starving pilgrims of old, counted the grains of corn, ever fewer, while they searched the sea with weary eyes, for a sail that would promise them relief and comfort-- and so on. Ha! Ha!

I came very near sending you a copy of the letter I wrote Davison today about the Legation Secretaries, but perhaps I ought not to-- not that you wouldn't keep it secret-- you have a better record now of what was done here than the Group or anyone else-- but just that it seemed not quite right and proper somehow, that I should send you a copy-- though I would gladly have shown you the original. I wish you were here to discuss it all with. You'd save many people a lot of trouble-- do you know it, Miss Wise One-- if you were here to check me and keep me from making mistakes. They happen-- they do-- notwithstanding my well known control over my feelings and ideas. You wouldn't have stopped this letter, though-- for it had to go. You might have thought of some way of easing these people off.

Funny-- whenever I see anyone I like a good deal--like the Calhouns or a very sweet pair in the British legation guard-- Lt. and Mrs Fraser-- I always involuntarily visualize them dining and playing with you and me--somewhere-- when we'd be together always, with a big fire place and books. You are always with me, Oh Wonder of the World. Are you glad-- or am I a presumptuous person?

God bless you.
January 7th, 1910

Dear Davison:-

Some months ago Mrs. Harriman asked me to write something about Mr. Harriman's activities in Far Eastern matters which she could publish for private circulation amongst his friends and eventually embody in a work on his life which she is now preparing.

An account of this character must, to be of any value whatsoever, be fairly full, and without going unnecessarily into details I have tried to give a comprehensive sketch of what I knew of this side of his work.

I do not think that I have written anything to the publication of which in this way you could object, but at the same time I wish to be sure that you approve of what has been written before sending it on to Mrs. Harriman.

I am, therefore, enclosing this article together with an open note to Mrs. Harriman. I trust that you will read them both and if you approve send them on to her. If you do not approve please let me know and I will try again.

With kindest regards always,

I am

Yours sincerely,

H. P. Davison, Esquire,
No. 23 Wall Street,
New York City.

8/0

The Willard Straight
both died in the middle of that month and Yuan Shih K'ai's position in Peking, owing to various political complications, was therefore a precarious one.

On the day that Mr. Tang arrived in Washington Secretary Root and Ambassador Takahira signed and exchanged notes regarding the respective positions of Japan and the United States on the Pacific.

Yuan Shih K'ai's influence at Peking, already on the wane owing to the death of his Patron the Empress Dowager, was further lessened by the exchange of these Notes, which Japan had deliberately arranged in order to interfere with and if possible to nullify the effects of Tang's visit. This fact from the first circumscribed the Special Ambassador's activities and eventually prevented the successful conclusion of his mission. His Excellency, however, laid before the Secretary of State a proposal that China, through the agency of American capitalists, should float a loan of some $200,000,000, to be used by China in Currency Reform and in connection with the abolition of li-kiu which, by treaty stipulation, was necessarily precedent to the increase of China's import and export tariff. A further scheme was broached for the organisation by American financiers of an International Syndicate, which, on China's behalf, should purchase the South Manchurian Railway from Japan and the Chinese Eastern Railway from Russia.

At this time Mr. Harriman was negotiating with a Russian financial agent in New York for the acquisition of the latter and, through Mr. Schiff, had tentatively proposed to Baron Takahashi, head of the Yokohama Specie Bank, that Japan sell the former railroad.

For the second time, however, Mr. Harriman was blocked. Yuan Shih K'ai was driven from office, Mr. Tang recalled, and the negotiations for the Manchurian Bank and for the larger Imperial loan which had been undertaken through Mr. Harriman, abandoned, and early in January, 1909, Mr. Schiff of Kuhn, Loeb & Company, received from Baron Takahashi a telegram stating that Japan would not sell the South Manchurian Railway and advising him to abandon all activity in this connection.

Mr. Harriman was, at this time, a very ill man. His interest in his Manchurian plans was nevertheless unabated. In the latter part of May, 1909, largely through his influence, J. P. Morgan & Company, Kuhn, Loeb & Company, The First National Bank and the National City Bank, of New York, associated themselves in what is now known as the American Group, with the object of sending a representative to China who should endeavor to bring to a successful conclusion the negotiations which had been commenced under Mr. Harriman's auspices.

At the end of May Mr. Harriman went to Europe and while in Paris continued his negotiations, which had never been entirely abandoned, for the purchase from Russia of the Chinese Eastern Railway line.

It had been arranged further that the American Group's representative at Peking should, in co-operation with Pauling & Company, endeavor, at the same time, to secure from China the right to build the Chinchou-Aigun line.

The International Syndicate which it was Mr. Harriman's intention to organize, having secured control of these two roads, it was believed that Japan would be obliged either to sell the South Manchurian Railway or to face a competition which this line could not meet.

Just prior to his departure for America, at the end of August, Mr. Harriman received assurances that his negotiations had every prospect of success and that M. Kokotseff, the Russian Minister of Finance, would, on his return from the trip he was about to make to Vladivostock, advocate the sale of the Russian Railway.

These plans, originally conceived by Mr. Harriman prior to his visit to the Far East in the summer of 1906, together with the negotiations undertaken by him, or under his auspices, formed the basis of the so-called Neutralisation Proposals advanced by the American Government in the
latter part of 1909.

The break lines of policy therein laid down cannot but commend themselves to the student of Far Eastern affairs, and to those who sincerely desire not only the Open Door in China but the preservation of that Empire and peace on the Pacific.

It is, perhaps, useless to speculate as to whether Mr. Harriman's continued association with this enterprise, which he had inaugurated, would have carried it to a successful conclusion. It would have been difficult for him to have surmounted the obstacles inherent in such a great undertaking. His experience, however, his intimate knowledge of the men and conflicting policies concerned, and above all his imagination and his indomitable will would have been a most powerful factor in preventing even the temporary failure of these plans.

This is intended rather as the narrative of a little known phase of Mr. Harriman's activities than a personal appreciation. All those who were associated with him in his manifold enterprises felt the power of his great personality, his imagination, which must have been one of the most potent factors in his success, enabled his mind to spring direct from the inception of an idea to the effects of its elaboration. His capacity for detail, without which his imagination might not have carried him far, enabled him to work out his plans with the most uncompromising exactitude. In the development of his ideas regarding the Far East his patriotism was a ruling motive. The mere acquisition of greater wealth no longer appealed to him. His was the mind of a great general conquering space and developing rich and virgin territory with steel rails and ocean carriers. To him the problem was a great world game in which he wished his own country to play a splendid and leading part.

Aside from the recollection of the last walks I
Dorothy dear--your two letters came tonight--that of the 11th of December with its postscript--and that written on the 14th about George. I have tonight written to him, as you suggested. I love you the more for having written me as you did. It was as I wish, Child--it should always be between us,--and I understand perfectly and feel as you do. I had not realized that he might still perhaps feel that his lips were sealed. It had not occurred to me in that way, for I wrote him once last summer a letter which, I had thought, showed--it was meant to--that we were starting fair and that I should win if I could. I've told him that in the letter I've written him tonight. At the same time I told him that it was fair neither to you, to him or to me, that any mistaken feeling of loyalty to me should make him another what might mean a tremendous deal to him. I told him that if he was a friend of mine he would not let this be so--and asked him as a friend that it should not. I had thought of enclosing to you a copy of the letter but that seems unnecessary, and not quite right or fair to him--would it be?

The very idea that you suggest, that there ever could have been a feeling on his part that he had kept still because of fairness to me--when I knew--is loathsome to me. I thank you from the bottom of my heart for writing me as you did.

There are many more things that I should like to say--to write even, but they would do no good to either of us. It may seem complicated sometimes, Little Dorothy--but it is not. It is the simplest thing in the world. I love you--child--with all my heart with all my soul--with everything I am--and the best that I have ever prayed I might be. I have asked for your love--I have asked you to marry me, Child--and if you cannot know before I come back, you will know when I do reach home again--and I believe with all the Faith I have that we shall then be together for always. That, Dorothy, is all that matters. That is the Great Thing that must come to us, before which all else will be dwarfed and belittled into nothingness. It is that that is in my heart day and night--that, that I pray for and long for and plan for. During these months if you can't tell me that you love me--all that I ask is that you write--write--let me share your life to its smallest details--be with you, go with you always. My Faith in you and in it--Child, is absolute. Of course I understand your writing as you did about George and I love you all the more for it. Today I have worn the First Hecketty dear--it is Our Day, the Seventh--and after your letters, I am more grateful than ever for that Day, for that morning before the Shrine, and you--child--I love more dearly.

God Bless you.

2. A.M.

I've just re-read your letter. You are quite wrong in thinking that George ever gave me his word--either in Paris or later--that I would never in the world have accepted--Could you think I would have, Dorothy mine? It would have been impossible. Just think of it for a moment! You'll see for yourself. What he did do, what made me feel as I did, makes a long story which there is no use telling. Let it drop. My letter to him was sent last summer since then, save once, you were never mentioned and then I told him as I do now, that I should win if I could, and he wished me luck. That's all. Perhaps I should have told him then. It would have been bigger, but I never thought of it, for I don't think it ever occurred to me that he wasn't free. However we'll not analyse too far. We'll talk it over some day. That's the only satisfactory way. Till then forget it--all that I've ever said--and let it be a Fair Field. My Princess--I wish it were the Good Old Days of the Tourney--and with you're looket about my neck I'd fight then all over, you Sandow! This is my last sheet of paper. The Boy's in bed--hence this border crawl which I detest--and which I've sworn I'd never do.

The middle paragraph in the middle page is misleading. I've just--Monday afternoon late--again reread the letter, and would have like to have re-written parts of it--but won't. I did know last summer and did resent his writing me as he did--but did then, if I am not mistaken, write him as I said, intending it as notice that I would win if I could, and as an indication too, that I recognized him as a rival. I suppose that the plainest word. All the shades of opinion--the inner thoughts that one has--the attempt at the time and particulars later, to justify oneself--all of these I recognize--and this recognition makes me unwilling to write more. I know that if the idea had ever been presented as you presented it, I should have resented it from the bottom of my heart. I do not resent it from you--but love
you the more for it. I resent the thought and blame myself— that I could have done such
a thing, or tolerated such a condition. If it existed, I never saw it—I know that—and I
am more grateful than I can say to you for pointing out its possibility.

I love you, child—

God Bless you.
THE AMERICAN GROUP.

PEKING, CHINA.

January 6th, 1919.

My dear Frank:

Very many thanks for your letter of the 15th. As I've told you many times it is of the greatest help to get these side lights on things for official correspondence is necessarily so terse as possible. You may smile at that when you think of the reason that have been addressed to the Group, but sometimes, even with the best intentions it's impossible to keep it down, and it would always be easier to go even more fully into details and attendant circumstances.

I am very glad to learn from your letter of the attitude of the Group and the Department. I have taken this to be the position from the outset. I have further quite appreciated that you may have been somewhat befogged by the long telegram from China, and can understand the Secretary's wish that we get back to first principles. Secretary's wish that we get back to first principles.

To all that and make our fight on simple and direct lines. To all that you may about the lesson that the Chinese should be taught in these negotiations, to your concern for American prestige, and your insistence on control, I fervently the problem to me has not been, what we bother about. The problem to me has not been, or what we should insist upon either. You may have thought that some of my messages suggested compromise, and evidenced some of my messages suggested compromise, and evidenced some of our ends. It is a very stiff and complicated game. Notwithstanding the fact that China came to us, we have been up against Chinese suspicion and Chinese suspicion and Chinese suspicion, as well as against our foreign friends and well wishers.

An attempt has undoubtedly been made to evade entirely the pledge given regarding the appointment of a financial adviser. This however I have never regarded seriously, feeling all along that if we could only work

out some plan whereby we could save Chinese face, we could secure our ends. Another essential was that it should be arranged that the adviser's appointment be made precedent to the negotiation of the loan agreement; that it should not be stipulated in so many words this in the Agreement itself, that it was contingent on the adviser's appointment. Only then could we lessen the danger that if we urged joint signature the other powers, if admitted, would also demand an adviser.

The arrangement suggested in my telegram 118, met this problem by providing that other signatories might be admitted after the adoption by us of the currency reform programme, that programme itself to provide for the advisers retention by China to supervise the introduction of currency reform.

The arrangement suggested in my telegram No. 160 came a little nearer the mark by eliminating the adviser provision entirely from the loan agreement, providing for supervision by an auditor to be acceptable to the Banks, and contemplating an arrangement between China and America for the appointment of a "monetary expert" who should be consulted in the preparation of the reform programme which the Group had to accept before purchasing the bonds.

The question of handling Manchurian expenditures has all along complicated the situation.

My telegram No. 127,-I think it was sent after the conference with Cheng Xung Fow, affords the best basis for the solution which I have seen all along, the proper solution for which however I never quite grasped, though I think we were working on the right track.

There have been two ends for which we have been working. First, to save the Department's face by securing the appointment of an adviser. Second, to protect the Group by arranging for proper supervision of expenditures. Successful currency reform we accept as a premise, the raison d'être for the whole enterprise, and joint signature by the other Groups, has been throughout, a very important, but not a primary consideration.

It would have been easy enough to wreck the whole show on the rock of the adviser. That would have been to no one's credit however. That we wanted was a solution. As I have said, despite all the definite and final state-
ments made by Duke Tsei Tse and his minion Dr. Chen, to
the contrary, I have always felt that if we only gave the
pill a sufficiently sweet coating, the Chinese would
swallow the adviser. The question has been how to do this.

After a month of argument and bickering there seems
one best bet, that is clearly to differentiate between the
two relationships,

A. That between the two Governments regarding the
appointment of an adviser, to consult with the
Board of Revenue in the preparation, and to assist
in supervising the introduction of a currency reform
programme.

B. That between the Chinese Government and the Bankers,
regarding the proper assurance to the letter that
money loaned by them will be spent for the purposes
for which it is borrowed.

As long as these are kept distinct the Chinese face
is saved. They do not have to admit before their people
that in order to borrow money they have to submit to too
onerous and humiliating a foreign control. Of their own
free will they engage a foreign expert to assist them, the
powers they give him are their own affair and not imposed
upon them in a loan agreement. At the same time to
create confidence amongst the bankers they commit to them-
selves engage an auditor who shall reassure the lenders
that loan funds are being properly expended. In my telegram
I suggested that the Chinese advise the Group in an
official letter that they had appointed an adviser under
an arrangement with the American Government. As long as
the arrangement is made however, even this seems not
wholly necessary.

It has been this idea of keeping the two relationships
distinct that has been at the back of my head all the time.
It was this which prompted my memorandum written from the
steamer. I am sorry that I may have strayed a little
now and then, perhaps, from the main line of argument, but
for a time I could not see how in view of the Group's
and the Department's instruction the adviser provision
could be left out of the loan agreement itself. The
proposition now before you I think overcomes this diffi-
culty.

You at home may have thought we were getting away
from main principles. But here we felt that the Department,
and to a certain extent the Group, was trying to cross

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too many bridges at once, and that there was a danger
that instead of getting around the stone wall of Chinese
opposition, we might go at it full tilt, and have nothing at
all but a sore head for our pains.

I quite understand the Group's and the Department's
desire to meet an issue squarely and fairly. At times I've
felt that I'd like to butt ahead myself, and let her
smash if she had to, but sober consideration has always
made me feel that the game was too big, its potentialities
too great, to take any risks of that sort. I've cursed
and sworn about here, and you know I've a large vocabulary,
but I've always felt that we could work it out some way.
It's a very hard thing to try to carry out other people's
ideas at a distance of eleven thousand miles, especially
if you feel as I have done, that those ideas would be
modified if only a clear conception could have been given
of the situation on the spot. Hence the long messages.

"With Sheng Kung Tze at the head of the Board of
Communications I think we have a reasonable prospect of
settling these outstanding questions within a fairly short
time, - in China that may mean a hundred years of course.
But seriously I should not be surprised - though I'd make
no bets on it - if we could clear these things off within
the next few months. Then comes the formulation of the
currency reform programme and all the rest. I'll continue
to stand by if the Group wants it but the very thought
makes me quake and hold up my hands: "How Long Oh! LORD
How Long!"

The letter writing is a nice little Sunday morning
diversion. If I could only write short-hand I might
hope for a job as stenographer one of these days.

The changes in the firm did not entirely surprise me,
of the future of New York Finance, you and I have
our own ideas, and we agree. More power to his Elbow.

By kindest regards to Mrs. Knight, and to yourself,
Great Wealth and the Name of Malefactor, Degree I should
say. With me I fear it will never even be a question
of that. However, I shall try to take a cake of gold-dust, scrub
my soul daily, three times, and write a book on Virtue,
Being It's Own Reward, or How to Be Happy though Homless.
Such as the benevolence of the Vander-Meets.

Yours,

The Willard Straight Papers at Cornell University
I
l
- r-fl
"We have a situation over there..."
A SELECT COMMITTEE
Text
I
•••••••••••••• but I will say unto you that the Group feel equally strongly on this matter of control and they think it might well be settled now as postponed until discussion is taken up of the exact program of currency reform. I am glad to say that Secretary Knox feels as we do and has even gone so far as to say that, as the powers to be possessed by the financial adviser are intimately associated with the question of his appointment, the Government will itself negotiate for the assignation of control of expenditures to the adviser, while they are pressing for his appointment. I think their suggestion that, if more agreeable to China, the adviser might be called a "monetary expert" instead of an adviser is a good one, as it gives the Chinese a loophole of escape; at the same time the Department will have to see that the powers of this expert are carefully defined so that he may not become a mere figurehead. They feel that it would be beneath the dignity of the United States, after they had been approached by the Chinese for the nomination of an expert, to allow his counsels to be disregarded, and to give him no control at all over expenditures - it would not augment the prestige of our Government in Far Eastern Affairs to have such a thing happen.

Letter from F. H. McKnight to W. D. Straight,
December 15th, 1910.

From your letter and from the telegrams received by the Minister from the Department and by me from the Group, the Department seems to have started out with the idea that the "adviser should have a certain measure of real authority."

The Department was "not interested in the formulation of a plan for Currency Reform but was concerned with the inauguration of that plan."

The Department stated that it would be satisfied if the adviser were given "that measure of control stipulated by the Group in the instructions" to me which provided

"that proceeds of the loan should be drawn on the order of the high official in charge of the loan funds for purposes approved by the American financial adviser."

This, I think, an accurate resume of the instructions which we have received on this subject.

Your letter states "the Government will, itself, negotiate for the assignment of control of expenditures to the adviser while they are negotiating for his appointment."

At the same time the Group instructs me that the negotiations for the Loan Agreement are to be held in abeyance pending the settlement of the adviser question.

It was difficult for us at this end to see how in pressing the appointment of an adviser the State Department could negotiate for that adviser's control of expenditures unless the Minister directly undertook, himself, to negotiate the terms of the Loan Agreement.
Where else could the adviser's control of expenditures be provided for? Was this case, or
Did the Department expect the Chinese Government
to engage an adviser by assuring our Government, or by signing,
with the adviser himself, a contract which provided that

1. the adviser "should have a certain measure of real authority" and
2. that he "should supervise the inauguration of a scheme of Currency Reform" and
3. that he should "control the expenditure of funds borrowed to make that reform effective?"

Yet it was, apparently, from the instructions we
have received, intended that all this should be arrang-
ed before the loan agreement was negotiated. In other words you
proposed that China should engage a foreign expert and give him
all these powers which presumed the successful conclusion of
a foreign loan, while you refused to discuss the terms, regard-
ing which an impasse might easily have been reached, on which
this loan was to be secured.

Surely this is unreasonable.

Further, is it equitable that the Group or the
Department should expect China to give an adviser the powers
contemplated above without first knowing what measures for
currency reform that adviser proposed to advocate and how he
proposed to spend the money which China might borrow?

What is the purpose of the Group and the Department
in now insisting upon the definition of the adviser's author-
ity and in stipulating that a measure of control shall be

exercised over the expenditure of borrowed funds?

Surely it is that the Department, in the interests
of China, and international trade, wishes effective Chinese
currency reform and is unwilling to associate itself with any
project which has not, from the outset, the best possible
chance of being carried to a successful conclusion and that
the Group, while sharing the Department's altruistic purpose,
desires further to preserve China's credit and protect the
bondholders by providing that money borrowed shall be proper-
ly expended.

We have not felt, at this end, that the Chinese
could regard these two aims as anything but reasonable.

We have felt, however, that Chinese objection to
the scheme which we have, up to date, been instructed to pre-
sent, would be natural and justifiable.

We have felt, further, that the difficulty which
we anticipated in reconciling the Department's and the Group's
position with that assumed by the Chinese was due to a differ-
ence between you regarding form, not fact, and we have endeavor-
ed, therefore, before submitting any proposition to the Chinese
to show to you how this difficulty might be overcome.

To our minds it has seemed that the Department and
the Group had two essentials in view

1. effective Chinese currency reform to be best
   secured by the appointment of the adviser
to assist in the preparation and inaugura-
tion of a reform programme, and
2. proper supervision to insure that reform
   and to protect the bondholders.

At the same time we knew that the Chinese would
object, as far as possible, to anything but a merely nominal foreign control. They were committed, however, to the appointment of an adviser and they could not deny that the Group was entitled to assurances regarding proper expenditure of loan funds.

The various propositions from time to time submitted to you have therefore been prepared as calculated to secure your ends and at the same time to meet, in one way or another, China's objection to your original proposition.

That these suggestions have all been open to criticism from you, and to objection from the Chinese, we do not deny.

The proposition most recently placed before you, however, we feel to be by far the most satisfactory of all.

Under the arrangement suggested, the American Government would assist the Chinese Government in undertaking currency reform. At China's request an American monetary expert would be appointed, who should consult with the Board of Revenue in the preparation of a plan for such reform.

The Department desires that this expert should be retained by China to supervise the inauguration of the scheme which he has assisted in preparing.

It is possible that the Chinese will object to this, and not unnaturally, feeling that such an engagement commits them from the outset to adopt such scheme as the American monetary expert may recommend.

To meet this objection, which is hardly unreasonable, we have felt it desirable that the Department should be contented at the outset to have the adviser come here in a consultative capacity only, with the idea that his retention by China and his functions in connection with the introduction of the programme for currency reform, could be stipulated in the programme itself.

From the tenor of the telegrams received as well as from your letter, however, we have judged that the Department would not consent to such an arrangement, and in conversation with His Excellency Sheng Kung Pao, therefore, it was stated that the American Government would probably insist on securing China's promise to utilize the adviser in connection with the introduction, and not solely the preparation, of the currency reform programme.

We have felt that the Group could not have the American Government's direct interest and concern in the broader aspects of this subject. We have believed that having approved the plan for currency reform as a satisfactory basis for a bond issue, the Group would not care, nor could it reasonably expect, to control or supervise its inauguration by the Chinese Government. It has seemed to us that the Group could, however, insist that loan funds be devoted to the purposes for which they were borrowed and we have felt that by the appointment of a foreign Auditor to the Ta Ching Bank, whose responsibility to the Group, as well as to the Chinese, was clearly recognized, the Group could insure the withdrawal of loan proceeds only for the actual requirements of the operations contemplated under the loan Agreement.
It is to be presumed that this Auditor will, indirectly and unofficially assure himself, and the Group, that these funds are really devoted to the purposes for which they are withdrawn, but we have not believed that the Group could claim the right of supervision of their actual application.

HERE BEGINS THE FIRST LESSON

The congregation will now rise and sing the

TREDIUM.

S/G

The Willard Straight Papers at Cornell University
There's a lot that might be written still, about all that we talked of early this morning—Wander Child— but no more shall be, and I'll only ask you to understand what you'll know I would wish to say, even as I've understood a lot that you didn't write. I have been tempted to rewrite what I put down last night—more particularly on account of that marginal note—but somehow I always feel that it's more honest to let these things go as they are written first—even to copy a letter makes it a little false and impersonal and indirect. Today has been one of those terribly restless days when it has seemed as if I should die if I had to stay here—if I could not go to you—when nothing that I could busy myself with was of the slightest avail. I want you terribly.

Farewell luncheon to the Max-Mullers at Carrières—the Belgian Ministers'. Bored stiff.

Am now well queued with Madame de Margerie and the rest of the Gerole, because I will not fight tea and talk gossip of an afternoon. Having wasted my time on a cake walk and blown them all to dinners, it amuses me, and I am pleased because I shall not have to turn down invitations—(not getting'em! But were you not so essentially womanly—did you not make up for all the rest—might I be tempted to make remarks about them, as frequent "La Carrières". Did you ever read the book—its one of the truest stories I've ever read. Forget the author. As an antidote I walked on the wall with Mr. Calhoun. He detests the entire bunch and we had a pleasant afternoon talking home politics—swapping stories about things and both of us damning the Department of State for having sent no instructions for the past ten days. He is a good cusser— the Minister—and we get on like not cakes. He tried to take me along to dinner when he left at seven o'clock, but you are the only person I think could have made me move tonight—and to be alone with you, I refused his well meant invitation with unflinching resolve. Honestly he has to go cut himself and is therefore tolerant of similar turtle-qualities in others.

My shell is the most satisfactory place I know in Peking—the only one save with Mr. Calhoun if fact—when I've really feel myself. Sometimes it seems as if there were neither time nor space and as if I were merely existing going through a nightmare with people, coming and going—work passing through my hands. My real self is far, far away—with you,—what's of me here, being merely a mess of flesh and blood—guided by a sort of disconnected intelligence—that I occasionally don't recognize even. Not that I want to cut out the poor thing— but the real self seems to take cognisance now and then of what this other person does in the strangest and most impartial manner. It has one good effect anyway. Where people used to aggravate me they are now much more apt to amuse. They bore me—but it's the burden of resignation, not revolt, generally, through the real self occasionally gets tired of wandering from New York out here to look after himself, and wishes that the merely physical could be transferred there and thus save the wear and tear of spirit trips. It's a funny thing to be thus half alive—or rather have most of yourself elsewhere, while the part that wears clothes is in the immediate vicinity. Did you ever experience anything like this?

Sorry to bore you with these details—Skeletologically—however, they may be of interest. Hats.

Enclosed I am forwarding, as we say in dictation, a copy of two documents.

1. A paper about Mr. Harriman which Mrs. Harriman asked me to write. I'd like to have said a good deal more about how much I cared for him myself—but that would, in such a paper, have savoured too much of a sort of cheap sentimentalism—sentiment is never cheap (see T.R. on Egypt.)—that I abhor. Is it not better as it is—Oh Wonders of the World? I hope you will like it. I am sending it through Davison as I feared that he might not care to have some of the things published. I'd like you to have it anyway, for you will find it an interesting record, anyhow.

2. A letter to Holmigh, in answer to one from him about the attitude of the Group and the State Department. Most of the things therein will not be new to you, as you've had 'em in my letters, but I hope that the statement may be more clear in this—and that it will interest you. Interest—sometimes I get sick of that word. Interest there is in all things, if only you go after them, but one longs so greatly for so much more than interest that it hurts sometimes. That sound a—perhaps a little bitter, but it's not meant that way. I want so to have you care, and to tell me that you care—not for anything that I'm doing but just for me myself—a foolish kid if you will—that you care for me.
child- and will always, even as I care for you— that it grips me and numbs me almost with the intensity of my wishing and willing. This is often so much, so dominant— that when you ask about things, I want you so much more to think, not of them, but of me— that it makes me rage inwardly. Yet you know that I want to share with you those very things to the last little detail— just as I long to have you write me of everything that you are doing and thinking. But that's not because you are doing and thinking them— and for you I care more than for all the world— and I suppose that its just because the things I'm trying to do are perhaps interesting in themselves, that while wishing you to care about them and be interested in them— I want you to be so, just because of me— because you care for me— because I want you to love me— child.

God bless you.

In a few minutes the mail leaves. There's nothing very serious going out today. The supplement which I added today to the letter to Knight is intended for the Department eventually and is fresh. I do not doubt.

One should——

[DRawINg. SALAAM]

Instead of ———

[ANOTHER DRAWINg]

but it can't be helped— and they can take it or leave it. It may be impolite but its true, and we're here to get results not to be polite. You may say that there's never much good done by putting others in the wrong. They don't like you any the better for it— but this is no chase after that elusive and gaudy bird "popularity". I fervently hope that they will have some round by the time this reaches home. But mayhap they will have, and in that case— this may do some good. At any rate I know they've been cussing me for suggesting one scheme after another. But they had no monopoly on profanity. Do my letters these days breathe too much fire and brimstone? I wonder— Do I talk too much of cussing. Oh Wonder of the World. If you were here I'd be sweeter tempered— and you afraid that when I come home I will be impossible?
January 9th, 1910.

McGormick of Peking,
No. 27 West 67th Street,
New York City.

Dear Mr.:

From your letter head I observe that you still maintain your interest in the Far East.

Why don't you add another R. or are you afraid that your urinary powers might thus be given undue prominence, however I like to see anybody who takes himself as you apparently have done. If you can tag yourself frequently enough you will always be "it" and that is an end which we all desire.

I am glad that the man at the top gave you these satisfactory assurances regarding an adviser. I suppose that all is well now and that we who are out here can pin a rose on ourselves, issue the bands and make our get-away.

All is not bliss that blisters.

Some day I shall sit down and write you a long dissertation on Far Eastern politics, but not just now.

The French made a little flash in the pan by their attempt to secure the appointment of an adviser, barring this, however, I think that the French, British and Germans are now waiting for us to solve this problem, and I fervently hope that the day of international control of China's finances is yet far off. I do not think that any of the three powers mentioned would object to the appointment of an American financial adviser nor do I think that such appointment would, in any way, lessen the desire of the bankers of these nations to join in the loan if China is willing to admit them.

As far as I know neither the Russians or Japanese have in any way actively opposed the conclusion of the Currency Loan. Japan must view this project with great concern for it is obvious that her policy must be directed to keep China as weak as possible. The Japanese press has taken the attitude of the pious friend who warns China against placing a mill stone of American investment about her neck. I really do not think that the Russians care much one way or the other and feel now as I have ever since the war, that Russia is only anxious to preserve her face and is a real menace to China's growth and development only when invited by the Japanese or goaded into action by the foolishness of the Chinese themselves.

I hope you are well and that your work for "The Century" and other magazines will be given the recognition which it deserves. I should be very glad if you would send me out some of the things which you write.

A Happy Fourth of July,

Yours sincerely,

WILLARD STRAIGHT.

3/6
January 9th, 1911.

Prof. E. C. Parker,
Agricultural Experimental Station,
Mukden.

Dear Mr. Parker:-

Many thanks for your letter of the 5th and for your courtesies to Mr. Soo. I hope that something will come of his project as I believe it could be made into a very good thing.

I have been well aware of the fact that you have had a hard time. I cannot imagine any better reason for your staying on the job than the arrival of your son and heir, on which I congratulate you. I have always felt, however, that you have a splendid chance, and despite the difficulties which you have encountered I still believe that you will, before long, be given an opportunity to show how really useful you can be. Stick at it and you will come out all right.

I shall be very much interested in reading your story on agricultural possibilities of Manchuria. It is a good idea to send it to the Viceroy, and I do not think that you need have any fear about the renewal of your contract in case you are willing to remain in the East. I have today spoken to one of the Viceroy's men about this matter and he promised to speak to the Viceroy about you.

With kindest regards to Mrs. Parker and yourself,
Believe me,

Yours very sincerely,

WILLARD STRAIGHT.

The Willard Straight Papers at Cornell University
The Willard Straight Papers at Cornell University

[Handwritten note]

1. [Handwritten text]
2. [Handwritten text]

[Signature]
Jan. 16 1931
This letter, Oh, Wonder of the World— is going to be a long one— I can see that coming. You may have thought, in my sallow days when epistles first emanated for (from China, that it was going some. But Mary G. Eddy or Paul in his Effusions, never could get into the gossp-making class that the inscription of this -- I was going to say indiscreetly but -- of this will mark it!

Bang-Bang

Drums and Symbols.

Now it is the witching ten minutes before one must, --would one be on time-- dress for dinner. Hence I shall but warn you of that dire perpetuation that I contemplate.

Did you expect me-- Miss Columbia— to answer your cable also by electricity? I did-- tried to at least-- as well as I could in the brief space which circumscribed means permit over the telegraph wire. I'm doing mental gymnastics to figure out what you and T.R. have up your sleeve, and what it all about. Does it mean that he has started and argument with you and that you want ammunition? That's impossible when the Bosses and Leaders are all eating from your hand. What then-- I shank it, speculation-- and wait breathless for your letter.

You will think me in good spirits— I am, for the moment— and why? Because "Alice and Wonderland" came today little Child, with its message from you— and it brought you very close and very near. I often think myself-- either foolish or wholly dominated by an acquisitiveness that should make me blush-- just to get something tangible, that you had tied up (did you?) means such a tremendous deal— and it cheered me so. Its funny too—and I'll tell you why. Yesterday a book came from Eliza. To think that she'd sent it all the way, and had thought of me in time, touched me very deeply— the more so, since it was up till that time, the only thing I had received from anyone, to show they cared a hang. Your telegram and the Beadoro one, and Prather and Mrs Robinson of course were different (Seare and Gates-- the Memorials, each gave me a little token which was kind— and by dear Aunt gave me something before I started). You know what I mean. I'll confess that I'd rather wondered about you— but I'd thought either— She sent something and its been delayed— or else she was busy and forgot that it takes a month for things to get here. Not that it made any difference, but I just wanted to think that you had thought of me. Perhaps you had, I thought, and it was the mails— in fact I felt almost sure that there was some reason— but I wondered. Well, Eliza's book therefore touched me perhaps more than it otherwise would have done, and I sat down to write and tell her it was the only thing I'd received from home and therefore the more welcome. But I couldn't— I stopped. I knew either that you had thought— and the memento-- it's the thought that counts— had been delayed— or else there was a damned good reason. I suspected-- next ties unfinished in the gay season.

There was the Faith in your Thoughts— child— and I'd rather have been switched than write what I first thought of, to Eliza— lest she should see that I was perhaps a little wistful and lest she wonder why I should be, and whether it was because I hadn't heard from you, or not. It came across me like a flash, and I was very pleased. You can imagine my delight then, when the book came— a delight not so much in the book, or in your thought as it was in the Faith in you— even to the littlest thing, that sometimes make me so happy or so much alone. Its the strange little tests such as these that make it seem all so Great and Wonderful, and to Bless you, dear Dorothy, for giving me this Faith which is best of all; Isn't it? But I love the book and the binding and the "Borderland Christmas 1910" best of all. We're strange folk, we humans. I say "we." I suppose I am autobiographical really— for its so cheery to have this from you, when one feels so very, very far away from all of you— all of you— all I say. You, I mean.

I'm just in from dinner now with a nice Marine officer and his pretty new wife, who are living in a small and rather wretched Chinese house, -- who have a new baby, and who should, by all the rules, be very uncomfortable, but who seem very, very happy. Its fine to see them. The Calhouns were there— and the Einsteins and Moebus— General Post, a the two former can see each other at all. Blame on both sides. Mutual incompatibility, thats all. I got on beautifully with both, and Einstein today presented me with his work on "American Foreign Policy" which is really A. Hq I, splendid. I'll send it to you. I agree up and down, from A, to I learn" as the English say.

The Willard Straight Papers at Cornell University
And now to T.R. This letter in its earlier stages asked whether you, dear Lady, thought that I could answer your query in a telegram of financially possible length when the press of the country has devoted closely written columns to the subject.

You ask, what beside the Baldwin attack. Why did you single that out? Did he admit error there or what?

To show you that there was no attempt to get away from a self-imposed text, my telegram was as follows:

"Wishes not arguments - confusion principles and personalities."

Imprisoned

The fight with Sherman for the Temporary Chairmanship in the State Committee seemed undignified even when it occurred. The inner history I forget, but my impression is that it was based not so much on a desire to put Barnes and Woodruff out, as it was to secure to Roosevelt the control of the Republican machine. In this I may be wrong. However, the history of T.R.'s relations with the so-called "bosses" while he was President, was added to the action of the so-called "leaders" in putting Hard of Westchester on the Executive Committee — and in asking for Barnes' support, after he had resigned as a State Committeeman, all seemed to bear this out. T.R. is the cleaner, better, more honest and more upright man. That I don't doubt. But here I think, at least it has seemed to me — that the fight was on personalities, rather than principles. You may ask why? Does not his very honesty make his fight for control one of spirit, not personality? Perhaps, but if that was the case the issue was not clearly enough drawn. Prentice should never have gone to Albany. If T.R.'s Cessation of arms speech was wholly sincere he should have never have allowed the Saratoga Convention to endorse the Payne Tariff. He will say that he couldn't help it — that he didn't want to. Very well — then he should have admitted that he couldn't obtain support for the principles he advocated and should have disassociated himself from the campaign. Yes — you'll say — but he believed that the greatest good could be gained by Stimson's victory, even if the party platform wasn't entirely to his T.R.'s — liking. Granted. Then it was a fight, not for principles but for control — i.e., personality.

Having started a fight on an issue one must be consistent. Inconsistency lays

you open to the charge of opportunism — and opportunism is personality not principle. If your fighting for principles in politics it means that you've pretty nearly reached the ultimate. You can't hedge, and still pose as an idealist. You can't compromise in order to secure success and still claim to be actuated by only the highest motives. If you're fighting for right against wrong, and quibbling weakens you and lays you open to the charge of being a mere timeserver — its better to fight and lose rather than make any surrender.

So much for that. Now the Western speeches, and particularly that at Cessarotee — laid down many excellent ideas. I agree with many of them. I believe in the increase of Federal Power. I believe that every man should have a chance — I believe in a graduated income tax. These things, however, all contemplate certain radical changes. They naturally therefore, appeal to the "have-nos" and are objectionable to the "haves." If the basis is a "square deal" for all, which is the only fair basis — then these policies must be advanced with just so much greater care — and after just so much more careful consideration. By their inherent radicalism they are calculated to arouse class feeling. There are more who "have not" than who "have", therefore right though these measures may be, they must be the more carefully studied, because of the likelihood that they will be twisted and misused and disintegrated. They were. They need not have been. With his acute perception of what the middle west wanted to hear, Mr Roosevelt spoke in such a way and voiced such sentiments that there was but one interpretation of his remarks possible. The ideas may have been good — but the presentation — both as to form and as to place — was bad and harmful. His qualifying adjectives — that he assailed only corrupt capital and illegitimate wealth — were lost sight of, and his speeches were quoted as justifying attacks on capital and wealth per se. He should have foreseen this and realized what harm he was capable of doing. He should have known that he could not speak as a private citizen — that his remarks would carry great weight as the utterances of an ex-President and of the man whom the nation delighted to honor.

His responsibilities since he returned from Europe, were even greater than they were as President of the United States. He was then not the head of the Party in Power — as the
President is too often felt to be--but a great national figure--to whom people of all parties turned for leadership. This very fact should have made him more careful and dignified than ever before. It did not.

He talks of the people--the honest people--and the business interests--as if they were two separate organisms. He speaks of Wall Street as an exasperation (bad spelling). It isn't. The prosperity of Wall Street depends on the welfare of the country. It is the pulse of the nation--and its big men are interested from selfish as well as patriotic reasons in making the country as rich and prosperous as possible. Mr. Roosevelt talks of business without knowing business. He is wrong. We are a business people. With us, the people rule, and it is natural and right that business interests, present and future, should be largely responsible in dictating the domestic as well as the foreign policy of the country. The plans that he suggests too frequently seem to contemplate government in the interests of an official class--created nominally in the interests of the people, but really in the interests of those who are more concerned in ruling them than in having them rule themselves in accordance with the real basic underlying interest of the nation, which is that of business. There is great talk of corrupt corporations--the octopus that bribes the unsuspecting politician. It is the fault of the corporations, it is true, but of the politicians too--and above all, of the people who elect them, who by their ignorance and selfish sectionalism oftentimes have made it impossible for corporations to progress along legitimate lines, and have forced them into questionable practices, that the mass of the public might be served--and from all this bribery and corruption the public, the little leaders, the small office holders, have profited. It is not so if merely the Trusts themselves and the politicians have reaped the harvest--corruption is more widespread than that. It has gone farther down.

If we are fighting for clean government let us not attack merely the corporations, and the Wall Street crowd. Let us attack the little grafters--the people who wrongly draw pensions--the people who graft on state contracts, and hold county offices. Let us be consistent. Do not let us attack merely Wall Street, which has a small voting power, and thus gain the support of all the little fellows, who think that by attacking far away New York they can hide their petty thievings under the cloud of dust they raise in their advance against the tickers, with whom their connection--though it exists--is too subtle to be apparent to their narrow intelligences.

Why did T. H. say "I will do this (if I am in power) I will do that." This is wrong--that is wrong--we don't want unscrupulous arguments, not abusive or Imperial Edicts.

The personalities of the last campaign are much to be regretted. The "Four" and the "Times" were wrong--but so was T. H. With him it should have been "Enthusiastic Oblige." He owed it to himself and to his friends and admirers. The Baldwin attack was bad--as was that on the Supreme Court, but his statements about Dix and the Wall Paper Trust seemed to me unpardonable, unless made in ignorance--and if they were, they should have been rectified, when Dix came back with his statement. My information of course comes merely from newspapers but in then the case was clear enough--at least so it seemed to me.

And so I might go on, dear Wonder of the World--but I am afraid that you are getting weary, and I know my hand is-- accustomed though it may be to wielding the pen rather than the sword. We'll talk it all out someday--some day soon, I hope.

Thank you again for the book, dear Dorothy--I love it so--for its from you--your thought of weeks ago. Little Girl, though it had not come, though the Faith was there just the same and though a Christmas gift, even if it does mean a great deal is but a small thing--the Faith and the Love and the Trust--means all the world.

God Bless you.

Original in private hands.
The Willard Straight Papers at Cornell University
No letter today—when I had hoped to have one. Nothing at all from home, in fact—not even a "Herald". Saturday night's the next chance. The Dept. and the Group are still silent—over two weeks now since we've heard a word as to what they want or expect us to do. It's a little discouraging, but I suppose it will all work out right, someday, but when. If one could only work one could hope to get away. The usual packet of nonsense goes on with this letter. The enclosure Chinese is from Sheng Kung Pao, with whom we'll have to negotiate both Hukuang and Currency loans. There's many a true word spoken in assumed modesty. The other is from a poor woman whom we're trying to help. I send it to you, not to acquire merit, but that you may have the gratitude that is yours, for we can help her, its you, dear child,—for your sake and no other reason, and in your name and your spirit.

The plague is now at Mukden, and there were three very suspicious cases in Peking early in the week. Its pneumonic not bubonic, this time. When I came through Manchuria station it was very bad—had been going two weeks with 10% of deaths (total population) up to that time. Then it went on to Harbin and now it reached Mukden. Only poor folk-Russians and Chinese—have died, and I presume that even if it does reach Peking we shall be in little danger. The reason I mention it at all is that it may be necessary to stop rail communication with the north in order to prevent its spread. So one of these days of there should be a sudden hiatus in my letters, it'll mean that they've had to go trans-Pacific instead of across Siberia. Don't worry, for there is no likelihood of our getting it here, and even if we do, remember that only the good die young. I see a green old age ahead!

God guard you, Dorothy—and keep you well and strong and happy.
place, although I accomplish little.

As to the standard, Claude

Newton Holwell Jr. born

24 Dec. 1909, I feel

like saying, don't worry

about a mug, but that

wouldn't do for various

reasons so I have given

the information that you

ask for. We have forgotten

the date of the christening

and it's too damn cold

to look it up; besides

Mr. Holwell would prefer

the date of his birth.

He is a fine gentleman

and will make the

Harvard crew without

the mug but he'll be

proud of it when he

grows up because old

Dwrights was the doing.

Life here has been very

pleasant and interesting

and Mr. Holwell is also

fully happy with his two

sons. It's also pleasant

to have the Bakers here.

But the Parkes of North

den says they are "knockers,

but we are breaking them

of the habit!"

The community is not

large and a very decent

fellow, a German, Heiss, of
Carl Walter, Co. Chemists has been transferred back to head quarters. So the Bo's are ourselves are very glad of such news. We are comfortably settled at present in the top floor of the new castle house; although it almost broke Janet's heart to see us, they and make my wife as comfortable as possible. Evidently my decision was not in order, hence with some pretense of his to use nice excellent rooms for the assistants. But as Ritz's filling temple was even denser, we...

Look, the best place for myself! Janesville's are much more thriving, and I think he has greatly improved in health. How is old J. B. This? I am glad to hear he is doing so well.

Don't be alarmed. He is walking with a cane and accompanied by Casanova and Fragoli. Good old Casanova! Fragoli! I remember all. Casanova is a true straight forward refreshing fellow.
Sorry to hear your loan business is temporarily side tracked. Did
those jobs again? I have managed to have
only a few rows up
to the present, but I
think a fine time is
coming.

Cold in the reckon here
last yesterday 90 below
Sir got my ears and
pretty nearly finished
them. They are not
clothed in cotton cloth
and swaddling clothes
and then after they
have defied 40 below
in the Berkshire hills
of Pittsfield.

Mrs. H. sends her best.
Please send in a line
when you can.

Yours,

C. Holwill.

Many thanks for your

Dear Sir

C. H.  

Original in private hands.
January 11th, 1911.

Dear Mr. Rockhill:

The Tibetan prayers have duly turned up and I have had them examined by a competent Lama who says they are authentic. There are one hundred and three volumes of what are called "Ta Ta'ang Ching". More than that I cannot tell you save that the Lama says they should be worth from eight to nine hundred taels while the Silver Man who brings them to me, and who, I understand sold you the last lot, wants twenty-five hundred. That is he did want twenty-five hundred, but has come down one hundred taels in view of the approaching China New Year. If you wish these books will you wire me "Yes." If you will take them at a somewhat smaller figure - the man says he won't sell for less but we might try it on - wire me the figure, in taels, that you will pay, if you want take the books just wire "No," and the matter will be dropped.

If you care to buy them I shall be glad to make the payment here for you and you can remit or I will draw on you as you prefer.

Nothing new regarding the Currency Loan. We have been waiting for three weeks to see what Washington wants done. It looks, from the dense silence, as if they were all dead or else gone off on a terrible New Year's bust.

Please remember me to Mrs. and Miss Rockhill.

Sincerely yours,

WILLARD STRAIGHT.

His Excellency
W. W. Rockhill,
eto. etc. etc.
The American Ambassador.

The Willard Straight Papers at Cornell University
New York: January 16th, 1911.

Dear Straight:

I have been so busy lately I have not had time to write you. In fact, I have not time now as I am just leaving for a train, but this is to let you know that soon I hope to be able to send you a little less formal, and perhaps more cheerful, line of greeting. Even this note I cannot wait to sign.

Very truly yours,

[Signature]

Mr. W. D. Straight,
American Legation,
Peking.
Mr. Willard D. Straight,
The American Group,
Peking, China.

Dear Mr. Straight:

Thank you for your letter of December 19th, which interests me very much. I shall be very glad to see Lord ffrench and hope nothing will interfere with is calling.

I hope you will be able to get some of this Eastern business tied up for us in time, and I feel certain you will succeed if it is possible for anyone to do so.

Sincerely yours,

[Signature]

Original in private hands.

The Willard Straight Papers at Cornell University
Still another day has gone by and not a word from New York- Over two weeks now since the Minister telegraphed for final instructions- and he has heard nothing- a whole ten days since I telegraphed the result of my conference with Sheng- and four days even since I merely wired for information as to when we probably might expect something- and asked for authority to draw some money. Not a single word have we received though the Minister also telegraphed on Tuesday- begging for instructions that will enable us to do something. I cannot understand it- it's almost incomprehensible- and I don't mind stating that it's driving me almost wild.

Six weeks here and not a thing to show for it- save a large cable account spent in trying to make New York and the Department see- what seems to me to have been sense- and to prevent them butting into- the stone wall of Chinese opposition- when we could easily get around. Six weeks wasted- and still no nearer to getting away- to you- oh Wonder of the World- That's where it hurts and sometimes seems unbearable. For the last few days I have been so nervous and irritable that I've hardly been able to sit still or say a polite word. It's maddening.

Press reports say that the Japanese have at Washington made demands for a participation. That's possible of course, and may explain the delay but it doesn't excuse the silence. I sent another wire in today just to remark that having now tried for some months himself to make a loan, having had the Central Government stop him that his amount might be bunched with the Currency total- and now being continuously held up for want of funds- the old Viceroy at Peking is threatening to resign. If he does, our Chin-Ai project, if it ever shapes up at all, will be very hard sledding. Probably this message will be received with the same poise as all the rest. While I'm still here they'll continue to get them however, whether they like it or not. Poor folk, I suppose they have their troubles too- and doubtless there's another fresco on between Group and Department- which may explain everything, save the density of their irresponsiveness. They might at least have given me a tip. But Patience- Patience my soul. I don't dare even write you, Child, what thoughts have been going through my head. Someday I may tell you.

It looks as if Germany, Russia and Japan were linking up. If it be true, it's one of the cleverest strokes Germany and Russia have ever pulled off. Russia gets France and England to use every effort to bring about the Russo-Japanese understanding of July 4th, in order that in case of war with Germany, England and France could count on Russian support on the Eastern frontier of Germany. Having pulled this off, Russia ties up with Germany- removes a danger from both frontiers and makes ready for an era of peaceful development, and perhaps new aggression against China- in company with our friends the Japanese. In the meantime England and France are up against a Germany stronger than ever before, because of the new Muscovite Entente. Pretty good business. I'm afraid it all bodes not much good for us, though it could perhaps be made useful, through Germany's desire to play in our back yard. Also England and France will both be more inclined to do what we want, even against Russia as in the Chin-Ai.

They blocked the line to gain Russian friendship and bring on the Japanese ententes. They put it out of court for a time and got the Muscatel- understanding- and now look at 'em. Stung! Serve 'em jolly well right! What I hope is that they will now stand in more closely with us, and that we can pull Germany in too, leaving Russia and Japan as before- but harmless owing to the quadruple front(?!) against them. This should be possible, even in the light of the new arrangements, which seem to alter the alignment in Asia minor and the Balkan rather than anywhere else.

So it goes- I am sick at heart, but there's the old slogan- Dorothy dear- "Under the bludgeonings of chance."- and your locket's round my neck. There where you make everything different because you do understand all these things and are interested and keen. But think of me, child- as well as the game. I know you do, but I want all God Bless you.
"Heralds" up to the 22nd of December, last night- but no word from you- oh Silent Lady- Today no train came in, for they've taken off the through service from Mukden - have stopped all passenger traffic and are even fumigating mail at Shanhaikuan- which means that the mail service will be worse than ever. Peking has now gone Plague mad- Stories of deaths in the city - all rot- and I don't know what rumours. Meetings of the Ministers and the Doctors - the discussion how to take preventive measures, and a general hullabaloo. It's not a bad thing though, for they may, if they get scared enough, take some really sensible measures. I saw the A.P. man today and as his telegrams of yesterday were not very alarming I didn't wire you, as I'd thought of doing, for that might only have made you think matters serious, when they aren't at all. Don't worry. It probably won't come. If it does, we'll strike for a raise in salary owing to the perils of negotiation in a plague-striken capital.

The Department and the Group finally loosened up with telegrams yesterday which should enable us to start work once more. The former showed more sense than any they've sent up to date - but was still vague. The Group's message showed either that they hadn't read either my letters or my telegrams - or else that they'd paid no attention to either - It's very disheartening - I'm wiring again tomorrow to try to get answers on some points that I've queried time and time again - I suppose it will mean another delay. I can't blame them exactly for they've none of them ever been here - even to catch the atmosphere - much less worked here - to be able to appreciate what they're up against. They're busy with matters of much greater immediate importance - where this is but a sort of an adventurous gamble at best. Why should they look into the future of American trade and prestige in the East when Railway stocks and Life insurance shares bring in such a handsome return? - There's no reason, really, but it makes me wild all the same. Again it's a sort of the "Only Honest Man" attitude- but I really can't feel that there's a soul either in the

The Chinese will never consent if they can help it of course- It will mean either then - that nothing at all is done, or else that to get an adviser at all we will have to carry all the loan ourselves- Perhaps we can still work it out - There is a scheme - but I'm not sure that the Chinese will see it clearly enough to act quickly and put it through before the opposition gets well entrenched. You'll see what it is, in the enclosed memorandum, done tonight for Mr. Calhoun's edification- early tomorrow morning before he sees the Chinese. Whether he'll use it or not I don't know. He's lucky enough not to be above taking suggestions. It seems fresh to put things quite as straight as they are in this- but its much better to hit the nail if you can and not circumlocute. I suppose this typewritten flood that you're getting will bore you stiff. When it does, wire "stop" and I'll stop. It seems to me that you're getting a lot of inside dope on Far Eastern Finance, but never mind, this is my own, to do what I wish with, and this is it. I love to send you such things when I can, because it makes me think of your helping with the telegrams and that is one of the dearest memories I have- oh Little Child No Knight sent me out a page from a Sunday "Journal" - with a long and lurid story. I suppose you've seen it - and I'm afraid there may be others, not so funny. Poor child- it makes my blood boil to think of your name being used this way. I hate it so- and I know you do- and that hurts you- for you've been so free from all this sort of thing -

Original in private hands.
especially this yellow stuff. I wish that I were at home with you, but you know what I feel and what I would say. It makes me feel guilty and almost ashamed to think that I should in any way be the cause of this.

God bless you—child—and Guard you and Keep you well and strong and happy.

The mail is going out tonight—though down traffic from Mudden apparently has been stopped—so another word with you, Oh Wonder Child. Last night when I turned in I was bluer than indigo, and as I rolled into dreamland I thought—"Now, if she would only come tonight and play a little while—" and you did—dear Dorothy— for I had a wonderful dream, that I'd gone home much sooner than I'd expected, and when things were very unsatisfactory out here, it being impossible to do anything—I went straight to you, and all was well—the miracle had come, and we—you and I—were wonderfully happy. For the first time I found peace—and so real was it all so strong the impression that it made on me—that I woke this morning not knowing quite where I was, and half feeling—as I've been going through the day routine,—that I had suddenly been drawn from life, which I found in Dream-land, into this nightmare of every day.

The Minister saw Dr. Chen and I,Cheng Kung Pao, this morning. Chen told Mr. Calhoun that neither Duke Taal Tse nor the Prince Regent would dare appoint a Foreign Adviser. Calhoun said if that was the case we might as well drop the matter at once. Sheng saw all the points about the necessity of appointing the Adviser, and also the advantage that would accrue to China should she consent to joint signature. The argument placed before him was that contained herein in the Memo. He made no statement though as to whether he thought we could put it through on the lines suggested. In fact my impression was that although he has just succeeded poor old Yang as President of the Board of Communications he is still without much power, and though he may see the sweet reasonableness of all we say, I fear he will be unable to convince Taal Tse, the Regent or the Grand Council. It looks blacker than at any time up to date. The hopelessness of it all crushes me sometimes—ignorance, obstinacy, corruption here---wildness, lack of appreciation of Chinese conditions, and indifference, at home. Russia and Japan secretly antagonistic—insidious and slyly seeking—England, France and Germany nominally (?) sympathetic but secretly jealous. Truly its fine. Here we are, trying to play almost the most difficult role of all, without men or diplomatic vision to enable us to swing it. Our service has improved, it is true—but our new formed ambition so far exceeds our ability to deal with the problems which their expression has created that I fear we are riding for a nasty fall. It won't do us any immediate or intimate (?) damage.
but it will prick the bubble of our diplomatic reputation and well be a T.R. among nations. Powerful but no longer credited or respected as serious or effective. People at home won't feel it, for they don't know, but for those who do, the humiliation will be hard to bear.

God Guard you, Child.
United States, the China Loan and Japan

THAT the United States Government does not intend to permit the Chinese loan question or any question relating to China, to interfere with the good relationship existing between Japan and the United States is evident from the following extract from New York World's special correspondent at Washington, dated the 15th ult. —

It was learned today that the negotiations between the United States and China in behalf of capitalizing certain loans for the Empire with American dollars have come to a standstill in view of the anti-Japanese attitude which China insists on maintaining.

In reply thereto the American Government has been told that it is known that Japan is regarded in the light of a friend of the Far Eastern exchanges of this country and that the United States will not lend itself to China when the Japa might be used by China against Japan. It is understood that a note embodying this information has been transmitted to Peking and that until China agrees to accept the attitude of the United States as one of peace and of accord with Japan, nothing further will be done by the New York syndicate which has been agreed to furnish the funds desired by the central government for the reorganization. It is moreover known that if China should attempt to make a bargain elsewhere the action will be regarded as a violation of the good faith assured at the time the United States bound itself to maintain the status quo and the open door. The specific objection to the Chinese attitude is that it is less than a promise, which China seems to want this country, pledging her to all purpose and intent, to a belligerent attitude against Japan. China contends that Japan is seeking China's downfall, and she would oppose Japan through the aid of the United States.

At the present time the relations between Japan and the United States are of the best and becoming nicer every day. There have been some delicate situations smoothed over between the two nations in the last five years; and now that there is nothing to interfere with the diplomatic policies they have in common, the President as well as Secretary Knox, has no desire to cloud the situation in order to humour China. The Morgan syndicate of New York City has already pledged $2,000,000 for China's benefit, but not a cent of this will be turned over until the State Department feels sure that it will not meddle with the Japanese interests in the Far East in any way which concerns the United States. Inquiry in this connection develops the fact that the capitalists willing to loan money to China will do it only on the guarantee that the Central Government will refrain from meddlesome situations, and that whatever complaints China has to make be made direct to Japan and not to the United States or any of the powers signatory to the joint note of 1901.

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The latest version of the difficulty connected with the Chinese-American loan is contained in a dispatch to The New York World from its Washington correspondent.

We have not seen the original but the "Kishimoto" Shimbun translates it in full. The conclusion at which this correspondent arrives is that Japan is viciously responsible for the failure of the $20,000,000 dollar loan. It is not suggested that any positive step taken by Japan directly or indirectly wrecked the project. The argument is that whereas China regards the loan as a political instrument for securing, not only the financial support but also the intervention of the United States, the Washington Government determined that the latter complex should not be borne for a moment by the transaction, and thus the loan has fallen through. In a word, this correspondent thinks that the United States regards Japan with much more hopeful and friendly eyes than the regards China, and that if the loan was ever intended by Peking to carry an international character, that fact should have been kept altogether in the background.
In view of Department's telegram to the Minister and the Group's telegram to Straight we are warranted in assuming

1. That the Minister must assure the Chinese promise to appoint a Financial Adviser who shall be consulted regarding the preparation, and supervise the introduction of the Currency Reform Programme, and whose general functions must be set forth in notes which shall be interchanged between the Chinese and American Governments to provide for the appointment of this official.

2. That the appointment of this Adviser must be agreed to by China, either in writing, or in principle before commencement of the discussion of the Detailed Loan Agreement.

3. That this Detailed Loan Agreement shall not necessarily contain anything more than a reference to the Diplomatic Notes under which the Adviser is appointed.

4. That the Bankers must be assured regarding the proper expenditure of Loan Funds for the purposes for which the money is borrowed, by the appointment of an auditor or auditors either by China, of persons acceptable to the Bankers, or by the Bankers themselves.

There are two points under which additional instructions have been requested from the Group.

1. Will the Group consent to the elimination of all reference to the adviser and his functions from the Loan Contract. The Group to be formally notified of his appointment and functions in an official letter prior to or on the signature of the Loan Agreement.

Such elimination is desirable because:

a. It will save the Chinese face.

b. It will facilitate our representations regarding joint signature by making the appointment of the Adviser a matter between the two Governments; removing this question from the Bankers negotiations, and therefore lessen the likelihood that in cases the Tri Partite Banks are admitted to a participation in the Loan their Governments will demand English, French and German in addition to the American Adviser.

2. Will the Group consent either by advances or by two bond issues to make certain funds immediately available for use in Manchuria.

The Group has already stated that it had no objection to advances.

The Group has expressed an objection to two issues of bonds.

Two bond issues are also open to objections because:

a. Having under the first issue assured funds for Manchuria for which the need is most pressing, the Chinese might so interfere with arrangements for Currency Reform that the second issue might be indefinitely postponed.

b. The difficulty of arranging the price at which the Group shall purchase the bonds of these respective issues.

Instructions on these points should be received in Peking by Wednesday morning.

Mr. Calhoun is to meet Dr. Chen; and Mr. Straight His Excellency Shung Kung Pao on Monday, January 18th.

It is suggested that the following proposition be then made clear to these gentlemen.

1. THAT CHINA MUST AGREE TO APPOINT A FINANCIAL ADVISER WITH FUNCTIONS DESCRIBED HERETOABOVE BEFORE MR. STRAIGHT WILL DISCUSS THE LOAN AGREEMENT ITSELF.

The Chinese will ask:

a. "Why should we agree to do so until sure that we can agree on the Loan contract?"

To which the answer should be that they must at least agree in principle to such appointment; the form in which their commitment is to be made to be decided by Mr. Calhoun when he meets Duke Tsai Tsu.

b. "Will any reference be made to the appointment of the Adviser in the Loan Contract?"

To which the answer should be that reference, if any at all, will be merely to the notes exchanged regarding his appointment, and that this is a matter which can be easily arranged by Mr. Calhoun and the Duke.

c. "What central provisions will the agreement contain?"

To which the answer should be that this can be arranged by the appointment, either by China or the Bankers, of an Auditor or Auditors, as heretofore set forth.

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Original in private hands.
c. "What provision will be made for the immediate needs of Manchuria?"

To which the answer should be that these can be met either by advances or by issue of the loan, to be arranged with straight through the negotiation of the Loan Agreement, which, discussion, however, will not be taken up until the Chinese have agreed in principle to the appointment of the Adviser.

The next step will be Mr. Calhoun's interview with Duke Tsai Tso.

Before this takes place definite additional instructions should have been received by straight from New York.

The following procedure for this interview is suggested.

1. Minister to suggest that Chinese address Legation rehearsing history Jenks Mission, the friendliness of the two countries, stating the sincerity of China's desire for immediate currency reform, and requesting the American Government to recommend an Adviser whose functions shall be as set forth in Department's instructions. It being agreed that the Legation shall give favorable reply in similar terms.

It would probably be wise that these Notes should contain no reference to the contemplated Loan in order to avoid, so far as possible, complications when representations are made once more for joint signature.

If the Chinese could be made to see the desirability of closing this matter at once it would be to the interest of all concerned for reasons set forth hereunder.

This, however, they will probably refuse to do, asking instead for the details of the Loan contract, and making even their acquiescence in principle to the appointment of the Adviser contingent upon their making satisfactory arrangements for the Loan.

In this connection they will doubtless ask about joint signature. The answer to this is that the American Group alone will take the loan but that the price will be lower than that which could be given China if the Tri Partite Banks were admitted to participation.

The Chinese will then say that if they do admit the Tri Partite Banks the English, French and German Governments will also ask for advisers; that Russian and Japanese Banks will also for a participation, and that these Governments will thereupon also demand advisers.

The answer to this is that the only way that China can get a good price for her bonds and avoid these dangers is for her

1. Immediately make the arrangements for the appointment of the American Financial Adviser as suggested above.

2. To engage, when the terms of the Agreement have been practically decided upon to permit the American Group to offer a participation in the loan the Tri Partite Banks (who can reasonably come in as partners of the American Group under the London Agreement), because if China does this the American Government will endeavor to secure from France, Germany and England the pledge that although their Bankers have been admitted to the Loan they will not also demand advisers.

The Chinese will then ask about the probable attitude of Russia and Japan.

The answer to that is that if Russia and Japan raise difficulties their Bankers also might be given a share in the loan, and a similar engagement be secured by the United States from these two powers.

If China does not agree to the principle of admission of the Bankers of these Nations she must adopt the only alternative course which is

a. To appoint an American Adviser.

b. To float the Loan solely in America and thus receive a comparatively low figure for her bonds.
While at the same time offending foreign Governments, and thus running the risk of being subjected to demands from the powers mentioned for additional advisers—whether with or without justification—and the danger that these foreign Governments will demand for their bankers a share in the loan.

Should the argument be conducted as outlined above the Chinese will, in all probability, then state that under the circumstances they would much rather to make no loan whatsoever.

In reply to this emphasis might be laid on the following:

Duke Tsai-fu and His Excellency Sheng Kung Fao are in a far better position to judge the needs of China than any foreigner could be. It must, therefore, be apparent to them, as to those foreigners cognizant of the trend of China's modern development, that China cannot make the rapid progress essential to the maintenance of her integrity without resource to foreign loans. It must be apparent to His Highness and his Excellency that China now faces the greatest crisis in her history. She is endeavoring to undertake all the complicated and expensive activities incident to the adaptation of the methods of Western civilization to her own needs; and at the same time her antiquated administrative machinery is yet incapable of supplying the funds to defray the cost of these radical reforms. If these reforms are to be effective, if transportation facilities upon which the development of the country so largely depends are to be improved; if a uniform currency is to be introduced throughout the Empire; if China's natural resources are to be exploited; the Imperial Government must secure funds from abroad.

How is this to be done?

China, it is stated, will not take a loan from the United States because the price which American bankers will pay for Chinese bonds is not sufficiently attractive.

Encourage must then be had to European markets.

English, French, and German Banking interests are closely allied.

Their mutual association is more intimate than that of the American Bankers with them under the London Agreement.

The European Bankers will be no less insistent than the Americans at present that China in borrowing from them give reasonable assurances regarding the proper expenditure of loan funds.

Granting that China must obtain money from abroad and that she is unwilling to do so from the American Group for the reasons stated, she will be obliged to make her loan from the English, French, and German Banks and to submit to the joint control which they would impose.

If China does not care to adopt the procedure regarding the contemplated Currency Loan new suggested and therefore abandon the negotiations now in progress with the American Group she then will eventually be forced to secure funds.

1. From the English, French, German and American Bankers acting together under the London Agreement, in which case, since the Americans, owing to the cancellation of the Preliminary Agreement of October 27th, 1910, no longer occupy a preferential position, China would be unable to avail herself of American good offices, which, the American Group also alleges.

2. or from the English, French and German Bankers under the conditions outlined above and without any American participation whatsoever.

It is therefore obvious to China's advantage to adopt the procedure now suggested by the American Group for the following reasons:
1. The American Group now occupies a special position. China may avail herself of the advantage which this gives her by appointing a single American Adviser, and by including the line of credit with the American Institute. A Participating in the Pacific Credit.

2. By making the admission of the English, French, and German (and probably Russian and Japanese) bankers to a participation in this loan contingent upon the acceptance by their Government of China's appointment of an American Financial Adviser, China would avoid the dangers of joint foreign control and secure a satisfactory price for her bonds, preserving her independence by the appointment of a single adviser while securing the advantage of an international quotation for her bonds. Securitie.

S/o
My dear Straight,

I duly received your letter of the 17th inst., and you were quite right in thinking that I had returned to the land of the "grenouille", but my Parisian modesty prevents me from expressing my opinion as to the accuracy of your appreciation of my ornamental capacities.

I shall be very pleased to see Lord Ffrench if he comes to Paris, and you may be quite sure that I will render him every assistance possible.

As to the copies of your letters, etc., which you are sending to Grenfell, I would say that on taking the matter up with him he pleaded guilty to not having sent me duplicates, and I should therefore be very glad if you would make an effort to send me in the future copies direct for our files.

The firm is sending you a statement of your account which includes the payment to Cartier for "lubricating oil".

With kind regards, and trusting that you soon may be able to view the situation with a bird's instead of a worm's eye, believe me,

Yours very sincerely,

W.D. Straight Esq.

Paris 17th January, 1911.
Jan. 16th, 1911.

Dear Mr. Straight:-

Thank you for your note of the 19th ultimo. I shall be much pleased to meet Lord French when he is here.

Whether we get anywhere or not in the Chinese business, we realize here that our representative in Peking is a "live wire."

I am exceedingly glad to hear that my son Lyman made a good impression when he was in your City, and remain, with cordial greetings, in which Mrs. Mine would join, if she knew I were writing.

Yours faithfully,

To
Willard Straight, Esq.,
Peking, China.

S.
THURSDAY, JANUARY 19th, 1911.

You came very near to getting a shock yesterday, oh, Wonder of the World for I had drafted a telegram to the Group asking them to appoint another representative. This, after long consideration however, and a talk with Mr Calhoun, I did not send--though we both agreed that it might have to go later--so it now lies, all coded in the safe. If I should wire you before you get this letter, or afterwards, that I have done this, you will know what it means. You would probably know anyway, for the step after all I've written you should not be entirely a surprise. My one wish is, and has been that you were here to talk it all over. It's a rather funny position, perhaps, but I know that you will understand my feeling that I want to talk over everything--everything--with you, to have your advice and help, even though my feeling is based only on my Faith in you, and my Belief that the Miracle will happen. But child--is that not a basis much more real and true and lasting--than the mere words that people sometimes interchange? And am I not right in bringing all these things to you. Is it not as you would have it?

From the time I opened negotiations here, I have been trying--and the Minister has been trying--to make certain things plain to the Department and the Group. First, that the Chinese fear of an adviser was chiefly prompted by their belief that his appointment might lead to international control of Chinese finance. Second, that if we wanted joint signature we must find some way to get the adviser and at the same time avoid this danger. Third--that the most urgent Chinese need was for Manchurian industrial expansion to be financed by this loan--the expenditure for currency reform being one that depended upon the preparation of a reform programme--and its acceptance by the Group. There's no use rehearsing all the various considerations here. They were set forth, somewhat hastily perhaps, but nevertheless fairly clearly, in the memorandum I sent you on Monday. There you'll remember, I stated that we had queried New York on two points. The inclusion of some reference to the adviser in the loan agreement. This seemed unnecessary and would certainly be refused by the Chinese. The second was that we must be in a position when Calhoun opened negotiations for the adviser to assure the Chinese that some immediate provision would be made for their Manchurian needs. This query was sent--it was the last of a number of telegrams emphasizing the necessity of meeting these conditions--which seemed reasonable from our point of view and essential to the Chinese.

The wire came in yesterday insisting on the inclusion of a reference to the adviser in the Agreement--and refusing flatly to discuss provision for Manchuria until an adviser had been appointed--not agreed to in principle, even. This seemed to me wholly unreasonable and unjustifiable. I had seen Sheng on Monday, or Sunday--I forget which--and he had categorically stated that no reference to the adviser could be made in the agreement itself--though he was quite prepared to notify the Group of the adviser's appointment in a letter. That was quite a sane attitude to take. In fact, I quite sympathize with and understand the Chinese views on both points--and had made them clear; (I have re-read my telegram) to New York. Their telegram was therefore obviously due to one of two things. Either (1) they had failed carefully to read my messages and to understand them--which seems unlikely, for the Group is intelligent and the telegrams were very clear--or, (2) New York, by insisting on these points, which they had been assured the Chinese would not accept--wished to rupture negotiations and force the Chinese, when they had to get money, to secure it from the four banks acting together under the London agreement, thus releasing us of any liability to carry the loan ourselves alone--a liability which we have under the Preliminary Agreement of October 27th. The seriousness of this step Davidson, Mine, Vanderlip--would not understand--it would possibly seem the easiest way out of a difficult position. They don't know the politics of the situation and would not appreciate that in taking the
responsibility of breaking negotiations by trying to impose obviously unreasonable conditions, we would have to bear the stigma of forcing China toward an international control— to avoid which she had originally opened negotiations with us. If the Chinese refused consent to reasonable conditions on the other hand they would have to suffer for their own folly, and we would be absolved.

Warburg, I do not entirely trust as capable to see in these distinctions, nor am I sure that they would weigh much with him against a chance for getting rid of a bothersome responsibility in exchange for profitable business. He's surely all right according to his lights— but his lights are different.

Well then— if (1) were true, it seemed only right and just to the Group and to myself that I should make one more effort to place things on a reasonable basis from the outset. Their telegram was so final in its tone, that to go back again I had to take some step that would show them that I was ready if necessary to support my conviction with the chance (?) of my daily bread. Had I not done so they might very well have told me that if I didn't care to do as they said, I might seek employment elsewhere. If (2) were true, I would not be willing any longer than necessary, to keep the face of matters straight— to serve the Group. In either case it was up to me to resign. These were my premises and my convictions.

There was one danger in such a course. That is, that the Chinese might, when confronted by the danger of a rupture, revise their entire attitude and yield. Did they do so, however, I felt that we would be the one responsible for bringing them under an almost inevitable international control. Again I should prefer to resign.

Mr Calhoun, however, and quite rightly— pointed out that he was to see the Duke on Friday— tomorrow— and that if the Chinese attitude on the two points was unchanged— both he and I could again urge, in reporting Calhoun's conference— that the adviser reference be eliminated from the agreement. And that the Group consent in principle to making advances for

Manchuria. This interview with the Duke would be the nail on which we could hang our recommendations. He pointed out that for me to send such a telegram as I had drafted, at this time— might rightly irritate, rather than appeal on its argumentative merits to, the Group. The Group might justly say— why do you argue with us — why don't you try anyway and if you can't get our ideas through, then talk. Of course I have tried and been refused, but Mr. Calhoun was right— it was, or is, better to try again. Then make new representations to New York. If they still refuse I can and will— and I think should resign.

This will all reach you long after the crisis is past. If the situation still continues, and the chances of my brushing it— are still looming large— I shall wire you "rough". If things go better and New York listens to what I am convinced is reason I will wire "smooth". So don't worry— little child—Don't worry anyway. When you receive this, if you agree with my reasoning— and the attitude toward the Group— please wire "right". If not say— "wrong", and I'll do nothing anyway till I hear from you.

One thing— don't think that my feet are cold. The Chinese don't worry me at all— I don't mind fighting and fighting and fighting— if only I feel that I am in the right and that my cause is reasonable, justifiable and in the interests of China and our own country. What I cannot fight for are conditions, in imposing which, I feel we are worrying the Chinese and not ourselves playing the game. If instructions forcing such action are due to ignorance, we can try to dispel it— but efforts along this line are sometimes regarded as insubordinate, and one has to stake ones job— for one's theories and convictions— that's all. If the instructions are prompted by another motive— the sooner we're quit of it the better, for the mere fact of resigning might hamper the culmination of a project we don't approve.

Don't think me disloyal to Davison or the others— I'm not— I'm sure he'd not be party to such a scheme if he understood it— But I despair of bringing him to a realization of the facts in letters— or even in personal
interviews. People who are busy with other things and who haven't lived in this atmosphere cannot see political subtleties of this sort. They're too open and frank and above board. I'm glad they are.

So this is the statement-- oh, Wonder of the World. It troubles me to think what would happen -- in case I did leave the Group. But in a case like this I know you are the last person in the world who would have me-- for the mere sake of a job- do something I didn't believe to be "playing the game",-- so we'll have to let the future take care of itself---- for a clear conscience is a better asset than a big salary. Is that not so -- Princess dear.

If I could only see you.

God Bless You.
January 20th, 1911.

Willard D. Straight, Esq.,
c/o Department of State,
Washington, D. C.

Dear Mr. Straight:

I do not know whether you will remember meeting me when you were in Washington. I was then teaching International Law at the George Washington University. I have watched with interest your activity in China. It is most remarkable what you have been able to accomplish. Feeling the importance of China's relations to this country, I have suggested to the Academy of Political and Social Science the publication of a volume on the Social and Economic Conditions of China.

Wide publicity will be given to this volume which will reach not only the five thousand five hundred members and subscribers of the Academy, but also other persons and institutions not connected with the organization.

The Publication Board of the Academy would like very much to have you contribute a paper of about five thousand words upon some important phase of China's financing of her industrial enterprises, especially from the point of view that would interest the American reader, that is in relation to the employment of foreign capital.

I feel that anything which can be done to interest the intelligent American public more in China's affairs will be of very great benefit in helping to develop a proper public opinion in relation to China, and I know that all your experience must have made you feel the decided importance of this matter. I hope, then, that you will find it possible to give us an article and perhaps you will be kind enough to make some suggestions as to subjects you think it would be wise to treat. We should be glad also to have you suggest the names of one or two others, whom you think could give us articles suitable for this volume.

Very sincerely yours,

Ellery C. Stowell

When I was last in Washington, I had the pleasure of seeing our friends, Dennis and Clark. They have gotten on remarkably well in the last couple of years.

I have just brought my Diplomatic and Consular course to a close, but next year, it will be given as a full-course, and I hope that you will be able to address us sometime, to give us the benefit of your practical experience in the Consular Service. The class takes great interest in the actual conditions of the Service.

Very sincerely yours,

Ellery C. Stowell
January 20th, 1911.

Dear Whigham:

I am bothering you again and I trust that you will be good enough to send this 48 8s. to the Acting Secretary of the Royal Thames Yacht Club, and take this order for future payments when they may become due.

I seem to be troubling you a good deal about these various matters. Do you not think that it would save trouble if I opened a check account with you or if you would give me a credit up to a certain amount which I could draw upon? Any arrangement which you might suggest I shall be very glad indeed to follow.

Everybody here is scared to death about the plague, and between this and the Chinese New Year holidays, which are now coming on, I do not see where we are going to get very much accomplished during the coming weeks. As a winter resort, however, Peking has its merits and I of course would much prefer to be here than in either New York or London.

Hoping that you are well, I am

Yours sincerely,

Chas. J. Whigham, Esquire,

Enc: 8/6

My dear Straight,

I am in receipt of your letter of the 31st of December and regret to learn therefrom that New York is not disposed to allow your little note for "lubricating oil".

With regard to the debit balance you have with M.H. & Co., as it is not convenient for you to settle this at the moment, we will carry same for you for the present and when you wish to settle it, if you let me know, M.H. & Co. will advise you the equivalent in dollars.

Recipienting your kind wishes for the coming year, believe me,

Yours very sincerely,

[Signature]
H.B.M. Consulate.

Montreal.

22 January 1911.

Dear Sir Galahad,

Were you but here to give courage to some of the poor feeble souls!

You've no idea how some of the people have gone to bits over this plague

Original in private hands.
Saw, barricading themselves in their compounds, or simply bolting off to Shanghai as the Postal Commissioners did, leaving no days to carry on - nor even putting one in charge which they have done him good luck. Romei explodes with indignation + mourns the fate of his poor Manchuria - as the children have it: "What are Daddy's made of? Matches, despatches and cigarette ashes." The Mountebank Library have asked me to cease my membership + told to return the books I have; most people won't come out to dinner, poor little...
S[. Christie is working at death
(though he has two good helpers)
This will come to you swelling
not of April, May, but
formaline — that we are
in a parlous state!
However, the Chinese are
trying hard to put the plague
under 10 days. — S. Kemp is
as steady as a rock,
and has grown 1 inch thicker.
Christmas Day — I meant to send you one on New Year's Day, but Robert was at Newchwang and I went to church in the morning and couldn't find a kéng-ch'ai on my return. Et c. et c. — and the Psalmist thinking of a 

F. Secretary when he wrote

‘Blessed is the man who has not walked in the counsel of the ungodly, nor stood in the way of a sinner, nor sat in the seat of the scornful.’

Well, I hope they won't stand in your way much

Original in private hands.
longer.

I think I am quite old enough to send you my love—Robert sends his, anyway.

Yours sincerely,

Violet Hollis.
Yours Christmas letter, dear Child- came last night--the first in twelve days--very long days too. You speak of "another" talk with Mrs Robinson, which makes me wonder whether a letter in between that and the one of the 14th December--about George--has been lost somewhere in transit. It makes a lot of difference to me--oh Wonder of the World--for your letters are all I live for these days. It was a very dear letter--your Christmas word--and I've re-read, you've no idea how many times.

But you, dear me, child. You must not break the "ear"-off in this way. Not one, but several of your letters have been written for after midnight. You know how much I want to hear from you, dear--but you know too, how much I want you to keep well and strong--to save yourself for all the work that you are doing for others. You make me snicker--at least you would if I didn't love you so for it--with your saying you fell so far short of the "Making Good Mark." Perhaps you do--of your own--but that's because you have set it so far above what the rest of us have ever even dreamed of. You may not reach your own star, to which you've hitched your wagon, child--but you leave all the rest of us very, very far behind. That you'll probably not admit, but it's true just the same, dear Dorothy, is why you are truly "The Gift of God." I loved to hear of your shopping for me. Thank you. I wonder whether in the last analysis I could honestly say that I really wanted to remember all those dear people at Christmas--whether my real innermost wish wasn't to have the sight of our doing some Christmasing together?

Tell me of the poor people in the country for whom you did things--of the new model tenement that you did so much to build--of your T.B. work--of all the good that you're doing. I love to know these things, Dorothy mine.

And another thing--Thank you for all your good wishes, dear--for peace and happiness. I love to have you write this, in a way, but in a way too, it always strangely irritates me--not really, but it makes me want to hold your head and look straight into your eyes and tell you very severely that I'll accept no benedictions from you--that I want you, oh Wonder Child--as my benediction--for you alone thus can give me peace in my innermost heart, and my happiness is in you're hands. Any man must do his job as well as he can, perhaps that is success--but the joy of success is in bringing it to her whom he loves--and I want success to bring it to you, dear--and the best kind, for no other would be worthy of you.

Things--mere things have moved since yesterday. A long talk with the Minister yesterday morning as I wrote you--guess I didn't thought--giving Tenney the dope to take to Sheng in the afternoon--that Sheng might pave the way for the Ministers' interview today. Tenney couldn't see Sheng yesterday at about seven o'clock for him to call at ten this morning and at midnight another message saying that Sheng could neither see Tenney today nor be present at the Ministers' conference with the Duke. From that I judged what the result of the conference would be. Sheng saw that a rupture was in sight. If it came he wouldn't be there to share the onus of it--if it was not irreparable he would step in to get the credit of fixing matters when the Duke had failed. Whether he can or not remains to be seen. At any rate the Duke absolutely refused to appoint an adviser under the conditions laid down in the Department's and the Groups' telegram. This I was sure he would do. The conference was about to end with pious expressions of regret on the Duke's part and an endeavour to elicit from Calhoun that China's refusal to appoint the adviser would not imperil the friendly relations with the United States, when Calhoun suggested that perhaps the adviser could be appointed under diplomatic notes and not mentioned in the agreement at all. At this the Duke perked up and ended by referring Calhoun to Sheng--who, he rightly said, knew more about such matters. Dr Chen then became very nervous--naturally--and so Sheng, whose chief desire in getting control of the negotiations is, I am sure, to eliminate the Doctor for which I don't blame him--won his point. He played it well. At least we're by one corner. The basis suggested by Washington and New York is now finish. Right. It was neither reasonable nor just to China. The next step is to try to bring our own people to reason, or else the game is up--or at any rate,
deadlocked for a long time, gone to join the Chin-Ai and Hukuang in cold storage. I've just been drafting a telegram to New York—very long—very full—and explicit—and I think— you might differ dear child—temperate. We'll see what happens. Maybe the next step will be a resignation. I hope not. The thing that annoys me most is that before I left home I suggested that the Government arrange the adviser appointment before we signed our Preliminary Agreement. I couldn't have told you quite why, at the time. It was just instinct, and it looks now as if I had been right. Never mind—Aint it awful to be so wise—and objectionable always to be saying "I told you so"!

One of the interesting developments long suspected is that a good deal of the Senate's opposition to a foreign adviser has been inspired by our Bandar-brothers—while they have at the same time frightened the officials by saying that if one was appointed Japan would demand a Japanese adviser also. Darn 'em. But they play their game well, better, more consistently and more intelligently than we do, or can hope to, before we get a number of men in New York and Washington both who think imperially and not in sort of card catalogue text book drawers. Do you get the simple? I'm bad but you know what I mean.

The Plague has arrived—and there is talk that the Legation Quarter will be isolated—and those of us who live outside will either have to go in—or stay out. I'm choosing the latter course as one could do no work shut up behind the walls—and there's not much danger, if any, for those who lead healthy lives—in clean surroundings. It's only the poor folk or the foolish ones—poor things who get it. Only one case thus far—a coolie died this morning in the Union Hospital, and the whole Peking detective force is now chasing his "contacts"—as they call those who have been near an infected person. Quarantine might have gone into effect tomorrow, but at the Diplomatic meeting yesterday the Japanese charge', much to the disgust of his colleagues, rose and said that Japan's interests in Peking were so vitally important that he could not—without instructions from his Government, consent to the segregation of his Legation. The Russian and German Ministers then followed suit. The latter—Count Rex—is making a good deal of an ass of himself, by ordering German women and children and even his secretaries to leave Peking. Heroic captain of a sinking ship! He's having the time of his life, though—and though an old stuffed nut, is not a bad fellow after all. He has a good heart and means well. Also no one ever has taken him seriously, so this is his chance. Some scheme will be worked out, though—and if things get really bad I shall take no chances but beat it for the Legation Quarter myself—taking office files and typewriters with me. People have been very nice—the Calhouns want to take me in. Oh! is clearing for Shanghai and he's offered me his place—and I was much touched when Cartier, the Belgian Minister, whose wife a charming American, died last year when he was in Washington—asked me to come to stay with him. People are very nice in such times. Not that they aren't always, but a situation like this shows us good, as well as mean and little qualities. Let us be grateful for the former—the latter, like the poor, are generally with us.

You may notice that I'm getting writers' cramp. I am, and besides I keep my swear-offs—almost. It's only about quarter to one, but I'm not working as hard as you are! So please be careful—Dorothy, Dorothy mine. Each day it seems as if I wanted you more. It's longer since I've seen you dear, but a day nearer to seeing you again.

God Bless you.

No 32. January 20th, 1911.

No 36.
Your birthday, Dorothy Mine — the twenty third. May each year for you be happier than the one that has just preceded it. Your telegram just came in and I am wiring at once, and thanking you for the "Boy" from the bottom of my heart.

This letter I am sending via Shanghai, for they say that the mails via Siberia are hung up in an manner of ways, and I'm not therefore going to take the risk.

Thank you for asking about the plague. Don't worry — it's all right and is not bad at all.

Great moves amongst the diplomatic corps — for at a plague meeting yesterday the Austrian Minister who is the Dean, shut the Belgians, Dutch, Italians and Spanish — in order that the Americans, French, Russians, Germans and Japanese might first agree on concerted action. Awful tempest in a teapot — and now old Suyuki threatens to resign his deanship — best thing he could do. The Diplomatic quarter goes into quarantine tomorrow, the Chinese have been shut out of the streets already, and there are a lot of carts going to various legations and masses, carrying stores of food and the household effects of refugees who will no longer stay outside the quarter. Tomorrow's train to Hankow carries a great crowd of women and funk, who are beating it. The best part of it is that they are going to land in the midst of a riot which started yesterday and which may mean serious trouble. Poor old China! She surely has her troubles.

After four days steady sawing I've brought the Minister around to sending a fine young telegram to the Department. It's been great fun. Draft after draft I've taken down and discussed with him, each one a little more boiled down than its predecessor.

First all arguments, then gradually down shorter and shorter to conclusions — until finally today I suggested that it might be better if he sent something along the lines indicated, than if I did, as the matter was diplomatic rather than financial. He thought so too, and wrote a corer. I sent a copy, and perhaps as he used my wording almost. Then I cut the shuff all out of my despatch and just now left the legation where the Minister had given me a long dissertation on American policy in China — and told me that the dispatch he was sending would always look well on his record whether the Department liked it or not! I agreed, cheered him to the echo, and said his telegram was a wonder-

The only trouble is, it takes him so long to see, but that's a detail as long as he gets there eventually. Our line now is "General agreement between America, England, France and Germany to back up one adviser, be he American, Dutch, Swiss or Skowwegian, and to grant Russian and Japanese participation in the loan, if at all, only on condition these nations also acquire in the appointment of an adviser, we may have selected, the Chinese counter-proposals, after Mr Calhoun's interview of Friday, have been ridiculous and quite impossible. I'm afraid we're in for a deadlock- lasting a long time, but if we are it can't be helped.

The course now suggested is after all, the only sane one and the only one really calculated by harmonizing as far as possible, international difficulties to gain joint action in forcing China to serious reforms.

Dear Little Dorothy — twenty four year old Dorothy. Let us have our next birthdays always together. You see I want to talk to you seriously about the responsibilities that added years have brought you. Don't you feel it quite desirable?

God Bless you-child.
Dorothy dear- your letter of the 28th of December came tonight. It had to- for the twenty third- and your birthday, that I kept all alone, sitting in front of the fire in the big room and thinking to you far across the world all day. My thoughts have been with you, from the early morning when William woke me, and when I looked out at the falling snow, I had a nice feeling that it was your day- our day,- and that I could telegraph you. You see I want to telegraph you every day--"Antung"--"Shenwo"-- "Liebestraum" - and always "Alken" dear- though most days I want to put it "Alken" or "Alkenest" or "Alken Alken Alken" for I want you so.

I've been waiting for a long time for this letter- the first since you've had letters from Peking. It makes you closer, child, for the situation is much the same- the problems are still to be solved, and what I wrote you then is quite as true now-- so I want to hear what you have to say about it all. You, dear Wise Lady, will give me all sorts of pointers and perhaps now we can make some progress-- I wonder. But though of course I've known for weeks past that you were receiving Peking letters, it's not the same thing as hearing that you have. People talk sometimes about letters meaning nothing- yours mean everything, child- do you know it. They're all I have to live for- during these wearisome, lonely days.

What you say about the letter to Schoellkopf- (what did you write him. It was dear of you) is true in a way- but the point is this- in going to work as an educator he by no means withdraws himself from public life. Look at Woodrow Wilson. While in public life alone, his influence on younger men can be indirect only- an example read off- rarely one that is inspiring because of daily association- and it's daily association that counts with boys in college- isn't it? About the Department, I'm so glad that you feel that way. Before this reaches you you'll have another letter from me on the subject- written in fact, now that I think of it, just a month ago. And I've thought much of it since- and the more I think the more I feel that that is where I want to be- if you'll go with me. That's always my first thought- dear Dorothy- what you will want to do, for I don't think I'll do much unless you help and unless it's you I'm working for, and with.

But as you say, there is much perhaps still, to be done for the Group, and before we make any decision we'll have to talk it over very carefully- and all the "minor points" that you write of, will have to be settled, and all your "questions" answered. Have you such a lot of them? What are they? Really truly serious questions? Tell me.

It's cheerful to hear of the Roosevelt family, in parts, coming out here. If I'm here it will be great fun. But I devoutly hope and pray that by May I shall be starting for home- or perhaps already there. For home,-- which is for you- oh "under Child," do you know it! The last six weeks, two months and a half rather- if closely analysed (I never can spell the word) show about as clearly as anything I know, the whole political situation here- and I feel inside of me an idea germinating which will mean a lot of work for Sears one of these days, and cover about thirteen pages of typewritten matter. I always seem to run out on the thirteenth page- A lucky number for the gentle reader?

You say that you don't see how we can win this loan. You're quite right. I'll be damned if I do. Yet we'll lose such an awful lot of face, if we fail, that the mere thought of the humiliation makes me quite wild. It's everybody's and nobody's fault. It's circumstances- just as its circumstances that brought us out here at all. An opportunity seen by Mr. Harriman, well conceived by the Department, but badly bungled in execution- because of our whole system that has not bred men to think- as I wrote you the other day, imperially- and the answer to that is that if our position in the world for fifty years past had been such as to breed such men, we would have been obliged by our interests to play a much different game in China- taken a much more active hand in all these matters, and in so doing, would have never inspired the sentimental allegations- there are no practical manifestations of confidence- which have served us in getting all these claims we have secured in the last eighteen months. Our past indifference has been responsible for our present influence, such as it is- just as their supporting of their interests in the past has made the Chinese distrust the other powers. Now that we have become practical factors in this situation- ask for contracts - enforce claims- instead of giving advice- we have been, or are gradually being, placed by the Chinese in the same boat with all the others- which same boat they would swindle with the greatest gusto in the world.
I wonder whether the letter which I wrote you for your birthday reached you. I am sending you a foolish book of pictures of Buddhist gentlemen and ladies—chiefly because I liked the color of the cover and the strange curves of the box. You know so well all that I hope for, dear— for us, together—in these months that are coming and the years that are to come after. It is so wonderful to have you write to me as in your letter that came tonight— discussing things, and what should be done—and telling me what you want me to do. It is so wonderful to be able to write to you of all that is done here and that we're trying to do—and to know that you are interested and understand. The thought of sharing work and play—and all, dear, everything—to share with you always, because you care for me—and because your life is mine, and mine yours—that is my prayer, child, on this your birthday night.

God bless you.
January 24th, 1911.

Edward Burna, Jr., Esquire,
No. 140 Cedar Street,
New York City.

Dear Eddie:

I received your circular of the 15th of December regarding the Sphinx Head House yesterday and am enclosing a check for $25.00 which I hope will help the good work along. If you will promise to keep after me I will promise to let you have the same amount each year until you get to a point where you only need a little more cash in order to build a house. When that time comes I will gladly be one of twenty or twenty-five men to let you have a larger amount.

I have a dim recollection of having given a subscription to the house some years ago and a haunting fear that I promised to supplement it by a further check. If you can show me that I have any obligation in this respect I will be very glad to meet it. I have been knocking around the World so fast that it is sometimes difficult for me to keep track of these things unless I am reminded.

I was sorry not to have seen you in New York, but since I hear you are married and a proud father I presume you no longer apply the sponge as consistently as in your undergraduate days. Being a gay bachelor I have not yet found a place for the water wagon and do not frequently find myself in the secluded by-paths along which that cart rumbles.

With kindest regards,

Sincerely yours,

WILLARD STRAIGHT.

E. B.

S/G

The Willard Straight Papers at Cornell University
January 14th, 1911.

Lieutenant Colonel T. D. Landon,
Bordentown Military Institute,
Bordentown, New Jersey.

Dear Colonel:

I was very much pleased to get your circular of the 20th of December, 1910, in which you give me much interesting news concerning the B. M. I. The calendar also arrived and I congratulate you upon sending out such a pretty souvenir. I think that your idea in keeping the old boys posted regarding the different events of school life and matters of interest regarding the alumni is a most excellent one and certainly serves to keep alive our interest in the school.

I hope that Dr. Landon is standing the winter well and that everything at school is going smoothly.

With kind regards to you and many thanks for your circular;

Believe me

Very sincerely yours,

WILLARD STRAIGHT.

S/G

January 14th, 1911.

John R. Mott, Esquire,
International Committee,
Young Men's Christian Associations,
124 East 28th Street,
New York City.

Dear Mr. Mott:

Many thanks for the copy of the report of the White House conference which I was very glad to receive. I am sorry that it was impossible for me to be present on that occasion. I note that you have a certain amount which you desire to make up to carry on your work in Latin America and the Orient, and take pleasure in enclosing my check for $25.00 which, although not as large a contribution as I would like to make, may perhaps be of some service to you.

As you know, I am very much interested in your work and shall always be glad to hear of your progress, and if you will, from time to time, call upon me I shall be very glad, as far as my means permit, to assist you.

Yours very truly,

WILLARD STRAIGHT.

S/G
January 24th, 1911.

Sir Henry Trueman Wood, M.A.
Secretary, Royal Society for the
Encouragement of Arts, Manufactures
and Commerce,
John Street, Adelphi,
London, W. C.

Sir:

I beg to thank you for your letter of the 2nd of December, 1910, in which you do me the honour to suggest that you would be pleased to secure my election to your distinguished body.

While appreciating the compliment which you have paid me I beg to request that you will permit me to take this matter up at some later time inasmuch as I am now located in the Far East and therefore unable to enjoy the great benefits which membership in the Royal Society for the Encouragement of Arts, Manufactures, and Commerce would confer.

I am, Sir,

Your obedient servant,

WILLARD STRAIGHT.

S/G
Mr. Straight, An.

I hope you manage to keep in good spirits despite the immense work you are doing in your hands here. Would you be so kind as to write me a personal note to Mr. Warring, one of the leading managers of the Peking office of the Deutsche Bank. In my letter, I would like him to consider Mr. S. a trustworthy and able man. What sort of reputation has he at your end?

I do not know whether it is true, but the rumor has reached me that Mr. S. is not too satisfied with his position in the Deutscher Bank, and he does not want to return there. I have heard from Mr. Straight, Peking, that Mr. S.

American friends here at least the overwhelming majority of them think that perhaps, since Mr. S.'s departure from us totally in accordance with this rumor, we might find a way of favoring the German American Corporation.

Please consider this as strictly confidential and give me only your own personal views.

The whole plan is not very clear yet, and at this moment I only want to get some particulars of Mr. S.'s general qualifications.

Many thanks in advance.

With kind regards,

Yours sincerely,

[Signature]

[Address]
Do not forget to congratulate Aunt Malvina on her 50th birthday since she will celebrate on 5th May A.D.

Yours sincerely,

[Signature]

(Handwritten text on the page)
Dear Excellency:

Two letters from you unanswered. The second came in tonight, dated December 1st. Thanks for your congratulations on the signature of the Preliminary agreement for the Loan. I should accept the in better part and with more feeling that you were not indulging in gentle sarcasm if the matter had ever looked so promising since as it did on the 28th. of October - the morning after. Before the Agreement had been signed I was hewing me for China with a detailed loan agreement in my pocket and me heart full of hope, for the preliminaries were well under way and we knew that before I reached London it would either be all right or all wrong, in which latter case I could have had a pleasant trip back to New York. Not so. The Preliminary Agreement was signed, we concluded a quadruple understanding with the French, German and English banks, with the idea of ultimately sharing the loan with them were China willing. That London Agreement cooked our Thanksgiving Turkey. The Bandarlog had their chance and they took it. The Chinese had signed the Preliminary Agreement thinking that the loan would be floated entirely in America and had promised to appoint a financial adviser. We had reserved the right to float the bonds in Europe, thinking that we could let the European Banks have a share without admitting them as joint signatories to the final loan agreement. But they weren't taking any. The London Agreement provided that all joint business must be jointly signed. We therefore in view of our commitment to the Chinese had to make a reservation in London that the new loan could not come within the scope of the London Agreement, but stated that we'd try to get the others in if China would agree. When I reached Peking I found a beautiful mess. The Chinese were stampeded. They promised us to appoint a financial adviser, we'd arranged, so they had been assured by the Bandarlog, and to their shame be it said by English, French and Germans also, that the Group would admit the European banks to the Loan. This meant, thought the Chinese, Europe as well as an American adviser. Bang. When I arrived ready to do the business ourselves alone, but that we felt that China should in order to secure the cooperation of the three powers in securing currency reform admit the other banks to the loan the Chinese would have none of it. Nor would they appoint an adviser as they had promised. We showed them that they could appoint an adviser under an exchange of diplomatic notes with the American Government, that the loan agreement could then be negotiated and that the English, French and German Banks would then have to acquiesce in the American appointment or stay out of the loan. Not at all. They would hear nothing of the sort. The Japanese and Russians were behind it all. Japan assured the Chinese that to make a loan with the four banks would make China another Egypt. This they believed. They couldn't see that the best way to offset
Japan's intrigues to keep China weak was by taking out an international insurance in making a large loan with England, France, Germany and America. So we are now deadlocked. And I can't see any light ahead. If we could count on the assistance of one single patriotic, broad-minded, and courageous Chinese official we could win out. If such men exist, they are not in Peking. With all our good wishes we can't fight Russian and Japanese intrigue on China's behalf unless we get some small degree of support and cooperation from the Chinese themselves. The whole situation reminds me of Korea, only on a much larger scale. With Yuan Shih Kai, Tang Shao Yi, and the one or two other men who can see things, disgraced and out of office, this country is hastening down the road to its ultimate doom which, as far as I can see, is not a matter of a so distant future. Manchuria tagged, and almost lost and only wise statesmanship can save China herself. The European situation, especially in the light of the new Russo-German Agreement, which might easily be made to apply to the Far, as well as the Near, East, is so complicated and critical that England's hands are tied, and France is but a poor ally at best even if she would break away from English and Russian leading strings which she won't do. Japan I am firmly convinced will seize the first opportunity to make trouble in China and to gobble Manchuria and Fukien, and then the foot will be in the fire. Our own policy has not been well handled. The premises have been good I think but the execution rotten. There has been no finesse, and golden opportunities which should have made our position almost unassailable as the leaders amongst the powers determined to maintain China's integrity, have been lost through maladroit diplomacy.

There is always in diplomacy, of course, a state of flux which makes no error irremediable, and no situation final, so that we have always our chance. What I regret is that we have lost so much, and so needlessly, that it will be infinitely harder now than it would have been two years ago to obtain exactly the same end. I do not blame anyone in particular. The whole thing has been perfectly natural. The fault is in our entire hand to mouth system. The march of events have forced us into activity in the Far East. This was as inevitable as was the Civil War. Had the American Group not taken up the banner some other organization would have been formed to do exactly the same thing. Our diplomacy was bound too to become practical, not academic as it has been since Maximilian was driven from Mexico. But though the service has been greatly improved, though our business men, and the people generally, know much more about foreign affairs than ever before neither the Department, the Service, nor Wall Street, are yet well enough equipped or sufficiently experienced to deal in a masterly manner with the problems which confront the country now embarking on its career as a world power. The service bad though it was up to 1904 was better able to handle the conditions then existing, than is the present improved service to meet
the responsibilities of today. We are in the position of a
man driven by fate to take a tremendous leap, who reaches
the other side of the chasm, who hangs there clinging to
a ledge on the face of the cliff, and who must scramble and
struggle and wriggle and squirm, before he can secure a
firm foothold, and consider himself really established.
I hope we can get up. It all depends on how things are handled.
This seems to be a lecture. Can't help it. The
whole thing is very much on my mind for I cannot but look
down into the chasm and think how damned hard it would be to
climb up if, through carelessness we should chance to lose
our present grip.
Your letters about Uruguayan possibilities have been
most interesting. Something might be done were I in New
York, but it would be of little avail for me to write from
here. I shall however give the tip to Mc Knight in J. P.
M.'s office and tell him that if there is any interest to be
stirred up, he might drop you a line and get a statement.
I should like very much to go to South America and per-
haps will one of these days. For the present however I am
anchored here with little prospect of getting anything through
and with a hatred of the very thought, even, of going home
empty handed, to admit that we've been licked. My one
consolation is that I've done my best, made mistakes certainly,
but as far as I could from this end tried to show what ought
to be done. Certain things were not, and while we might not
have won if they had been, there's a virtuous, the mournful
and highly objectionable personal satisfaction, in feeling
able to say "I told you so". This pretty remark makes few
friends, however, and is no excuse for a minute, for failing
to do what you set out to accomplish.
I hope the Art Show will be, or has been I suppose
I should say in view of the date on which this will reach you,
a great success. I hope that when you come up on leave that
I too may be at home. All good luck to you, Excellency, and
a European post darned soon.
Yours,
WILLARD STRAIGHT.
This letter—oh, Wonder of the World—covers not exactly a multitude of sins, but a number of enclosures. If sins they be, they're of omission, not mine most of 'em—not of me. Will you please read and hand on to Mrs May the letter in answer to hers. It was very sweet of her to write. She said very little and what, you will gather from my reply so I don't send her. There's a nice letter from George, which has been answered, and I hope well and freely—a letter from Mrs Willis which gives an idea of the situation at Mukden—one from Edwin Morgan which is hardly worth sending on, and the reply, less so—and a lot of clippings. One the "Basilisk-eye" has been giving me a lot of amusement for no one knows who wrote it—and there are a number of folk about the club—so Geare tells me, for I never go there—who are sort of giving the knowing smile when the article, which caused quite a flutter in this dull dove-cote—is mentioned, and who say—"Of course it's not for me to say who wrote it!" Imitation may be the sincerest flattery but it's a low form of wit, and the manufacture of such wares shows the pass I've come to.

I haven't written since Monday—for there's been nothing to write, and I've been in no humour for writing, even to you—oh, Dorothy child. I can't put myself on the back and say that I am in my angelic frame of mind even now. Hence I can't say much without making it too—Bitter, Bitter!!

There has been no answer from either Department or Group to our telegram of your Birthday—Probably won't be, I confess—abjectly—and with more blushes than you can picture—meriting me furrowed brow—that I am pretty darned well licked—It's a good thing for one's soul to know it now and then—at least I suppose it is. This knowledge however, makes the fact none the more palatable as a breakfast food—a novelty at dejeuner—an 'entrée at dinner—relish at supper—and a night-cap nor as the stuff of which dreams are made—Worse luck it isn't confined to night-riding.

Get the point!
a Swiss or Dutchman as adviser and confining our political scalp chasing
to endeavoring to secure the credit of really starting Chinese currency
reform- or will we be blocked again and then we will be discovered!

Do you wonder I'm sick- when these things are sticking out at me from
every side. When I have the pleasant knowledge that I started out to do-
and failed to accomplish- what I knew to be pretty well impossible from
the outset. This you'll remember I wrote you from London- a letter by the
way, on which you made no comment. It makes me feel sometimes as if I
never wanted to show my face anywhere again. I don't think it's my fault,
I know it isn't, for I've done my damndest. It was a false position from
the start, and even the schemes that I suggested to make the accomplishment
of the Group purpose possible, were turned down one after another. An al-
ready almost impossible situation was made absolutely so, by a failure to
recognise the very elements thereof. Bang- Bang.

I become vehement. It's now the new Chinese year. I've written out
the old, and in the new, may this find you happier than it leaves me. You
should always be happy dear child- because you bring so much happiness to
others, comfort and peace- and the joy that only true understanding and
sympathy such as yours, can bring.

God Bless you.

CHINA NEW YEAR.

Happy New Year! If you were here mine would be. You would go in state to
the big room and all the servants, having received double wages, would come
in and--

( drawing, inserted.)

which is the clumsiest form of salutation I know. You would smile. They
would be happy. I hope you would be, and I would be deliriouser than ever,
if possible. Such, dear Dorothy child- is the New Year thought to you.
Letter No. 422
File No. 8/127/238

Messrs. J. P. Morgan & Company,
For the American Group,
No. 23 Wall Street,
New York City.

Gentlemen:—

I beg to enclose herewith a Memorandum on the History of the Negotiations for the Currency Loan. This Memorandum has been submitted to the American Minister who has accepted as correct the various references in this statement to the opinions entertained and the attitude assumed by him.

I regret that it has been impossible to compress this account within a smaller space.

I trust that you will feel that the Summary is justified by the statements of fact which precede it.

Yours very truly,

Willard Straight

Copy to:—

E. C. Grenfell, Esquire,
No. Copy to Max Warburg, Esquire.
Copy granted to American Legation.

History of the Currency Loan Negotiations from September 1910 to January 1911
with Certain Conclusions Regarding the Prospect of the American Group in China

The Manchurian Loan

On the 2nd of September, 1910, at a meeting in New York, the American Group decided, in response to a telegram from Mr. Menocal at Peking dated September 1st, to enter into negotiations with the Viceroy of Manchuria for a loan of $20,000,000. This loan had, for some time, been the subject of telegraphic correspondence with Peking.

Decision to Enter Quadruple Agreement.

The Group also decided to avail itself of the invitation of the English, French, and German Banks extended at Paris on the 24th of May, 1910, to enter into a quadruple understanding regarding loan business in China. Negotiations to this end were to be undertaken by Messrs. E. C. Grenfell and Paul M. Warburg.

Conflicting Claims for Manchurian Loan.

The Group's claim to prior rights as to any negotiation for a Manchurian Loan was based on the so-called Yang Shao Yi Memorandum of August 21st, 1908. The history of the commitment of the Chinese Government to American capitalists, and of the Department of State to the Group under this Memorandum is a matter of record. The right of the American Group had been questioned by the Hongkong and Shanghai Banking Corporation, which also had a well-authenticated claim under the Agreement for a loan of $1,300,000 concluded with the Viceroy of Manchuria on November 5th, 1908, and its French and German colleagues. The American Group therefore determined, if possible to reach an understanding with the Tripartite Banks and to reconcile the American with the European claims by the
A section of the text reads:

"As a result of the joint action, the American Group, acting through its American Group Board of Directors, has voted to take the following action:

1. The appointment of the American Group executive officers and directors as the duly authorized officers and directors of the company.

2. The adoption of the Amended and Restated Articles of Incorporation of the company.

The American Group Board of Directors hereby recommends that the stockholders of the company vote in favor of the amendment to the Articles of Incorporation as proposed.

Dated: [Date]

[Signature]

American Group Board of Directors"
of the Chinese Loan of 1896 and was therefore vitally concerned in any plan affecting China's credit. Mr. Straight stated that Currency Reform could only increase China's credit and that he hoped the Russian Government and Russian Bankers would co-operate with the American Government and the American Group in making Currency Reform possible, adding that he thought that the American Group would welcome a Russian participation in the Loan if this could be arranged. Mr. Kerenskoves seemed pleased at this assurance.

Mr. Straight then recommended to the Group that arrangements be made to give M. Nestalin a five per cent participation in the quadruple banking undertakings which he had desired. (See Mr. Straight's telegram November 29th and Group's reply of even date) Mr. Nestalin did not accept this participation.

Mr. Straight's first interview with Chinese negotiators. On the 28th of November Mr. Straight met His Highness Duke Ts'ai Tso and His Excol- lency Sheng Kung Fue. In order to quiet the fears which they were known to entertain regarding the nature and the possible effect of the London Agreement Mr. Straight informed them that the American Group had made no commitment necessitating the admission of the Tripartite Banks to a participation in the Currency Loan; stating, however, that he believed it to be in China's interest to admit these Banks. He suggested that the discussion of this point should be dropped until such time as an understanding should be reached as to the terms of the Detailed Loan Agreement. (For a full report of this interview see Mr. Straight's letter No. 188 of December 6th, 1919)

First Draft Loan Agreement submitted to Chinese. Following Mr. Straight's interview with Duke Ts'ai Tso and Sheng Kung Fue a Chinese translation of the original Draft Loan Agreement, prepared in New York, and amended under telegraphic instructions from the Group, was handed to Dr. Chen Chin Tao of the Ta Ching Government Bank.

The first Draft stipulated that all expenditures of Loan funds must be approved by the American Financial Adviser and that the Group should purchase the bonds ninety days after the execution of the Loan Agreement.

Note: The purchase of the bonds was not in this draft made contingent on China's agreement with the Adviser regarding, and the Group's approval of the Programme for Currency Reform in accordance with the Group's telegram No. 82. This was an oversight. It made no difference, however, as this draft was never discussed with the Chinese save in a tentative manner with Dr. Chen. The Chinese, upon its presentation, objected to the Adviser Clause, and attempts were then made to devise a more satisfactory basis for negotiations.

Three months was manifestly too short a period to enable the Financial Adviser to draw up a satisfactory scheme for Currency Reform. If the Group did consent, because of the Adviser Provision, to purchase the bonds three months after the execution of the Agreement even though the Reform Programme was not prepared, China might have been obliged to pay interest on the bond issue while unable to proceed with the inauguration of a scheme for Currency Reform owing to a disagreement between the Board of Revenue and the Adviser regarding the steps by which that Reform could best be effected. On the other hand if the Group refused to purchase the bonds until the Programme was drawn and approved, the funds urgently needed in Manchuria might not have been available for a long time. Some provision for Manchuria was deemed essential as the Viceroy of Manchuria, having been forbidden to make the Loan with the Bank-Huang-Men- Hanzley Syndicate was threatening to resign unless assured that the Currency Loan, which had superseded his own transaction, was shortly to be concluded, and funds therefore made available for his use.

Dr. Chen Chin Tao, acting as intermediary between the Chinese negotiators, the Group and the
Legation, stated that the Chinese Government could not and would not appoint a financial Adviser owing to the opposition of the Senate and the fear of International control. He suggested that the Adviser be appointed by the Ta Ching Bank, a proposition which was manifestly a subterfuge and one which the American Government and the American Group could not, with dignity, accept.

On December 3rd, therefore, in telegram No. 116, Mr. Straight, hoping to avoid the difficulties that might be created if the American Minister followed the example of his French colleague and pressed the Chinese Government for the appointment of an American Adviser, suggested that the Adviser's appointment be arranged solely under the Loan Agreement. It was recognized that this would be opposed by the Chinese but it was hoped that they might prefer this solution to the danger of further pressure from the foreign Legations. It was hoped further that in order to participate in the Loan the Tripartite Banks would be willing to acquiesce in the appointment of an American Adviser.

Telegram 116 further suggested advances up to Five Million Dollars against six per cent Chinese Treasury bills. It was intended that these advances should be used in Manchuria. This fact was not to be stated in the Loan Agreement, however, for political reasons; while the Group was to be protected as to the expenditure of these advances by reserving the right to approve the purposes for which the advances were in each case to be made.

A period of one year was to be allowed for the preparation of the Programme for Currency Reform which, when approved by the Group, was to supplement and be part of the Loan Agreement, and which would have made provision for the engagement of the American Adviser.

referred to in the Loan Agreement and for his retention by China to supervise the inauguration of the Programme.

The Group replied in telegram 86 received on December 6th, 1910, that it preferred to have the Adviser's appointment arranged by the American Legation.

Interviews

Mr. Straight now interviewed a number of representative Senators and called upon His Highness Prince Tsai Tao, the brother of the Regent, and certain other high officials. Mr. Straight pointed out to these gentlemen that in urging the appointment of a Financial Adviser neither the American Government nor the American Group desired to secure general control over China's finances but wished that such Adviser should merely help China in securing effective Currency Reform.

Prince Tsai Tao promised to communicate these views to the Regent. The various officials and the members of the Senate to whom these representations were made expressed the opinion that China could not secure effective Currency Reform unless such an official were appointed.

Mr. Straight presented these views to these high officials as the Minister agreed that Mr. Straight was able more freely to discuss the political aspects of the situation than the Minister himself.

The Department now again instructed the Minister to urge that China fulfill her obligation by the appointment of an American Financial Adviser.

Mr. Straight held that it was inadvisable for Mr. Calhoun then to request the appointment of an Adviser. He feared that such action might give the impression that Mr. Calhoun did not rely upon the promises originally made him by Ho Tung and Peking Tsai Tao, and such a request, taken together with the representations made by the French Minister, would only serve to increase the Chinese fear that a movement was on foot.
The document appears to be a page from a legal or official document, likely related to a government or legal context. It includes sections labeled with numbers (e.g., 6, 16, etc.) and paragraphs that seem to outline procedural steps or regulations. The content is dense and formal, typical of legal or administrative documents.
four months. This scheme, however, was never discussed with
the Chinese.

(3) That such purchase of bonds should be
contingent upon the Group's acceptance of the Programme for
Currency Reform.

(4) That the loan funds should be expended
only for purposes approved by an American Currency Expert
acceptable to the Group and appointed by the Ta Ching Govern-
ment Bank.

The Chinese would probably have objected on
the ground that the plan made no immediate provision for Man-
churia.

Under this arrangement also the functions of
the Adviser in connection with the inauguration of the Reform
Programme could have been specified in the Programme itself.
Since the Group agreed to purchase the bonds only upon accept-
ing the Programme, China could not obtain funds until satis-
factory provision under this Programme had been made for the
control of expenditures by the Financial Adviser.

The scheme suggested in Telegram No. 116 con-
templated the appointment of an Adviser under an interchange
of diplomatic notes. The scheme suggested in Telegram No.
120 contemplated securing a commitment from the Chinese Govern-
ment under diplomatic notes that an American expert, whether
actually appointed by China or not, should be consulted in the
preparation of the Currency Reform Programme.

Under both schemes the Chinese Government would
have committed itself to seek American advice before the nego-
tiation of the Loan Agreement. By thus making the negotia-
tion of the Loan dependent on the appointment of the Adviser,
or expert, rather than the adviser's or expert's appointment
contingent upon the negotiation of the Loan, it was hoped to
relieve Chinese apprehension that the admission of the Tri-
partite Banks would enable the English, French and German
Governments also to claim advisers.

21-

These schemes were suggested in the hope
that Mr. Calhoun, in pressing for the appointment of an
Adviser, might be able to assure the Chinese that the
loan Agreement would be negotiated on a basis calculated
to minimize the difficulties by which they were known
to be confronted and which have been described above.

The plans suggested in Telegrams 116 and
120, however, were unacceptable to the Group or Department,
or both.

The Minister was again instructed at once
to insist that China immediately appoint an American
Adviser, and Mr. Straight was instructed to refrain from
any negotiation whatsoever until the Adviser had been
appointed. The telegram from the Department of State, though
outlining the form of the diplomatic notes under
which the Adviser was to be appointed, did not specify
the exact functions of such an Adviser in relation to
the Manchurian expenditures. This point was queried by
Mr. Calhoun.

Mr. Straight's interview with
Shang Kung Pao
Telegram No. 127.

On the 30th of December, 1919, at Shang
Kung Pao's request Mr. Straight called
upon His Excellency for an informal and
unofficial talk and as a result, after consulting Mr.
Calhoun, wired in Telegram No. 127 suggestions for a new
scheme which contemplated:

(1) The appointment, under an interchange
of diplomatic notes between the Chinese and American
Governments, of an American Adviser who should be con-
sulted in the preparation and supervise the inauguration
of the Programme for Currency Reform.

(2) That the Loan Agreement should
make no mention whatsoever of the appointment of this
Adviser but that the Group should be notified thereof
by an official letter upon the signature of the Loan
Agreement.
In considering the Convention, the Committee of the Government
forwarded the Convention and the Committee of the Convention.

It was the opinion of the Committee of the Government
that the Convention would be the best plan, and that it
was necessary to consider the matter, and to determine the
action to be taken in the matter of the Convention.

Mr. Smith, the Chairman of the Committee of the Convention,
agreed with the Committee of the Government, and that it
was necessary to consider the matter, and to determine the
action to be taken in the matter of the Convention.

Mr. Jones, the Secretary of the Committee of the Convention,
agreed with the Committee of the Government, and that it
was necessary to consider the matter, and to determine the
action to be taken in the matter of the Convention.

The Committee of the Convention agreed with the Committee
of the Government, and that it was necessary to consider the
matter, and to determine the action to be taken in the matter
of the Convention.

The action to be taken in the matter of the Convention
was then determined by the Committee of the Convention,
and it was decided that the Convention should be
adopted and the matter of the Convention settled.

The action was taken in the matter of the Convention,
and the Convention was adopted and the matter of the
Convention was settled.

The action was adopted and the matter of the
Convention was settled.

The action was adopted and the matter of the
Convention was settled.

The action was adopted and the matter of the
Convention was settled.
Adviser's contract of engagement could stipulate that he should be consulted regarding the preparation, and supervise the inauguration, of the Programme for Currency Reform and that those functions would be entirely satisfactory to the American Government and Group. He pointed out that this procedure would enable the Chinese Government to elude Russian and Japanese demands and that if it would not, moreover, be calculated to irritate the National Assembly.

Compromise unacceptable. His Excellency Sheng's suggestion seemed unacceptable to both Mr. Calhoun and Mr. Straight. It was obviously a subterfuge. The Adviser's position, were he appointed in such a manner, would lack dignity. As an official of the Ta Ching Bank or engaged by that institution he probably would have little authority and influence, no matter what the terms of his contract of engagement might be. Both Mr. Calhoun and Mr. Straight felt, moreover, that this mere change in the form of the Adviser's engagement would not suffice to prevent further Russian and Japanese action since these two powers were apparently determined either to obstruct Currency Reform and the appointment of an Adviser altogether, or to secure a participation in the loan and a voice in what they regarded as the beginning of a foreign control of Chinese finance.

Russia and Japan. It seemed obvious that the Duke's position, the real obstacle, therefore, was due primarily to foreign interference, as the opposition of the National Assembly to the appointment of an Adviser had been largely instigated by Japanese while Chinese fears of foreign control had been aggravated by the action of the Russian and Japanese, as well as the French Minister.

Co-operation with England, France & Germany suggested. Russian and Japanese intrigue Mr. Calhoun, therefore, on the 23rd of January, telegraphed the

Department of State suggesting that an attempt be made to secure the acquiescence of England, France and Germany in the appointment of a single Adviser and the co-operation of these powers in overcoming the obstacles created by the representations of Russia and Japan.

If such quadruple combination were effected and successful in checking Russian and Japanese activities it would still be necessary to overcome native opposition. No matter what official assurances may be received from Japan this opposition will still be fostered by intriguing Japanese. These domestic difficulties, however, should not be insuperable.

SUMMARY

The Chinese hoped, by securing a large loan in the United States or through the agency of the American Group, to create an American investment in China sufficiently large to enable China to invoke American assistance in case she became involved, as seemed not unlikely, in complications with other powers.

Currency Reform was necessary to China's development; earnestly desired by certain high officials, and had long been urged by the American Government.

A proposal to raise a loan for this purpose therefore was undoubtedly deemed best calculated to interest the United States. In order to manifest their sincere desire to undertake this Reform the Chinese promised to appoint an American Adviser. It is not improbable, however, that they intended such an official to be a figurehead, without real authority, as had been Sir Walter Hillier, at one time Adviser to the Chinese Foreign Office.

Although the Chinese were anxious for American political support they clearly showed, during the negotiation of the Preliminary Agreement, that they would not accept the price which the American Group could
pay for their bonds if the issue were limited to the American market.

Prior to the signature of the London Agreement it seemed that the American Group could alone negotiate and sign the Currency Loan Agreement, and at the same time issue in England and Europe.

The French and German Groups, however, insisted that the London Agreement should stipulate that loan agreements for joint business be jointly signed.

It was therefore obvious that the European bourses would be closed, or at least strongly influenced, against the bonds of the Currency Loan unless the Tripartite Banks were admitted to joint signature.

The representatives of the Tripartite Banks and certain diplomats at Peking had, on the conclusion of the Agreement of October 27th, assured the Chinese that the American Group could not pay a good price for, or even alone absorb the entire bond issue of $80,000,000.

On the announcement of the London Agreement they asserted that, as anticipated, the American Group had been obliged to make arrangements to "unload" in Europe.

The Chinese were therefore greatly disturbed, and for two reasons.

They were confronted by a "banker's ring," and would no longer be able to benefit by competition between the American Group and the Tripartite Banks.

They realized that in order to secure a satisfactory price for their bonds they would be obliged to admit the Tripartite Banks to the Currency Loan.

This being the case they feared that if they fulfilled their promise to appoint an American Financial Adviser China would be subjected to an international control. These fears were aggravated by Japanese representations to certain officials, and the members

of the National Assembly, and confirmed by the action of the French Minister.

It was apparent that an arrangement would have to be made under which English, French and German banks would take the major part of the bonds. The Department of State insisted that China engage an American Adviser.

Mr. Calhoun and Mr. Straight, however, were neither able to assure the Chinese that England, France and Germany would accede in the appointment of a single American adviser if the Tripartite Banks were admitted to the Loan, nor to propose to them a plan which, while securing the admission of the Tripartite Banks, would preclude a demand for joint advisers from those Governments.

As intimated to Mr. Calhoun by Herr von Dernburg; England, France and Germany could hardly have sympathized with the use of the London, Paris and Berlin markets to increase American prestige and influence in China. If is possible, however, that in view of the indirect influence they would acquire through the cooperation of the Tripartite Banks with the American Group in the Currency Loan, they might have been willing, if necessary, to suber the to the appointment of an American Adviser.

The possibility that China might have been strengthened and her development assisted under American auspices was distasteful to both Russia and Japan. These powers did not desire an investment by the Quadruple Banks. They rightly regarded the cooperation of these institutions in China as tantamount almost to a quadruple guarantee of China's integrity, which might interfere with their own policies of keeping China too weak to resist their aggression. If they could not block the Currency Loan they were determined at least not to be excluded from a participation
obtain funds, the need for which is generally believed to be pressing, not from the Tripartite Banks through the agency of the American Group but directly from those banks or, if the London Agreement was still in force, from the Quadruple Group. Thus the American Government would no longer, despite the promise of Hsü Tung and Duke Ts’ai Tso, have so strong a claim as at present for the appointment of a single American Financial Adviser.

The Chinese, however, cannot claim cancellation on the ground that the American Group, under the London Agreement, violated the understanding that it should alone negotiate and sign the Loan Agreement. They have been repeatedly assured that the American Group, notwithstanding the London Agreement, is still prepared, as from the beginning, itself to purchase the bonds.

In the original proposition made to the Group through the Legation and the Department of State the Chinese Government engaged to appoint an American Adviser.

On the understanding that such Adviser would be appointed the American Group signed the Preliminary Agreement of October 27th, 1920, it being clearly stated prior to the signature thereof that the American Group reserved the right to share the Loan with such associates as it might see fit.

Article VI of the Preliminary Agreement provides for cancellation in case an agreement cannot be reached regarding the points not settled (in the Loan Agreement itself.) Those unsettled points are those affecting the security for and the service of, the Loan; the creation of a sinking fund, the deposit and withdrawal of Loan funds and the dates on which interest on the bonds shall commence and cease. (See Articles III and IV)
Russian and Japanese representations have now, to a great extent, been responsible for blocking the negotiations for the Currency Loan.

Not content with dominating Manchuria these two powers are apparently determined either to prevent the legitimate and natural development of China itself, or to secure a share in the control of such development and a participation in the loan desired by China to make that development possible.

The Group has now carried the Chinchow-Aigun and Currency Loan projects as far as it can. Until the political atmosphere has been cleared these two enterprises cannot be concluded nor can any project affecting the position of these two powers in Manchuria or even China proper, be successfully undertaken.

It is, perhaps, impossible as well as inexpedient for the American Government to attempt alone the support of China against Russia and Japan by making effective its repeated declarations regarding the Open Door.

It would be wiser, then, for the American Government to endeavor to secure the co-operation of England, France and Germany in supporting China in developing Manchuria and in securing Currency Reform and thus assisting her to a development by which all the trading nations will profit.

If this is not done it must be admitted that the American Group entered China with the active support of the American Government and has been checked and thwarted, and has failed through the machinations of Russia and Japan.

To acknowledge such impotence would seriously affect the prestige of the United States, and would have a direct and most important bearing on the ultimate fate of the Chinese Empire.
It hasn't really been so long—though it seems an age, since I've written you, dear child. It's been because I've wanted you, and thought to you so much, and yet I've been unable to bring myself to put pen to paper. You're cable I read at breakfast was the 31st and it helped. What have you been doing in Washington? It seems so foolish to ask the question, when it will be a month before this reaches you!

I am sick at heart, for I do not see light anywhere. I am much afraid that the P. Plague will seal the fate of Manchuria. The death rate is not perhaps so heavy, but the wildest rumors are afloat that the Japanese are poisoning wells. These stories combined with the panic naturally accompanying the ravages of the plague may drive the people into some foolish action—a riot, two or three Japanese killed, and troops would be rushed in and the whole country seized in fact, if not in name, and no one will say them nay. As a political and diplomatic— even a financial—force, we are a busted flush. Our bluff has been called. That letter that I wrote you from London was more true than I realized at the time. Then it was instinct, now it is knowledge, based on experience. It was time to chase rainbows in Hudson-fine here a year ago when you could believe in the power behind you. Now it is false. Far from me, be it to say, that I don't believe in forcing the game, and gaining your ends by diplomatic bluff. Such is the history, largely, of diplomacy. What I object to, is so bungling your play that your opponent realizes that you hold no hand, and calls you. If only we had the nerve which our ignorance ought to carry, we could go on, and raise the ante and win— for neither Russia nor Japan want to fight any more than we do. In politics and in cards, it's the same— if you're bluffing, to be successful you've got to freeze the other fellow out. In cards he may sometimes fool you. In Far Eastern politics at present I don't think he would dare go beyond a certain point. I may have given you a wrong impression sometimes. I don't object to bluffing so much per se. What I hate is cowardice, being caught with the goods, when by a little nerve you could get away with them.

Poor little Gwenie died tonight. She'd eaten poison that we put out for the rats, as a precaution against the plague. She was a dear little doggie and I'd had her for four years. Poor little dumb soul. William is ill—lungs, and has been frightfully depressed for a long time. I learned tonight through the office boy who is a pal of his that he'd been worried ever since his return to Peking because his father was urging him to come back to Pooshow and get married. I had him in yesterday afternoon and demanded what was the matter, for I'd noticed for some time that he was getting worse and worse. He'd made a bluf at taking the Doctor's advice but only a bluff. Not a word would William tell me. He sobbed though, but though I tried ever so kindly, I couldn't get anything out of him. Tonight I had the office boy in and asked him and he told me the reason. "So I sent word to William that he should start south on Tuesday. When I went out to his room later he seemed more cheerful. He wanted to go all the time, but wouldn't ask for leave. They're a funny people—but old William is a faithful servant. So now he's going off for two months.

Not a word in from the Group of any sort. I know what they're attitude is at present just as well as if I were in the corner room at 23 Wall. I can hear Knox and Wilson talking also—and I feel that I have failed. It's small consolation even to know that the task from the outset was well-nigh impossible and made quite so—that phrase I've used before to you—"Wonder of the World—by what I, at least, feel to have been their failure to try the schemes which might have rendered some accomplishment possible. They'll never admit that. If we get anything through it will be only through the help of the Powers. That's not what we started out to do. I wonder of you know what it all means to me.

You wouldn't find me very cheerful company if you were here—but Alun—child.

God Bless you.
Oh, Little Dorothy— if you only knew what a difference your letter made—that written on January 4th—started rather— and finished at Roslyn on Sunday the 8th—came last night. It had been almost two weeks— twelve days to be exact—since I'd had a word. When I hear from you I can stand—or try to—all the rest, but when I don't, the bottom's out. I know how rushed you are and all that, and that you're thinking, dear child—and it doesn't make me bitter or peevish but it makes me feel absolutely alone—for I've told you, dear, that your letters dear, are all I have.

This was a wonderful letter, and I'm so glad that you wrote so nicely to Henry— and that you liked his answer—you'll like him better—and that you thought old Chayne sweet—Mary Carlisle's a fool not to take him—some day she will. I'll bet—and above all that you grew fond of Alice. You were fine to be nice to Katherine and to want to comfort poor Julia Meyer. It's like you— oh Wonder of the World— just you,— only you, dear child.

You tell me not to chuck it. Nor will I,— you know that, unless it becomes impossible. And for your sake, and because you've written as you have— I'll stand much more and hold the guns much longer than I otherwise would, and try and try and try again—Dorothy—recommend and suggest and do— even though it seems hopeless— even though they won't let me follow the only course that seems practical. But this is all you,—me at all and if ever anything comes of this it will be because you said—"Steady"— and because for your sake I want to win— and will— humble my pride to do so— when otherwise I would never, never have gone on. God bless you, Dorothy — You're a true soldier and you hold me to the same, and I'm grateful to you,—you dear child—my own true Princess of Wales—my Beloved.

What I liked best of all, dear, in your letter, was you're saying that you always wanted me when you were with charming people. It strikes me time and again— how the same thought seems to strike us. Both at the same time. Just as you were writing this, on the evening of January 3rd and 4th in fact— I dined in the British Legation and with the Calhouns—and they were nice parties, and I wanted you so, dear child—and wanted so to have these people know you that it was all I could do to keep from saying, "You're all pretty nice and it's a good party, but you should have my Dorothy here," and to Lieutenant and Mrs. Fraser I almost said, when they told me they were going home, — that they'd have to go across America in order to meet you. Did I write you this? I think I did. With the old Minister I'm always wanting you. You'd draw him out. Last Sunday he told me a very sweet, very sad story,— and the tears ran down his cheeks—they did down mine too—and I loved him for it—and oh, child,— I wanted you so. Because you'd have loved him more than I, and have made him know that you did— which I couldn't.

Today we've had a long walk, the Minister and I— and again I feel that I've scored. It's quite a long story— For some weeks past as I've written you— I've been much concerned by the Manchurian situation— for I felt that the Japanese and Russians might take advantage of the plague scare to stir up a row which they could use as an excuse for grabbing the country. The Chinese have thought the same thing. Day before yesterday— I got thinking about it all and it suddenly struck me that we might utilise the Chinese funk to put the loan through. I spoke to Mr. Calhoun— and as usual at the first blush he was sceptical. Yesterday however— I got hold of the Viceroy's Representative— and Sheng's Secretary and gave them the dope as follows— (Very business like this.)

1. Situation in Manchuria serious— Japan and Russia may make some excuse to seize the country.
   admitted by Chinks— with groans—
2. What to do?
   They didn't know—
3. You must call on America?
   Yes—
4. You know America won't fight?
   Ye- es—
6. You know America is disgusted owing to your failure to appoint an adviser - and put through the loan?
   Yes- es-

6. If America won't fight you must then get in France - England and Germany - these being the powers with America interested in preserving the integrity of China?
   Yes- Yes-

7. You know that America is disgusted with you - because of the Currency and Hukuang delays - and that K. P. and G. are also sore because of the Hukuang and because you dont want 'em in the Currency loan?
   Yes.-

8. Isn't the best thing for China to do then to settle these loans - the Hukuang and admit the Tripartite to the Currency?
   Yes -

9. Do you realize that if you wait until Japan and Russia have done something in Manchuria - that there will be unsettled conditions all through China and that no one will lend China money?
   Hadn't thought of that, but yes -

10. Isn't the best thing then to put these things through now?
    Yes -

11. All right then - You must realize - First -- that you've got to appoint an adviser. Second -- that you've got to act quickly in admitting the tripartite banks.

12. Scheme as follows -

    On the assurance that China will appoint an adviser - no diplomatic notes to be exchanged owing to secrecy. Straight will privately negotiate loan agreement with Sheng. Price of bonds, etc, to be settled by Group with Europe and tripartite managers at Peking to know nothing till the last moment.

    Agreement settled thus -

---

Teai Tse to ask American Government to recommend " an adviser ".

Calhoun to reply that American Government would do so - No commitment as to nationality (why, later).

Straight to present loan agreement - Group to tip Groups in Europe who would instruct Hillier, Cordes and Casenave to sign.

13. Faced by a loan agreement signed by the four powers, Russia and Japan would be unlikely to demand admission.

14. No mention of adviser in loan agreement. Other powers could not demand joint advisers. American Government however - before recommending an adviser - to consult England, France and Germany. If they could land the job for an American, well and good -- if not, Dutch or Swiss. In any case we would have the four powers behind whoever was appointed.

15. This joint investment (?) being tantamount to an international guarantee of China's integrity -- Russia and Japan would hardly dare take drastic action in Manchuria.

Q.E.D.

Sheng I shall see in a day or two. Prince Teai Tao I see tomorrow. I have already wired Davison outlining the plan and telling him we must have a free hand here. Calhoun concurred in the telegram yesterday - and today promised to put the situation up to Duke Teai Tao. That's the score of this afternoon's walk. Now it remains to see whether Davison will let us go ahead, or whether the Department of State has done some foolish thing in Europe. If Davison doesn't approve I'll keep at him till he does. If the Dept's played the goat, we'll be obliged to shift the chee men but the general proposition is all right -- isn't it? oh Wise Lady. And now dear child, the reason of it all is this-- I was very blue and hopeless and didn't know where to turn. Had it not been for you I think I'd have been tempted to let it slide, and wait to see what New York and Washington could evolve. But you, dear- your Faith in me, made me feel that I must win, or try again anyway. Here you are, and then your dear letter came to give me fresh courage and hope, and determination.
No 35.

Sunday evening, February 6th, 1911

You say that I must win the Great Happiness—Dear Dorothy, I am trying to win you. The only Great Happiness for me, is yours to give.

God Bless you.
Dear Mr. Levinson:

The wire that went off to you on Saturday may have startled you somewhat. I confess that after Calhoun's last interview with the Duke, I thought the game was pretty well up for the present. Of course the Group is protected under the Preliminary Agreement, and even if the Chinese should cancel that, they will eventually have to come to the Captain's counter for their money, for I doubt if any one will be strong enough to buck the quadruple banks. The situation in Manchuria, however, seems to open up a fresh chance. I hope that you will tell us to go ahead. What you want now, and what we should do about it, I trust that you will give us a free hand. It's very expensive to explain everything by cable, and I can't help but feel that we know what you want now, and that the manner in which we should get it ought to be left pretty well to us. The reference to the adviser in the loan agreement is an obstacle which we can't very much get out of the way. As long as you get an auditor, and the adviser is appointed, I hope that everything will be all right and that you will make this concession which would so greatly facilitate our negotiation.

The whole matter has been set forth as carefully as I could do it, though at awful length, in the Memorandum that I am sending the Group today. I well know how busy you are but I hope that you may find the time to go through this matter, for I should like to feel that you had considered, spying, our point of view, and what we have been up against from the start. The crux of the matter has really been that there has been an effort to get an adviser while advancing one quarter of the money, and the Chinese have feared that we couldn't get away with the goods, and that they would be forced by the other lenders, to appoint three more advisers. The Department will have to arrange with the other Governments that one adviser shall be appointed and that we will all stand behind him no matter what his nationality.

There is no need to elaborate the arguments by which I hope to bring the Chinese around to the scheme I now have in mind. The scheme itself is as follows, and I hope that before this reaches you you shall have been able to make something out of it.

The Duke and Sheng to give us assurances not written, as the whole thing must be very secret, that China will ask the United States to recommend an adviser.

Straight to conduct the negotiations quietly and unofficially with Sheng. Unofficially, to forestall any attempt to cancel the Preliminary Agreement if we can't come to terms on the price etc.

When the time comes you want to ascertain from Grenfell (as it seems Calhoun will not accept our request to decide this open and above board) what price the European groups will accept, to advise me, and I to insert this price in the agreement, which will be drawn on the general lines of other agreements to which the tripartite banks have been party.

When I have reached an agreement with Sheng about to the Loan Agreement, the Duke to address the Minister asking that the United States recommend an adviser, whose functions etc., shall be in accordance with the instructions from the Department. Calhoun to reply that the United States would do so. I to submit the draft loan agreement to Sheng, to advise you, you to advise the European Groups, to instruct me to submit the loan agreement to them, and their principals to instruct them to sign. Some slight alterations might be necessary, but we ought to be able to put the whole thing through in three or four days after the Duke has written his note to Calhoun.

The Peking Managements of the Tripartite to know nothing about the matter until they are told from home to sign. This secrecy is very essential.

Russia and Japan would be confronted by a fait accompli and would probably not dare risk the displeasure of the four powers by attempting to block a loan in which all were interested. Nor would they probably endeavour even to secure a participation.

No reference being made in the loan agreement to the appointment of an adviser the tripartite banks would probably not care whether he were an American or from Timbuctoo, as long as they made their flotation profits.

Their Governments however might feel differently, and unless all four Governments were in accord Russia and Japan might make trouble. Hence our promise to recommend "AH" adviser. With this commitment from China in its pocket our Government would very graciously consult the other three as to who should be recommended. If we could get away with an American well and good. If not make him a Swede or a Dutchman, but whoever he is have him approved by all four powers before the American Government recommends him. Thus they would all be committed to his support and all would stand together to keep Japan and Russia from butting in. Having promised to recommend "AH" adviser only, we save our face if we can't pull off an American.
Of course I am not laying any bets that we can put the thing through on these lines. It is, however, worth trying. I am now putting the fear of eternal damnation into the hearts of the Chinese about their mess in Manchuria. I've filled the Viceroy's representative with the dope, have loaded Cheng's Secretary, the old man's cock, and am today going to see the Regent's brother, Prince Tsai Tao. Calhoun will carry the word to Tsai Fei. I speak this lightly, but it is really a very serious and imminent menace that confronts them. Why shouldn't we make use of it, to pull of the loan?

You will say "That's all very well, but if the political situation is so bad, when do we come in with our loan?" The answer to that is that the loan itself is the one thing that can remedy the political situation by lining up the four powers behind China, and making the Russians and Japanese afraid to move, even, perhaps, in Manchuria. That's why they are so keen on blocking the loan altogether.

In any case if we should put it through and they should still feel themselves strong enough to make trouble in "anchuria", which would react of course, all through China, you are protected by Article III, and can stand from under.

I say that this is the only bet now. Three weeks hence I may have another. Please remember that I know what you want and what the departments want, and that as I believe you once told Mcknight, if you can't go through, go over, if you can't go over, go around, but go! I'm trying to, and I hope that one of these days we'll have a loan agreement nicely wrapped up with pink ribbons, and insured against flanges, robberies, and Japanese. I hope that day will be soon for I don't mind stating in the strictest confidence that this thing is getting on my nerves, and that I want to get home anyway.

With kindest regards always,

Sincerely yours,

[Signature]

The Willard Straight Papers at Cornell University
February 6th, 1911.

Dear Slogan: [Logan]

The typewriter of commerce although seemingly an unfeeling medium of communication has this advantage, - it's legible. No matter what depth of thought and sentiment I might endeavor to hand out to you on the written page, I fear that 'twould fall on barren soil, owing to the difficulty you'd have in discovering what I was driving at. Hence Mr. Underwood steps in like Gillette and his safety razor, less exciting, but saves the face of the friend.

For many moons I've contemplated this epistolatory step. Beyond contemplation, however, we did not care to go. It's well to stop, look, and listen sometimes, more so perhaps in correspondence than at country grades- I'm ashamed of that voting joke, but Lord, in a country where hundred year eggs are a delicacy what do you expect? What spurred me on was the sight of your snug and well-groomed face on William's mantel. Why, Slogan was William more honored than I. Do you know I've not a single picture of you or Cheyne either and my old 1718 H. sheet has been lost in the wash. Please remedy this defect in my life. Send me your faces. Children that my heart within me, may be glad and my reputation enhanced by the eminent respectability on my drawing room table.

Sincerely yours,

Willard Straight
Some time ago I lent you a Round Robin, not robbin' nor yet Robinovitch- that fellow was well named- I hope that you met and liked frenah. I've only heard indirectly of yours being in the picture still- playing with beautiful ladies and telling them that they are the only one's who really belong to 1918 H. Your right slogan, but doesn't your conscience prick you when you say this thing? 'Twas ever thus, you a gay young Lothario, bussing each bud'. Fie on you slogan! What of Washington, the Purrand Undefiled? Who stalks on the Rialto, and holds up the bar at the Club? Who makes merry with the debutantes, and figures in the cotillions on top of the New Willard? Who holds meal tickets and where? Give me the dope slogan, and quickly.

Things here are not going either well or rapidly. I'd not mind the well so much if I had the rapidly. But I am possessing my soul in patience, which is about the hardest squeeze it's ever got into yet. I think that the white little thing will warp, darned if I don't, and then what will Uncle Andrew say? We are having Plague, in spots, mostly Manchuria, but the trouble is that unlike the leopard, this disease can change its, and we may have it badly when the flea season really opens. Just now the pneumatic variety predominates but with the Spring time gentle annie, the rats will have it, and the fleas will bite, and bubonic will be on us. This with a comet, and an earthquake, rumors that the Japanese are going to swoop down on China, and that Russia will step in from the north, give a nice little pot pourri to feed the Pea-Pull, who are taking the mental pabulum without reservation.

My only fear is that they may have indigestion, and then there will be trouble for all, and loans for none.

Frather, that hound, wrote me twice, long ago, since which there has been no other. He said that he had Robinson Crusoe looking like Broadway when the theatres disgorge, and that England's splendid isolation was an aviation meet compared with him. Looking his turn of phrase I can only repeat, in the language of the great English author, "Me Too."

If you are chasing the Blue Bird Slogan, never come to China. They're all green and yaller, and the power of the Gold Dust twins won't remove the paint. "Dolce Far Nurse" which means the "Cakes are finished" is my refrain, and the Bakery's empty and one can't even buy a decent bun. How are the mighty fallen! To think that once I was like one of Youse, catching Connecticut Avenue cars to free dinners, listening to grrreat thoughts of our greatest men- how is John Barrett- in the corner of the Club fireplace, and wasting on laundry and taxicabs what I saved on board. Butterflies All! In my youth I did eagerly frequent, the laps of luxury, but went, to China looking for a road, of rails to carry any load, alasck the only load I got was quickly spent! I hope slogan that you are familiar with the Persian poet Hovarum Khayyam?
For this unmitigated nonsense forgive me. Write me a sensible letter - if possible, and give my love to everyone and hugs and kisses to the family.

Yours,

WILLARD STRAIGHT.

William poor lad, is pretty sick. I can't make out whether it's lungs or fear because he's got to go home and get married. If he gets married he'll need the lungs, C. E. D.
d. J. P. M. & Co.
Letter No. 145

Lever. It seems possible, however, that the latter loan cannot be negotiated with China unless an understanding be first reached between the four powers.

This may require some time to bring about.

The Group's position seems to me to be secure for it is not improbable that all three enterprises in which the Group is now interested will eventually be put through. It would be a mistake, therefore, for the Group to abandon these enterprises.

On the other hand the Group is now incurring a heavy expense for the maintenance of its establishment here while there seems to be no immediate prospect of securing any returns by the conclusion of any of the above loans.

I believe, therefore, that it would be to the Group's advantage to interest itself in smaller enterprises such as short loans to Chinese, financing of mines, construction of waterworks, etc. There are many opportunities for such investments which promise a good return and are free from political complications. I therefore submit for your consideration the following recommendations.

1. That the present office of the Group at Peking be closed, the Group to be represented at Peking by a practical business man and banker who shall be the Manager of the Peking branch of the International Banking Corporation and have authority over the Bank Managers at Shanghai, Hankow, Canton, and Hongkong relative to all matters in which the Group may be interested.

   a. This Manager should be assisted in handling the broader interests of the Group by Dr. Hatrell and Mr. Gears.

   b. By Mr. Nestor or some other member of the International Banking Corporation staff familiar with exchange and the other details of banking business in China.

This Manager would be in a position to watch the larger enterprises in which the Group is already interested, and would act with the Peking Managers of the Tripartite Banks in negotiating any new railway or other loans which might be secured from the Imperial Government.

This Manager should have at his disposal funds for investment in such smaller enterprises at Peking or elsewhere as might appear profitable, acting either alone or in co-operation with the Managers of the Tripartite Banks.

In case the Group were to interest itself in the Anglo-American Construction Company, the organization of which I assume the Group has discussed with Lord ffrench, the Peking Manager of the International Banking Corporation could co-operate with the Managers of this Construction Company.

Although the relation between the Bank and the Company, if organized, should be close it would probably be well to have two distinct organizations. The Manager of the Bank could possibly be the Group's representative, acting
with Lord French and the Chief Engineer in directing the activities of the Construction Company. In this work, as in broader business of the Group, as already suggested the Manager of the Bank could be assisted by Mr. Cathrell and Mr. Gears who would, therefore, be members of the Bank staff.

If the Group adopted the above recommendations some changes would doubtless be necessary in working out the practical details of organization. If the loans in which the Group is interested are concluded at once, however, some such establishment would seem best calculated to meet the new situation. If, on the other hand, as seems probable, long delays must still ensue before any of these three loans are signed I believe that if the Group would work in China on the lines suggested it would protect its interests in these loans and secure a profitable general business while awaiting their successful conclusion.

Yours truly,

[Signature]

February 6th, 1911.

Memorandum of Conversation with His Imperial Highness Prince Tsa Tung on the afternoon of February 6th.

Prince Tsa Tung received Mr. Straight at his Palace on the afternoon of February 6th.

Mr. Straight reminded His Highness of the former interview, as a result of which His Highness promised to point out to the Prince Regent the necessity of China's engaging a Financial Adviser in order to make possible the conclusion of the Detailed Agreement for the Currency Loan.

Mr. Straight stated that he realized that His Highness was not directly concerned with the administration of China's finances but hoped that he would again use his influence to expedite the Adviser's appointment and thus pave the way for the early conclusion of the Currency Loan.

Mr. Straight stated that he was acting entirely unofficially and privately but felt that China was confronted by the most serious crisis, and therefore took advantage of the Prince's former consideration to lay certain facts before him.

Mr. Straight called attention to the serious condition in Manchuria. He explained that Japanese policy must be directed to bringing about some clash with China in order that she might secure a permanent title to the Kwantung leased territory and the South Manchurian Railway. He further pointed out that while the United States, England, France and Germany were interested in the preservation of China's integrity both Russia and Japan desired to keep China too weak to resist their aggression. He stated that the people were reported to be much excited by the stories that the spread of the plague was due to the fact that the wells had been poisoned by Japanese. These rumors were, of course, untrue but owing to the panic caused by an increasing death rate the fear that at any time there might be anti-foreign or anti-Japanese riots which would enable Russia and Japan to rush
troops into Manchuria and strengthen their hold if not actually seize this region.

The Prince admitted this possibility.

The Prince also admitted that in case Russia or Japan or both took such action there would be general unrest and possibly outbreaks throughout China proper.

The Prince further admitted that China would be unable herself to meet Russian and Japanese aggression and would be obliged to turn to the foreign powers for assistance, and agreed that such assistance would best be secured if the powers, and particularly America, felt that their interests were menaced by the actions of Russia and Japan.

Mr. Straight then pointed out that the American Government and the American Group were disappointed and much chagrined by the failure of China, as promised, to appoint an American Financial Adviser and conclude the Currency Loan; and that England, France and Germany were irritated by the failure of China to settle the Huzhong Loan and to admit the Tripartite Banks to the Loan for Currency Reform. To secure the assistance of these powers against the encroachment of Russia and Japan it would be necessary to give them some preliminary. This could best be done by admitting other banks to a participation in the Currency Loan and immediately settling this matter and the Huzhong.

If Manchuria were seized or occupied by Russia and Japan and general unrest should follow in China it would be impossible to float Chinese bonds on either the American or European markets.

It is therefore essential that immediate steps be taken by China to secure the friendly interest of the four powers by concluding these two loans.

Certain officials favored to appoint an American Adviser and to proceed

with the Currency Loan because Russia and Japan had demanded a participation therein and insisted also that Russian and Japanese Advisers be appointed.

Russian and Japanese efforts to secure a participation in this Loan would be no more successful than was the Russian attempt in the face of the opposition of the four powers to secure a participation in the Huzhong Loan.

An arrangement could be made, moreover, whereby the Chinese Government should request the American Government to recommend, not an American but, a foreign Adviser. The American Government, before recommending such an official, could consult with the Government's of England, France and Germany, obtain the approval of the man to be recommended, whether American or some other nationality, and thus secure the acquiescence of these three powers in the appointment of a single Adviser.

With the four Governments of the lenders committed to the appointment of a single Adviser it would be difficult for Russia and Japan to insist upon having advisers also, particularly since their bankers would probably be unable to secure anything more than a small, if any, participation in the Loan and would not, in any case, be signatories to the Loan Agreements.

If China acted quickly in this matter and created a large joint interest by permitting the four banks to float the Currency Loan she would obtain practically an international guarantee for her integrity, and any drastic action which Russia and Japan might contemplate in Manchuria might be forestalled.

His Highness seemed impressed with these statements and promised to lay them before the Prince Regent, and through His Excellency Ch'ung Hing Pei to bring pressure upon Duke Ts'ai I'ye to proceed to conclude the Currency Loan on the basis suggested.

He reiterated his conviction that the appointment of an Adviser was necess
ary and stated that he feared that Duke T'ai Tso had not taken a broad view
of the situation but had been influenced by the arguments of certain subordinates
in the Board of Revenue, notably Dr. Chen Chin Tso.

His Highness thought that if the situation could be clearly presented to the
Duke when Dr. Chen Chin Tso was not present that the Duke might be able to re-
ognize the need for immediate action and could be convinced that in appointing
an Adviser China would not run the risk of being subjected to international
control if, to secure a good price for the bonds, she admitted the Trigartite
banks.
February 7, 1910

Dear Straight:

Your very welcome letter was received. I should have answered before, but I have been trying to raise together the Publications which you desire and as you already know that takes time, west of the U.S. I have been able to secure for you the Report on the Adoption of the Gold Standard and Japan in the Beginning of the 20th Century. I also applied for the Report on post-bellum Financial Administration, 1890-1900, but as the report for the years was out of print, I sent me that for 1906, which refers to the Russian War and will probably be of no use to you. I sent it on anyhow. As I got all of the publications from the government, there is no charge whatever. They will reach you under separate cover by this mail.

Through the press I have followed you around the world, and it takes no strong imagination to believe that you have been busy. Your position certainly makes you one of the most observed public men in the Far East. This must give you a heavy sense of responsibility, but a pleasure to know that your work is contributing to the shaping of events in this part of the world. You evidently have more than you want try your patience, and certainly nothing less than a god could produce any deeper impression on the inertia you are up against.

In regard to that letter I promised to send by Kennedy, he left Tokyo before I expected him to do so, and as you started for Europe not long afterwards and I was not at all times certain of your address, I did not like to entrust any letters to the post office. With reference to the B.G. matter, it was smoothly settled. We again emphasized the severance of M's connections with the office at the time of his activities, and assured B.G. that his statements had greatly exaggerated the facts. B.G. then said that his statement was entirely private and was not intended to serve as a basis for any official action. Relations are now almost tip-top, and we have already secured some local orders. The whole affair seemed to be merely a momentary eruption.

Since last writing, I believe, the whole embassy staff has been renewed, excepting the Ambassador and my humble self. You of course know Schuyler, and have probably met Captain Sumner. I have been living in Miller's comfortable residence on the compound and enjoying the duties of my job, and as far as I can see, the Department intends to keep me in it for some time to come. I hear from Miller on rare occasions, and from Wilson on even rarer ones. They are both of course as busy as bees, and must be pretty well worn out when they finish their official letters. They are not blessed with such energy as yours which makes it possible after a strenuous day to thrust out buckets of person-to-person correspondence until two or three in the wee hours of the morning. At least that is what you were wont to do at Mukden, and my only fear for you has been that you would break down physically under the excessive strain of work.

By the way, the Fairchilds', mother, son and daughter, are at the Imperial Hotel. I have just received a note from them on my return from a three days' hunting expedition, and am going to call at the hotel this afternoon. They seem to be spending a short time in Japan, and, if they haven't been there yet, will also, I suppose, make a visit to China. It is possible that they may be going to Newchwang to see Nelson's grave. I shall try to do my best to give them a good time here, and arrange to have them at a dinner where they may meet some of our best Japanese.

The Diet is now in session, and although nothing of an exciting nature is happening, its proceedings keep us a little busy. If anything of interest to you comes up, I shall send it on.

Well, with all sorts of good wishes, and with the sincere hope that you will call upon me whenever I can be of any use. Remember me to all my friends.

Very sincerely,

F.S. I am also sending together with the books mentioned above a copy of the Annual Report for 1907 on Reforms and Progress in Korea, which contains on page 48 something about currency reform in that country.

Original in private hands.

The Willard Straight Papers at Cornell University
COPY of telegram sent to
A. W. W. (R.F.)
NEW YORK,
FEBRUARY 7th, 1911

Have formed a decided opinion Russian Minister
in Peking has been selling us pups, that Russian Government
if possible will block any railway Manchuria and that your
going to St. Petersburg would be final evidence our weakness
and defeat our purpose STOP I do believe you should, in
accordance with policy discussed before you left here, devise
some scheme which British Government, American Government,
will support, then if possible secure quadruple signatures
to contract and have Russian Government informed hands off
STOP If this is impossible would prefer on present claim
situate hoping that eventually conclusion American financial
Group and Hukuang Loan will give us strength sufficient to
enable us to force reasonable solution. This suggestion
based upon the political situation here. You may have strong
reason think otherwise.

STRAIGHT.

Original in private hands.

The Willard Straight Papers at Cornell University
February 7th, 1911.

Dear French:

Your letter of the 13th of January was very welcome. I've cursed you even as you cursed me for not writing as usual, and then you pointed out my position better than you did before, just as I do yours, so we're quits on that.

Several wires have gone off to you and I am sending another today, urging you to abandon the idea which from your letter to Lady French, portions of which she read to me, you seem to entertain, of going to Petersburg and negotiating yourself with the Russians. I am quite prepared to take your view in the matter if you can controvert my arguments, for you've had an opportunity to size up the situation at home which I haven't. My opinions therefore are based largely on my estimate of Haman, and, particularly Russian nature, and my conviction that, as I told you today, Kerensky has been selling up puppets. Subject to your superior knowledge therefore I submit.

That Kerensky in both the Chinese and Currency Loan matters pretended to be friendly and anxious to smooth things out. We poor innocent little easy marks believed him. He took the dope that he got from us and dished it up to his people in Petersburg who promptly used it to spin our goss.

I began to suspect him when he cleared out of my arms in Petersburg. I became more dubious when I learned this time on coming through that the change of route which he had appeared to approve in conversation with you would be turned down by the Russian Government. I have been convinced by the action of Russia regarding the Currency Loan. They turned down the participation offered to nestalina and kept a free hand which they used against us. Old Koral recently goaded de Margerie that Russia wanted China "to stew in her own soup." This we've suspected all along, but I didn't think that he would turn us in the eye, believing that although his Government might be unreasonable he himself was pretty straight. Another ideal shattered!

Now, my dear French, if you go to Petersburg, even with the British Government to tell the P. O. that they would like some solution worked out, you'll give final evidence of what they must already suspect, i.e., that we can't go ahead as long as they veto our plans in Manchuria. Convinced of this they will veto whatever you put up and you will, in the meantime, by suggesting to them some compromise, have put yourself in the position of recognizing their power of entrapment. Now I'm not at all sure that my going to Petersburg did not have this effect. If it did it was indirect, for I stated that my visit distinctly did not mean a recognition of their right to stop the railway and that I had come merely to show, before going ahead, if they seemed desirable, that we would be glad to hear any reasonable alternative proposition they might have to advance. Their proposals were impossible and I told them so. If, after my return, you see and without anything more than the flabby backing which the P. O. seems willing to accept, you fear the whole thing will be in the hands than ever. Rather than do this it would be far better to sit tight for a time in the hope that once we get the Kharung and Currency Loan through we may be able to secure sufficient additional support to enable us to force the Russians and Japanese into a more tractable frame of mind.

The plan of action we outlined here, it seems to me, should still hold good. It's poker but it's the best way to play it. I knew that you did not entirely agree with me here and that you felt that P. O. should not be in Petersburg. But I did, and still do, disagree with you. I think that the only way in which we can with the situation as it now stands, hope for success, is to get the British and American Governments to back them that will support some certain route, when they are so committed to can the Chinese up and let in the Quadruple banks, and while this is being done the two Governments should tell the Russians, with the help of Germany and France if it can be secured, that she must keep her hands off. This may be difficult unless we get the Currency Loan through with Quadruple signature, but I think it's the only line to take.

Things here are not going well. As I wired you, the Japanese are spreading rumors of impending trouble and the Chinese are much excited over stories that there will be war between China and Japan. From Manchuria where the death rate is increasing, come reports that the enemy at the present is due to the poisoning of the wells by Japanese. The nature of the disease makes such a theory ridiculous. It is only that in order to precipitate a riot or row of some sort the Japanese are quite capable of sending poisons to drop powders of some sort into the wells. Were this done and trouble started the world at large would never credit the truth. It's very harmless is the best protection and the Kindsberg could have. To them, with the Legations of the Kuangtung Leased Territory drawing to a close; with the Alliance good for but a few years more, with the Panama Canal nearing completion, and China standing a chance of becoming strong enough in one of these days to insist upon re-purchasing the South Manchurian Railway, the situation is indeed serious and it behoves them to devise some means whereby they can make their position in Manchuria secure. The plague is a heaven-sent opportunity and they are not the fools to be deterred by any finer feelings from taking advantage of their chances. Behind them are the Russians, led by the nose, adopting a follow-up policy of to capacity as well as fear, and a desire to prove that despite the war they can still pound the CHINESE TABLE and terrorize these people as in the old days.

The Chinese are in a great funk. The Regents' two brothers are trying to obtain the recall of Yuan but Hsü Tung
Dear Harjes:

Many thanks for your notes of the 17th. and 21st of January which reached me within the past few days. I am obliged to you for letting the debit note stand against me for a time. I enclose a letter to the firm inquiring as to one item on my account.

As to the carbon copies, we will have things sent on to you in the future. There has been but little correspondence necessary for some time past as things here have been pretty well hung up. Some day, when cheered by your smile, and by a lunch, which with characteristic modesty I'll permit you to pay for, I shall tell you the story. It's long and sad, and I can't spoil this nice paper by writing thereon my true and inside opinions - they're far too virulent, and this letter sheet is not made of asbestos.

Whether we'll pull anything out of this mess or not posterity is more apt to learn than you or I. We got in as quickly as we did because the Chinese wanted American diplomatic support. We'll have to depend upon that nebulous and uncertain quantity to turn our present assets into bonds. If you are willing to lay any bets on the immediate prospects of getting something done therefore, you're a braver and more confiding soul than I.

Good luck to you, old soldier.

Yours,

W. A. S.  

February 7th, 1911.
ffrench is now in New York. You'll probably see him before long and he'll tell you something of the situation. ffrench is a good Christian, however, and has acquired patience and a turn-the-other-cheek spirit which I admire without being able to emulate.

I hope you're well. Come out here and try the plague, comets, earthquakes, and do a turn with the Pirates that hold down certain Legations, and you'll think that the average aviation meet is a Sunday School Treat.

Sincerely yours,

WILLARD STRAIGHT.

ERRATA.

I have still a few of what you euphemistically term "Lubricating Oil", left and should like to turn them back to Cartier if he would take them and give me credit therefor. Would you be kind enough to have some one in the office ask and let me know. If the goods can be returned I shall send them back by some one going home. Sorry to bother you.

February 7th, 1911.

Messrs. Morgan, Harguns, & Co.
31 Boulevard Haussmann.
Paris.

Gentlemen:-

I have your note of January 17th, in which you enclose my account with you showing a debit balance of Fr. 5669.35. I note a debit item, August 26th, Payment to N. Martin Fr. 512.50. Am I right in assuming that this payment was made for my passage to the United States per s.s. "New York" on July 30th, 1910? 

Yours truly,
MONDAY NIGHT, FEBRUARY 6th, 1911

Oh Dorothy child-- another day has swung off the calendar-- and I hope that things have been pushed along somewhat. This afternoon I saw Taal Tao and it all worked out in just the same way as I wrote you yesterday. He saw it all- and said that he had been, and would continue, doing his best for us-- for he quite realized the necessity for immediate action. But Taal Tao, he said, had no breadth of view and was influenced by the selfish and short sighted counsels of Chan and his half backed confreeres. Tao said he'd go at it again and lay the whole thing before the Regent. There's apparently a great row going on in the Palace between the Regent and his brothers on the one side, and Taal Tao Ha Tung and the Dowager on the other. The former realize the country's peril and want Yuan back-- the latter, for various reasons, are fighting it tooth and nail. Taal Tao as a relative of the Dowager's-- the old heritage from 1898 still. Ha Tung, playing in this but really because he is playing the Japanese game-- the Traitor--and between 'em all, the Regent is wobbling about, like the puppet he is-- and as a result, nothing at all is done. What a hopeless place it is. But if only we can get our free hand from home maybe we can accomplish something now-- for they are in sore straits. If only the Plague would take Ha Tung. He's the arch devil-- and has said his soul to the Japanese. Galbraith tried today to get hold of Taal Tao for a private talk. He hadn't received word when I left the Legation. Tao said that that was the best thing for him to do-- that the Duke was all right once he could be made to see a proposition. That's the way I feel myself; for I admire the man and think him sincere, honest and high minded-- for the rest of the lot I have little use. Sheng is a good and able crook, who can see a thing because he knows enough about the world to realize that its the best play. Taal Tao must be shown that its right for China. Hate off to him-- would that there were more like him-- but that they had sense! Sense to do what we want 'em to do! Tomorrow William goes off for two months. I am alone-- Osmund and William gone. But dear child, I have your dear letters in my pocket and someday, it'll all be done and I'll be starting back for you-- little Dorothy--

God Bless you.

TUESDAY---FEB. 7th, 1911

This little Dorothy was Necktie Day-- and I wore the first that you knitted for me-- as I always do on the 7th and the 23rd. Yesterday I wore it too, for the interview with Taal Tao was an important one. Today I took the picture of you and the Speyers, and you and Zz Olive - the photograph of your portrait and the snapshot taken at Deepdene-- which all these months I've carried in the little brown leather wallet-- and put them in frames on my desk in the Sanctuary. Do you mind, oh Wonder of the World? Herefore there have been no pictures at all save one photo of Mr Harriman on the mantel, and two drawings-- two Japanese prints and a painting-- and then on a little bookcase I had made, Isola Bella.

The case contains the volumes you have given me-- from Alice in Wonderland, down to "The Rosary" and "A Conqueror" and then "The Human Comedy"-- which would never have had a place on my shelves had it not come from you. But I couldn't stand it any longer. Your pictures are in my dressing room, for I sleep out on the balcony you know, and I had to have you on the desk, dear child, where I could look up at you. I didn't put your picture there before, for I feared that people might rub her, and I wanted you so much for my whole day from early morning till late at night is spent at the desk. So I just had to do it.

Only a very few people come in here-- Joe Ohl, Mansoul and the Minister-- that's about all. The others I see outside. Please tell me that its all right. It's so comforting to see you and the portrait is just under the light and I love it so. You're a very winsome person-- oh Dorothy mine.

This afternoon I took the Minister out for a walk. His letter which came in today was the basis of a long talk on trusts, and the old man who served for a time on the Interstate Commerce Commission, made things much clearer than I've ever had 'em before. Hence I'm going to make a request. Can you find for me one or two good books on Federal Regulation of Railroads, and the control of corporations in general. There have been a couple published this autumn-- I know-- for I read the reviews but forgot the names. I could find them...
I'll confess that I'd like to feel that you sent them, dear Dorothy—Foolish, isn't it?

Now another request: Enclosed a letter from Holwill. Will you be nice and dear, and find a 'Godfather' cup— and have engraved on it to 'Claude Newton Holwill Jr., from Father and me,'—Dec. 26th 1909. Do, don't do that; just get me amice cup— have it sent to me and I'll have the engraving done here. The cup is the main thing— and I don't know any more what a Godfather ought to give than I do about building aeroplanes. I caution against the engraving for obvious reasons. I hate 'em, and I hate the whole thought of it, so. You're splendid child— never to say a word about it, for I know that you must have been bothered and irritated all the time. Poor little Dorothy— I want to be able to say 'You but its true—and what are you going to do about it?' But the rest, makes me mad.

A letter too from N.B.— quite nice— and I'm tremendously impressed by her hand writing. She's grown a lot in Paris, I think, and ought to make a very fine person. A letter to Slogan is also transmitted— utter nonsense. I wanted to thank him for being nice to you but I couldn't write your name with a typewriter— nor could I say a word to him about you, save indirectly as I did. He'll see what I mean though, and understand that I wrote him, not because of William at all but because of you. The copy of my letter to Slogan is very much secret. Perhaps 'were best burned. I thought though that you might be amused.

T.N., please keep. I'll have to work out my case before I meet him. Hence my request for books, for though I have certain theories I want to stand on facts when I meet. Has Barnes really been made State chairman? What of Grissom, et al.?

You are very close tonight— oh, Wonder of the World!— but why didn't you answer my 'Antung' and 'Shemos', sent on the 51st? It worries me.

God Bless you.

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Division replied this morning to say that the Group was consulting the Department. This at least is encouraging and shows that France has been doing good work. I had feared that they would reply referring me to their previous messages—thus preventing even the forlorn hope we now have in mind.

Cassasave just came in with the story that the Russo-Chinese Bank has combined with a Belgian Group and an important Bank in London, to lend money to China without control. The London Bank in question has recently undertaken two small Chinese loans of very dubious character, and I fear that we are in for a bad time. The Chinese will certainly play up to the new combination for they have been much troubled by our joining the 'Bankers' ring'— so it goes, I only hope that we can get something through before these other people get in their work.

These days go by like lead. It's dark and dreary and horrid.

God Bless you, child.

I am telegraphing you again today. Please dear Dorothy, answer when I wire 'Antung-Shemos'. It worries me so when you don't, for I keep wondering and wondering and wondering— and it's very bad for little boys — oh Wise Lady— to wonder too much.
Dear Straight:

I have had a feeling for a long time that I have been depriving myself of some pleasure and satisfaction in not writing to you. The facts are that I have been driven to the very utmost and have only been able to do the essentials and cut out the social pleasures. Your various communications have been received and noted, and appreciated. Of course I am, so far as can be expected, aware of the difficulties, understanding as I do that eleven thousand miles of wire necessitates many misunderstandings and precludes prompt action.

In a word, and for your personal information only, our position is this: We feel that the situation is now well in hand, that the quadruple agreement protects us in every particular and that China will sooner or later be brought to her senses and make a reasonable business proposition, in which we shall all have a reputable interest. Until that time arrives we are content to sit still. We believe the other Powers feel the same way. Lord ffrench, who arrived here about a week ago seems thus far to have had a satisfactory visit. He, McKnight and I went down to Washington last week and had a conference with the Secretary and others in the State Department, the results of which seem to please Lord ffrench very much. He is in thorough accord with our position, and believes we are entirely right. Of course it would be a matter of great satisfaction if he in his capacity could induce the Russians to withdraw their objection and the State Department as well as we are in hearty accord with his plan to visit Petersburg. By the way: I like him very much and can understand how he has been very helpful to you.

You will be in deep sympathy with me, I am sure, when you learn of my misfortune in not having been able to keep two or three engagements with Miss Whitney, who has been good enough to call upon Mrs. Davison and has suggested one or two dinners. In fact I accepted an invitation to dine with her one night, but was called to Washington post haste. Later I called upon her to find that she was in Washington, so that I have not had the pleasure of seeing her at all, but Mrs. Davison had a splendid visit with her. To my mind she is a "corker" with a capital "K".

At home we are all very well. Trubee, as you know, is at Groton where he is having a fine time and making a very satisfactory record. Our new partners are becoming acclimated and promise to relieve us very much. This is very essential from our point of view. McKnight keeps you posted, so I will not attempt to go over things generally. Your memorandum regarding Mr. Harriman has been forwarded to Mrs. Harriman, as you request. While there are
W.D.S. 3.

two or three changes I might suggest, I do not think they are of sufficient importance to hold it up.

I hope ere this reaches you there will have been some developments much to your liking and in any event hope it will find you in good health and spirits.

With my very best regards,

Sincerely yours,

Mr. W. D. Straight,
The American Legation,
Peking.

Original in private hands.

The Willard Straight Papers at Cornell University
Interview with His Excellency Sheng Kung Pao
February 10th, 1911

Mr. Straight called upon His Excellency Sheng Kung Pao at his residence and stated that, as he had explained a few days previous to Mr. Chao, His Excellency's Secretary, he felt that China was confronted by a serious situation in Manchuria and that possible disastrous consequences could best be avoided if the Chinese Government at once arranged for the appointment of a Financial Adviser and concluded the Currency Loan with the Quadruple Bank.

His Excellency stated that he had presumed that the Group desired an Adviser appointed because some doubt was entertained as to whether the Loan Funds would actually be expended for Currency Reform and for Manchurian industry. He suggested that there was probably a fear that these monies might be diverted to other uses and that the Group therefore wished China to engage an Adviser who should insist that the proceeds of the Loan be expended in accordance with the provisions of the Loan Agreement.

His Excellency further stated that he presumed that the Group desired some provision for control of expenditures in the Loan Agreement itself in order that the public might be the more ready to purchase the bonds through being assured that the Loan Proceeds would not be wasted.

These, he presumed, were the two principal reasons why the Group insisted that the Adviser be appointed before the Loan Agreement was negotiated.

He asked whether the Group had any other purposes in view and suggested that Mr. Straight elucidate these points and acquit him fully with the Group's desires and how he proposed they should be accomplished.

Mr. Straight stated that His Excellency's assumptions were correct.

He stated that the question of the Adviser was one which concerned the American Government more closely than the Group; that the American Government had, for many years, been endeavoring to assist China in securing Currency Reform; that the American Government especially desired that this Currency Reform be made effective because it was felt that such Reform would be the first and most important step in securing the general development of China along modern commercial lines, and that such development would not only strengthen China economically but would enable her the more readily to solve the political problems by which she was confronted.

The American Group, although interested in Currency Reform and likely to profit by the general development of trade which should follow such a step, desired the appointment of an Adviser chiefly because the engagement of such an official by China would make the bonds a better investment by assuring the proper expenditure of the Loan Funds.

Mr. Straight then pointed out that both Russia and Japan desired to keep China too weak to resist their aggression; that England, France, Germany and the United States, on the other hand, being trading and lending nations, desired to profit by the commercial and industrial development of the Empire and were therefore desirous that China should grow strong.

Russia and Japan therefore, it should be taken for granted, would oppose any measure calculated to strengthen China.

They would doubtless have opposed an American Loan to China for Currency Reform. They would object even more strongly to a loan floated for the same purpose with the Quadruple Banks, for if such a loan were made China would secure the interested support not only of the United States alone, but of the United States associated with England, France and Germany.

Aside from the political aspect of the situation it must be taken for granted that if the loan, as originally proposed, were undertaken with sole American signature, the European markets would be closed against the bonds and the price which China could realize therefor would be correspondingly decreased owing to the restricted market for these securities.

This point, His Excellency stated, he had recognized from the outset.

Mr. Straight continued that in view of the situation he felt it to be
In this way the support of the four Governments could be secured for whatever Adviser was recommended and appointed. It was essential that the best man possible should be obtained; the nationality of the appointee was a secondary consideration and it was possible that neither an American, Englishman, Frenchman or German would be appointed, and that the subject of some neutral power would be chosen to fill the post.

If this procedure were followed the financial support of the four banks would be secured and all four Governments would be committed to the appointment of a single Adviser. Thus, while securing the advantages to be derived by ensuring an international quotation for her bonds, China would avoid the danger of the establishment of an International Board of Financial Control.

His Excellency expressed some apprehension regarding the American Government consulting the other three Governments before recommending an Adviser. He recognized the advantages to be gained from this procedure, however, and seemed impressed with the suggestion that the services of a Dutchman might be secured.

He still felt, however, that this plan recognized some connection between the appointment of the Adviser and the fluctuation of the Loan, and this he desired, above all things, to avoid.

Mr. Straight pointed out, however, that the American Government in consulting the other three Governments need not necessarily base its representations on the fact that the Tripartite Banks had been admitted to the Loan, but could approach the other Governments on the basis that having been asked to recommend an Adviser the American Government desired the benefit of their experienced advice as it relied upon their cooperation in furthering Currency Reform in China.

In view of the Russian and Japanese demands for joint advisers and a participation in the Loan, it was necessary, moreover, not only that the Tripartite Banks should be associated with the American Group but that the four Governments should be pledged to the support of a single Adviser and thus protect China from Russian and Japanese demands for joint advisers.

His Excellency stated that there existed a very strong opposition amongst certain officials, to the appointment of any Adviser whatsoever; that Sir Robert Hart’s usurpation of supreme control in the Customs Administration was used as an argument against the appointment of any other foreigners to positions of responsibility and authority.

His Excellency stated that in employing foreigners China had found two chief difficulties: the first being that the foreigners employed arrogated to themselves undue power, and the second that foreigners employed became dissatisfied with China and discouraged, and were content to draw their salary until the expiration of their contracts without rendering any services whatsoever.

He, himself, he said, was convinced that China should follow the example of Japan and avail herself of foreign advice; that he had many foreigners in his employ and found them much more useful than most of the Chinese in his service; that he had been endeavoring to secure a Currency Reform for the past thirty years and realized that to do so he must have a foreign adviser to assist him, and that if such a man were engaged he would consult him on every possible occasion and give him all the authority necessary to attain the end for which he was engaged.

His Excellency said, however, that the difficulty was to find the man and that the problem confronting China was a difficult one; that no foreigner understood the obstacles which must needs be overcome, and that he feared that any Adviser who might be engaged would come to China with certain preconceived notions as to what should be done and be unwilling to adopt his views to the necessities of the situation. Prof. Jentsch, he said, was an able man but if he were engaged His Excellency feared that he would insist upon the immediate adoption, by China, of the gold standard. His Excellency desired the gold standard but did not believe its immediate introduction would be practical or possible.

His Excellency stated that if he were sure he could secure the right man he would be prepared to engage him immediately, and that if the Chinese Government refused to accede to his recommendations that this man be engaged he would resign his post.
Mr. Straight pointed out that it should be possible to find a suitable man who would come to China with an open mind and who, owing to his acquaintance with financiers throughout the World, would be able to render valuable assistance.

To this proposition His Excellency further stated that although he was extremely subordinate to Duke Tsai Tsu the whole question of Currency Reform was in his hands and that the Duke, he thought, would eventually occur in his views.

He stated that he did not desire the Adviser appointed by the Ta Ching Bank because he did not have sufficient confidence in that institution. He said that if he could be convinced that he could secure the proper man for the post he would be willing to memorialise the Throne and state that the Adviser's appointment was necessary and thus force the Duke to agree to the Adviser's engagement.

His Excellency Sheng stated that he did not attend the conference between Mr. Calhoun and the Duke on the 30th of January because he knew that the Duke intended to tell Mr. Calhoun that the Adviser's appointment would be impossible; that after this conference the Duke and other high officials had felt that negotiations would have to be abandoned as no solution of the difficulties seemed possible.

He further stated that he had foreseen that this would occur and refused to attend the conference because he did not wish to share the responsibility of what he knew would be its inevitable result and had remained in the background feeling confident that the Duke having failed, his own views would ultimately prevail.

His Excellency stated that he would consent to the admission of the Tripartite Banks to the loan and asked whether Mr. Straight desired the negotiations to be conducted by all four representatives or whether he, himself would negotiate.

Mr. Straight replied that until the Agreement was ready for signature he preferred to conduct negotiations alone in order that greater secrecy might be observed.

Mr. Straight reiterated that until the matter of the Adviser's appointment might be arranged. He further stated that the question of the Adviser's contract would have to be considered with greatest care.

Mr. Straight replied that this was undoubtedly true but that the Chinese government could address the American Legation giving a general statement of the Adviser's probable functions, and that when the American Government had replied to the Chinese note, while the American Government was consulting with the other Governments as to who should be recommended His Excellency would have an opportunity carefully to prepare the Adviser's contract of engagement.

His Excellency, during the course of the conversation, remarked that the one danger in appointing an Adviser in connection with this loan was that when China desired other loans the banks or the Governments, or both, might insist that additional advisers be appointed.

To this Mr. Straight replied that such would not be the case for by appointing an Adviser in connection with this loan and in thereby securing effective Currency Reform China's credit would be increased and China, having shown her sincerity of purpose and her ability in making this reform effective would, in the future, be much less likely to be subjected to foreign control when she borrowed funds from abroad.

The interview closed with the understanding that His Excellency Sheng was to make arrangements with the Legation with a view to securing the recommendation of an Adviser, and that Mr. Straight was to prepare a Draft Detailed Loan Agreement to be submitted to His Excellency at the earliest possible moment; that when the details of this Loan Agreement had been practically agreed upon Mr. Straight was to submit the draft to the Tripartite Banks who were, after the interchange of diplomatic notes between the Chinese Government and the American Legation, to be invited to sign the Loan Agreement.

His Excellency asked Mr. Straight whether Mr. Calhoun was familiar with the new proposition. Mr. Straight replied that he was. E. E. asked whether Mr.
Calhoun approved the plan and Mr. Straight replied that he understood that Mr. Calhoun personally did approve and that both Mr. Calhoun and Mr. Straight hoped to be able to persuade the Government and the Group to work along these lines.

February 11th, 1911.

Dear George:

Yesterday I sent you five pipe bowls. They are old favorites and I hate to stop smoking 'em, but can find no rubber stems here. Will you be kind enough to see if you can't find something, or have something made in Shanghai which will enable me to draw smoke as of yore? I shall be very greatly obliged. Gutta Percha does the trick best. If it's necessary to have some silver bands put on damn the expense.

Things are dragging as usual. Nothing doing and as far as I can see no prospects. Our Bandarlog friends and their Russian pals have the Chinese pretty well bluffed, and until we get this political mess straightened out I fear that we will have but little chance for business.

I enclose a clipping, written by the able and prostituted pen of one John Foord I presume. He ought to be drawn and quartered. McCormick's article was in spots somewhat muddled but the idea was all right, though I am not a great believer in giving inside history so soon after events take place. What makes me sore about Foord is the attitude he adopts toward the so-called "Dollar Diplomacy." Whether it is always handled with the most consummate skill or not is open to question, but certainly we are for the
first time on the right track, and instead of this carping
smearing, criticism Knox should be backed up by everyone
interested in developing American trade, and be given every
assistance in perfecting and strengthening the organization
through which he is trying to accomplish his results. I mean
the Service, not the Group, we can't take care of ourselves
but the service has to depend on public appreciation for
it's support, otherwise the funds for maintenance will
all be dumped into the "Pork Barrel."

Soak him!

Sincerely yours,

WILLARD STRAIGHT.

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Dear Davison:

In my letter of February 6th I made certain
recommendations regarding the Group's organization in China,
I. e. that since there seemed but little prospect of any
immediate business from our larger loan projects, while sitting
tight on these, the Group embark in smaller deals, which would,
being free from the political complications which now gum the
game, enable you to see somethin' comin' instead of having it
all going the other way. The appointment of a practical
business man and banker as head of the Group's organization
here, to run the I. B. C. and to work with ffrench in the con-
struction company if that be organized moreover would be even
more desirable if some of the irons now in, are successfully
taken out of the fire, for you will need some one of this sort
to handle the business of serving the loan. So the sugges-
tions hold good both ways. This would mean, of course, that
I get out.

I do not want to do this, of course, until our
present fight be won, or until we have been forced to retreat
or it becomes evident that we must sit on our colours, if we
can retain, them until the diplomatic dust has been cleared
away. Within the next six weeks or two months (like all
progno.t1cat10n. about Par Ra.tern affa1r., th1. 1. made w1th
• very re •• rvat10n) I think we .ho u ld know wheth.r w. can
expect any fairly immediate action, and if not, it will be
obv10u. that the lack per10d to follow will last some time.
If the former be true I should of course want to stay until
things were fairly settled. In the latter case the struggle
will continue to be, as it has been up to the present time,
largely diplomatic. This being the case you may feel that
I should stand by here in China. I am inclined, however, to
another view.

In the first place, as already stated, it would
seem wise for the Group to take up small business and to do
this effectively you want a business man, which I am not.
You will say that such man as you might send, though able to
handle the business end, might fall down on the diplomatic.
That may be true, but if, as I hope, you form the Anglo-Americ-
ian Construction Company ffrench will be here to guide your
man through the political maze. As you know yourself, having
seen ffrench, you couldn't get a better man. He will work
here, is not so much needed at home, and I feel that I could,
perhaps, be more useful in "the game" if I were in America,
with ffrench and your new manager here, than if I stayed in
Peking. This I believe to be equally true whether our loans
go through now or not.

You will have gathered from my telegram, which I
fear may have seemed rather fresh, that I have not been alto-
ger pleased by diplomacy as practiced by the Department of

THE AMERICAN GROUP.

Peking, China.

State. I admire the Department's energy, which seems to
come in spots, and its general line of action, which I think
much broader than our Department has ever attempted, but I
have sometimes questioned the methods by which it endeavors
to attain its ends. There has seemed to be no one in Wash-
ington able fully to appreciate the situation here, for the
measures urged by the Department have too often not been cal-
culated successfully to meet the conditions by which we are
confronted.

I shall not take your time by quoting from some of
the instructions sent Mr. Calhoun, on which I base the fore-
going statement. They have seemed, however, in some cases
to ignore facts, and as Lord Cromer says in his "Egypt" when
facts are ignored they have an annoying habit of asserting
themselves. I am very much afraid, therefore, that they
will do as regards the Currency Loan, to such an extent
perhaps that the whole thing will have to go into cold
storage. By the neutralization proposals, which were sound
enough, but which were advanced too hastily and without due
consideration for actual political conditions, I have always
felt the Department placed our Chinchou-Aigun enterprise in
its present embarrassing position. It may yet be pulled out
but the task will be infinitely harder than it would have been had the hand been better played.

If our loans here are hung up the problem will continue to be diplomatic. If they go through, careful diplomacy will still be needed to secure and hold a leadership in the East which we might redound to American prestige and secure the salvation of China. These considerations make me feel that I could be more useful at home. Please don't think that I set myself up as a Machiavelli. I don't. I do feel, however, that I have had more experience in this particular game than most people. If Fletcher were Assistant Secretary of State, it would be a different matter. He isn't, and for that reason I have thought that it might be well if I could go back to the Department as Chief of the Far Eastern Division. I believe I could be more helpful there than with the Group in New York. The Department very possibly might not take me. I understand that I have been in had odour ever since my visit to Petersburg and that I was largely blamed for the failure of the Chinchow-Aigun up to date, and I fear that in the negotiations for the Currency Loan they haven't always felt, and rightly, that I was entirely in sympathy with the way they were handling the problem. However, they might take me back to their breasts feeling that my naturally sweet and tractable nature had been contaminated merely by my contact with the Octopus, and that the effects would wear off in more salubrious surroundings. But if the Department would not receive me I cannot but feel that the

next best thing would be for me to be with the Group in New York. That I would naturally, for financial and other reasons, prefer. However the Game is the thing, and I want to see results even more, perhaps, than you do, and am willing to go anywhere, or do anything to help along.

Of course any move for the present is unnecessary. I write you now, however, because I feel that if you do concur in this view of the situation steps should be taken at once to get another man for the job here and he should come out as soon as possible so that we might be together for some time before I left which would not, of course, be until we won our fight, or were well drubbed for the time being.

Frank would do very well here at the head of an organization such as is suggested. You probably would not wish to spare him for long, but if he could get it started and have some one under him, in Menocal's place, who would be able, after some experience, to take the job, you might consider it. I myself, if you wished me to, would be willing to come back later. But I am not a business man, and while I suppose I could make a try at it, I prefer the political side. Menocal I find in many ways a nice enough chap but I must say that I do not entirely trust him, and
have little confidence in his ability. In case you should want me to come home and talk things over before taking any definite steps I should therefore much prefer to have Gatrell, who is almost as much an American as he is an Englishman, left in charge with Geare, provided always no French were here to stand by.

I am frank to confess that I am crazy, personally to get home. This you will understand. But I assure you that my very anxiety to do this makes me all the more determined to play this game as hard and long as I can, and to leave it only when it is your interest to have me do so. If I did not do this, and feel confident that I had not even hypnotized myself, I would not have the face to go back.

But I fear that our diplomacy, which is all important at present, is perhaps sometimes calculated to defeat its own most cherished aims. If it does you will suffer, and for your interest, therefore, as well as in the larger interest of what seems to me to be the future of American trade in China, I believe that there should be someone in the Department who has a better first-hand knowledge of the situation. Fletcher would be splendid, but I should not like to have him forced in at Wilson's expense. Cannot I, therefore, be made to serve the purpose by going into the Far Eastern Division. If you think so I shall be glad to go.

With the Chinchou-Aigun Agreement and the rights on the Currency Loan in our hands, we are playing for the very stake which Russia and Japan went to war about. It's a very big

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game and it's consequences, if played well or badly, will have the most far-reaching effect on Far Eastern politics and on the American position on the Pacific. It may sound like spread-eagleism and Fourth of July hot-air but I believe it to be true.

With kindest regards, always, and hoping that someday you will find time, I know how busy you are, to drop me a line - I'll bite at anything, you don't need bait.

Sincerely yours,

[Signature]

W. S. HLAND, Jr.
I'm afraid it may have to be via the Pacific, for there's no use going through the Bacillus in order to save a week, and there having a Russian quarantine, which would take all the time you were trying to save, and drive you to vodka in addition.

I'm counting days and hours now, for I can but feel that things will have bustled or we'll have won within the next two months. I don't see how it can be put off much longer — the inevitable show down — and now since the chances are that we won't get an American as Financial Adviser, I want to stay to help out — and once the contract's signed, it will be hard to hold me. Ah Ha — will I holler! What will you say, Miss Dorothy? Will you be glad?

Your last letter was either written with a bad pen, or when you were very tired and nervous — and I'm afraid the latter. What was it? Child — have things been worrying you? I hate so to think that you are troubled and annoyed by gossipy folk — it worries me constantly. I want so to stand by. You're wonderful, as I wrote you, about not telling me — for I suppose you know how wild it would make me — but dear Dorothy, it worries me more infinitely to think that you may be troubled and not tell me — than it would to know everything — for I want to share — oh, child, I want you.

God Bless you.

Tis now — Mistress Dorothy — nearing the witching hour of twelve. You're a witch. Why don't you ride in on your broomstick and seep the bewebs out of my eyes and head, and turn the plague rats into chargers, and this damned desk into a chariot — then yourself, become the Fairy Princess and take me for a very long, long ride through the skies and over into your Borderland. Why don't you — I ask, — yet really you do, for I sit here and yawn away and imagine all sorts of things — and if it were not for your witchery I never could do that — now could I?

I've been working all evening on the 'steam' draft of this loan agreement. This now provides for the admission of the English, French and German Banks. It's awkward because for the sake of secrecy I don't want to show it to them, so I have to do it all alone, hoping that when the time comes to sign, — if it ever does — they'll be so out of control in any event, that they won't scrutinise the terms too carefully. I'm fairly safe, for I'm merely adopting clauses from former agreements.

It's hard, and worksome work — for there are so many things to take into consideration. It all helps one's head-piece however, and that — family vote — is needed. But I'm tired and want to rattle and prattle and be foolish with you. I'd rather like to tweak your ears — wise miss — and discuss with you aeroplanes, dynamos, automobiles and other abstruse subjects — whether pigs have wings and the price of putty during Alexander's first expedition into Asia Minor. It was very high, they say. The Higher the Fester. Did you ever really realise that this seemingly irrelevant remark as to why a mouse is — stated the basic theorem first mastered by all students of economics — that is the law of supply and demand? That's why the little mouse is so quiet — it realises its important position. That's why so many women — notoriously extravagant in phrase, are called cats. They're the enemies of temperate speech, and temperance is conservation, and conservation is economics. That's why Mr Taft, most wise follower of Adam Smith and John Stuart Mill, put Gifford Pinchot on the shelf — to save him. Isn't it?

Several times of late I've been tempted to make out a lot of new code words about
Friday Evening, February 10th, 1911.

It's verrah late - oh little Wonder-child - but I must tell you of the day-touching wood the while - this morning a long telegram from New York - and one for the Minister from Washington - giving us practically a free hand to go ahead on the lines laid down - crawl all around - if they'd done it six weeks ago they would have saved a deal of money and me, much baldness. However, we're not kicking. - The Departments telegrams to the Minister were in some respects the most assinine things I've ever read - in one they say: "It should be easy for you to show the Chinese that by immediately appointing an American adviser they will most surely avoid an international board of control" !!!! Easy !!!! Good Lord! Mr Calhoun said he hadn't thought of it before - thought he'd send the Duke a chit - was sorry he didn't have a telephone - that would be even easier! Then they said - "What grounds have you for believing Russia and Japan have intrigued against the Currency Loan. Send these reports and report what explanations, if any, made by Russians and Japanese Ministers". Good Heavens! Imagine going to Kores-tavets and Honda and saying -- "Frithée, gentle stranger- have you perchance done ought to interfere with our altruistic plan to reform China's currency?" "Tush, Tush!" they'd reply slapping him on the wrist-- "Naughty, naughty-- How could you have thought it!" Then thinking that we were starting off again they'd have gone to the Chinese and threatened troops in Manchuria! The Department's fine. Do they think we are playing kindergarten games, I wonder - instead of gambling for an Empire!

Buchatach it may-

I went to Sheng, and came away howling with delight. I'm sending you the memo of our talk. Please burn it. You mustn't think this indiscreet, because my dear child, if I didn't send it, I'd write it, as you know - and then it would be less legible. As you've been able to gather, perhaps - you've had a much fuller commentary on the whole thing -- pro and con, and

Original in private hands.

The Willard Straight Papers at Cornell University
Dear Little Dorothy— I'm so sorry to think that you've been ill--and uneasy. The thought of it makes me wild almost to be with you--and stroke your forehead and to read to you, and care for you ever so tenderly--little girl--little Wonder Child.-- Your letter of the 14/15th January I found today at the Legation. It had come in last night, but through the stupidity of the post office, went there instead of being given the envelope that always goes for the trans-Siberian mail. I had a feeling in my bones that there must be a letter from you yesterday, for it had been such a good day and things looked up, and it needed only a letter to make it as complete as any day without you, yourself--Oh Wonder of the World--can be. They're all pretty empty I'm afraid. But your writing shows that you've tired. You must take care of yourself. You promised me you would.

The Department telegraphed Calhoun today that it had handed the British, German and French Ambassadors notes, telling them that it hoped to obtain joint signature—was insisting on the appointment of an American adviser—and would give them auditors! In other words—"If you're good boys you can come in and have three quarters of the loan (which our bankers can't carry) you can have an Auditor if you're not naughty— but the Adviser we want! The sentiment 's all right, but the manner of expressing it bad. I'd like to pull off an American Adviser. If we were in a position to snap our fingers at the others and say we'd take the whole loan— if they didn't do what we wished— it would be all right. But we can't and they know it—and our manners should be suitable to our position. If we'd have bluffed on our position, we could have bluffed on our manners too, but there's nothing more futile than a bluff when your opponent knows you hold only a busted flush. That's our fix. The Department therefore has got to get the help of H. F. and G.—not only in the financing of the loan but to keep Russia and Japan off China's neck—That being the case, as H. F. and G. knows, we should have been polite and said—"We're trying to get joint signature. We shall insist on an adviser but before we recommend anyone we'll consult you. Take a seat on the Band Wagon! Then we might have done something." Calhoun sent a pretty free wire to Washington and I sent a snapper to the Group. I hope they can shut the Dept. up. If they can't, we shall lose the game. Today I learned from flannel-mouthed Heintzeleman a lot of inside history. He said that Wilson and Knox (who approved my going to Petersburg and who were consulted as to everything I should do or say) blamed me and my visit for the failure of the Chin-Ai project—and were last summer cooking up a scheme whereby they could shift the onus of discredit on the British Government, the Group and me. Nice business when they took my neutralisation scheme, bungled it, and in so doing wrecked the Chin-Ai. Now Heintzeleman tells me they are sore at the Group, meaning me, as they flatter me by assuming that the Group does what I tell 'em, because forsooth, the Group has suggested various schemes making practical their beautiful theories of getting an American Adviser—posing as the beneficent fathers—with sole credit—of Chinese Currency Reform! The fools don't realize that largely through their own hasty and ill considered actions, our political and financial weakness has been exposed, and that it is now time, since we can't get the sole credit, to be broad minded and big enough to make currency reform in China possible by associating England, France and Germany with us—and leading this combination in the interests of China and the "open door." This is not only the only possible game, as a matter of fact, it was so from the start—but it is a bigger one, a more altruistic game. But they want personal credit. They're likely, if they keep on, to get the opposite.

There's not much pleasure or profit, in blaming other folk all the time—and I'm afraid that you'll think I'm a chronic kicker—but it is almost more than one can bear, not only to have the only possible solutions turned down, but to be blamed for a failure which you've seen to be inevitable if a certain line were followed, and which you've done your best to avert.

Never mind, little Dorothy, if while I'm here, I have your dear letters and telegrams— if when I can go home you but tell me you care—that we are to be together always—I don't care what happens, as long as I can go to you and tell you I've done my honest best. Your love, Dorothy, is all that matters—the rest are Thins and we must make the best of 'em. Keep well. Goodnight.

God Bless you.
Dear little girl—little Dorothy child—It was so good to get your letter tonight. Please write every two days—I don't care about news, I want to hear from you, how you are, and what you see and what you do and think. I'm afraid you and I will get some sort of bad news in a few hours, but it seemed wiser. I'm afraid—I'm afraid it will worry you— Dammit—and that hurts me, the very thought even. But you see this way. I write you everything, and always shall, my Dorothy—there's no good doing anything if you can't know, and since I can't tell you I must write. But these things—opinions of men and Departments' and Groups and things—are sometimes pretty freely and even profanely expressed, and my real inside feelings—to be only for your own best eyes. Otherwise it would be frightfully indiscreet and apt not only to get me into trouble, but to involve others, and even influence events. You see there's been a good deal of friction ever since last summer between the Department and the Group. I've come in, as I wrote you last night, for a good deal of cursing which I reciprocate with all my heart and a couple of prefixes and suffixes to my "damns." But it never helps if people with whom you must work know you're cursing 'em. Wilson and Knox are very, very sensitive—I don't know it except indirectly, that I was damning the Department, they would have me on for indiscretion even if they couldn't prove they didn't deserve the hammer on the anvils. How old George—he'd be the last person, I'm sure, to hurt me willingly—is the most tactless and indiscreet of people. I found that out at Haxden, where he continually blabbed, and afterwards when he undertook the publicity work when he nearly had dressing-head of the Chinese Telegraph—Watson, Commissioner of Posts—Willis, Deager and myself—all fired. He hates Wilson, and any inside dope that he had on his opinions would be very apt to spread and sooner or later get to the Department. That's why I referred particularly to him—poor man—in the telegram. It seemed rather nasty but I fear him most, and couldn't help it.

You see, dear Dorothy, you're on the very, very smallest inside in a pretty big game—and you're going to stay in, or I got out— but it is all really very solemn and serious and far-reaching. You know this, for you're a wise Princess, but perhaps you don't know just how big a game it is— that requires the greatest, the most absolute, secrecy. I know that I myself always am inclined to feel that after all, if it was a really, truly big thing I wouldn't be in it. The mere fact I am, makes me doubt its being of great import. That's because I can't ever take myself seriously. Perhaps you feel that, because you know all about each move, it can't be so much after all. Between you and I though, just you and I standing beside and laughing at ourselves—it's history, oh, Wonder of the World, and big history at that—the game for an empire. You'll see by the result whether we win or lose. So McCormick was right even in his title, after all.

Tell me what Mr. Criscom says about exit Prentice enter Barnes. I follow the Sheehan fight with the greatest interest, and love political dope. Your letters furnish me with most of my ammunition for Calhoun, for we talk politics by the hour—I giving him a jab on China every now and then, when I see a good chance, until, as on Friday, he tells me the outline of a long despatch he's writing, almost word for word the stuff I'd been pumping into him. It's great fun—and he's a cocker. You'd love him. You must see him someday. Maybe he could stay with us.

Today I put up an idea to him, of which I shall write Davison tomorrow. I hope you'll approve—in fact I think, I'll send the letter through you. You can mail it from New York without comment, unless you want to make some.

Tonight—I've been finishing a long letter to Wilson, setting forth my point of view, which he won't much like, but which he'd better have—as I shall fight him to the last ditch if the Department insists as it seems inclined to, on the appointment of an American adviser—when such insistence may wreck the whole show—and convict them of having sacrificed the broader interests of China and the future, perhaps, of American trade—i.e. currency reform—in an effort to get the small prestige of securing a job for an American, when Europe was putting up, or to put up rather, three quarters of the money!

Gosh! But I'm sure they don't see it. They're not as small as all that. Only blind to facts, when you ignore facts as Lord Cromer says, they have a darned awkward way of asserting themselves despite you. They will this time—
and may upset the much tilted apple cart.

It's now well nigh three A.M. and I'd better turn in. I had to write you and to finish Wilson's letter for Sears to copy tomorrow morning, for its mail day. You'll forgive me, won't you child, for breaking the swear off, this once. I'll be good if you will.

The guitar has never been touched. The songs dear, will be my first, when you tell them to me and the little Princess' (no final "e") poems, when we're together again.

God Bless you.

MIDAY AFTERNOON, FEBRUARY, -

The Davison letter, Oh Wonder of the World- I am holding until the next mail, for Mr Calhoun questioned me on two points therein, and he's a wise old man.

Sheng's memo also, will go later, but here's the Wilson letter anyway, which is much more dignified than the others. The one to McKnight is very giddy and fresh, but no, on second thoughts, I'm not going to send it to him either.

You can see the copy. The original when it goes, will be different. I'm afraid that perhaps the loneliness and anxiety has made me a little too severe. It's well sometimes to "Stop, Look! Listen!" Isn't it!

The letter written last night and my telegram, were both prompted, you see, because you wrote you had told George "all you knew" - You see that's a good order, isn't it. But I'm sure it will be all right and you'll understand why I wrote as I did, I know.

God Bless you, child.
February 13th, 1911.

Dear Mr. Secretary:-

The enclosed document developed such surprising and terrifying length that it seemed wisest to give it an introduction. I hope you will read it, though I know full well how frightfully busy you are. I have tried to show how things have looked to us out here, and hope you will understand, and bear with me for taking the liberty of so doing.

I have wished many times that the Currency Loan, the Chinese Empire, and all the panoply and machinery of world politics and high finance were in Timbuctoo, and I myself absorbing atmosphere at good food anywhere west of Suez. Malhooorooamong, it is not so. In this regret I presume you will heartily concur. But it can't be helped and your business much more than mine must keep your nose on the grind stone, and your ear to the ground. Assuming that the latter, particularly, is true, I venture to submit to make a few rumbles thereon. If you make some remark about the futility of attempting "to teach your grandmother to suck eggs." I grant your point. My only object is to show that perhaps, being for the moment in the straw, it's easier to suck 'em in some spots than others, particularly when the farmer, the bull-dog, and the hired man, are out, and the whole barn-yard in a turmoil.

WILLARD STRAIGHT.

The Honorable

Huntington Wilson.

No copy of this valuable contribution has been sent to the Group.

With kindest regards and best wishes to you both, always,

Sincerely yours,

WILLARD STRAIGHT.
Peking, China,  
February 15th, 1911.

Dear Mr. Secretary:—

Many times during the past three months I have wished it were possible for me to talk with you to explain certain things which have, perhaps, seemed to you inexplicable, and to ask you, moreover, regarding others which I have not fully understood.

Throughout these rather stormy days there may have been some differences between what the Department, under your direction, desired, and what I, from China, and in view of this situation, recommended. I have hoped, however, that you have felt as I have; that we were working for the same end. I have hoped that you have assumed, as I have, that we were both trying to do our best for China and for American interests in the broadest sense, and that you realize that, no less than yourself, I have regarded the flotation of the Currency Loan as subordinate to the larger purpose of securing Chinese Currency Reform, the step most necessary in the rejuvenation of this decrepit Empire.

Not that I have not wished this Loan to be floated. I have; and have done my best to make its flotation possible. But I have felt, as I am sure you have, that our Preliminary Agreement placed us in a position to prevent China from borrowing until the conditions on which she obtained funds would insure effective Currency Reform and the broader development which should follow.

Some of my recommendations may not, perhaps, have seemed to you calculated to this end. I trust you will read the Memorandum sent to the Group on the history of these negotiations, and that this will show you that I have never lost sight of what I conceived, and I think rightly, to be the main aim of both the Department and the Group. Had you been here I feel confident that you would have followed much the same course as I have done.

I have had no direct expression from you, nor even an indirect hint from the Group, but have read between the lines in such of the Department's instructions as Mr. Calhoun has communicated to me, and I have felt that a misunderstanding has existed. I have too great a regard for you and value your confidence too highly to permit this to pass without an explanation, believing that when acquainted with my premises you will feel, as I have done, and do still, that my conclusions and the recommendations based thereon, have been inevitable.

In this situation certain conditions are strikingly apparent. To cure China's disease, if that be possible, it is necessary to analyse not only the symptoms of the patient, but the attitude of those bystanders who will profit...
by the aggravation of the malady, or benefit by a complete or partial recovery.

In China, Manchu control is confronted by a constitutional movement as yet without responsible and efficient direction, but which, nevertheless, menaces the bureaucracy, antiquated in its form; too often corrupt, and generally speaking as omeled as it is ignorant. The Government, such as it is, threatened by popular clamour at home and by aggression from abroad, is attempting; and with a certain degree of success, to secure Administrative Reform. Boards and Bureaux are being established in profusion, and conditions have undoubtedly, in some cases, been improved. But the new offices have as yet served rather to increase the Government's financial burden, than to increase its efficiency.

In his "Egypt" Lord Cromer quotes Mr. Stephen Cave:

"Egypt may be said to be in a transition state, and she suffers from the defects of the system out of which she is passing, as well as from those of the system into which she is attempting to enter. She suffers from the ignorance, dishonesty, waste and extravagance of the East, such as have brought her suzerainty to the verge of ruin, and at the same time from the vast expense caused by the hasty and inconsiderate endeavors to adopt the civilization of the West."

The same might, with equal truth, be written of China today. If her finances can be reformed; if she can be tided over the period of trial through which she must pass while working out her own salvation, however, she may be saved, intact, and her future trade will bring profit to those who have assisted her development.

To assist her, I take it, is your aim, andCurrency Reform is the first and most important step to this end.

England, Germany and France must, in their own interests, though in varying degrees, be actuated by the same purpose. But their horizon is not as clear as ours. Their chief efforts are directed to preventing the desolation which has for years been their nightmare. To do this they have entered into various arrangements with Japan and Russia regarding the Near and Far East.

The Russo-Japanese Agreement of last summer has, however, caused these powers to fear for their interests in China. They "make politics out of money. Japan and Russia make money out of politics." England, France and Germany, therefore, are now much more inclined than ever before to join in an effort to preserve the "Open Door" in China and to resist the encroachments of a Russo-Japanese policy of appeasement.

Owing to the entanglements of these three Powers with Russia and Japan, however, the leadership in any movement calculated to preserve China's integrity devolves upon the United States. We are unable to count upon that degree of popular support which, under our system of Government, would enable us, even if it were wise, alone to undertake the task.
Necessity as well as expediency, therefore, force us to avail ourselves of the support which, owing to their commercial and financial interests in China; England, France and Germany should be ready to accord.

If you grant that the above statements are justified by facts and are willing to assume the leadership which should be yours, consider the difficulties which that leadership, to be effective, must overcome.

China is helpless. The joint object of the four powers is to make her strong. In doing so you will be obliged to encounter opposition from Japan and Russia, whose policy is to keep China too feeble to resist their aggression.

Owing to Japan's present financial and commercial weakness she can hope successfully to compete with the Western Nations in China only by securing political domination in this country. To do this, to retain control of the Liaotung Peninsula, the lease for which expires before many years, to obtain a permanent title to the South Manchurian Railway, China must remain disorganized or be developed only under Japanese auspices. Friction between the Regent and the National Assembly; between the Central Government and the Constitutional Party, is therefore aggravated by Japanese intrigues. The Japanese Minister, on the one hand, urges the Regent to adopt a strong attitude in dealing with the Senate and Provincial delegates while Japanese agents in Peking, and in the Provinces, urge "Young China" to demand ever great concessions from the Throne. The Japanese Minister himself has told me of his representations; of the intrigues of Japanese agents and Chinese students returned from Japan, I am convinced, though I have no proof to offer.

Seeking to disrupt China through instigating domestic strife, the Japanese are equally active in preventing her from securing external aid. The history of Yuan's downfall; the failure of the Tang mission, and the bearing thereon of our previous interchange of notes of 1908 must still be fresh in your mind. The Currency Loan, if floated in America alone, would help China greatly. If undertaken by the Quadruple Banks it would amount to a virtual International Guarantee of China's integrity. Japan has therefore opposed it.

Numbers of high officials are in Japanese pay. Chinese in office can obtain eight or nine percent interest on current deposits at the Yokohama Specie Bank, and the members of the National Assembly seem always ready to believe reports regarding, and to oppose, alleged attempts to impose a foreign financial control on China. Japan has appealed to theupidity of some and the national vanity of others; to the ignorance and suspicion of all, and it will be difficult for us to overcome the obstacles she has raised.

Russia has been less active. She is equally interested, however, in keeping China weak. The Convention with Japan, of July 4th last marks a new phase of Russian activity
in the East. Freed, for the time at least, from the menace of another war, Russia has recovered to a great extent from the effects of her defeat. Reassured regarding her European position, now that an understanding with Germany referring to the Near East, it is true, but potent in its effect on Russia's general policy, has supplemented the Alliance with France and the entente with England, she seems prepared to cooperate with Japan in a policy of aggression in China. The reorganization of the Russo-Chinese into the Russo-Asiatic Bank; the Russian refusal to accept a five percent participation in the undertakings of the Quadruple banks, have been significant. The organization of a syndicate composed of the Russo-Asiatic Bank, a Belgian Group and the London City and Midland Bank (which has recently floated inadequately secured, though small, Chinese loans) to be represented at Peking by M. von Hoyer, one time Russian Financial Agent in the East, and educated in the Cassini Pavloff school, presages a revival of her former politico-financial activity.

Russia will profit, though perhaps not to the same extent as Japan, by the continuation of the present corrupt administration in China. She, too, would have opposed an American loan for Currency reform, and will even more strongly object to a quadruple undertaking from which she is excluded.

The situation in Manchuria is serious. Some incident arising from the panic due to the ravages of the plague may, at any time, be seized upon by Russia or Japan, or both, to strengthen their hold on, or finally occupy, this region. If given a good excuse, and if interference from the United States and Europe could be prevented, Japan would declare war against China before the termination of the Anglo-Japanese Alliance and the completion of the Panama Canal. China could not resist; Japan's position in Manchuria would be secured, and a large indemnity exacted. Russia, at the price of holding Europe back, would take Mongolia and perhaps Northern Manchuria as well.

China can forestall this immediate danger only through the support of the United States, England, France and Germany. The same co-operative assistance, if the present crisis be successfully passed, is necessary to insure efficient Currency Reform and the general development which would follow.

This grouping of the four powers can best be assured if their financial interests are associated. The Currency Loan offers American diplomacy a splendid chance therefore, not only to assist in China's administrative regeneration, but to ward off a very real and imminent danger.

Chinese officials, however well they may realize this fact, are not willing to obtain the support they so greatly need if the price therefore be an International financial control.

The problem, therefore, is how to avoid such inter-
national control while securing an investment from the Quad­
truple Banks.

It may be regrettable, but it is a fact, that the
American Group signed the London Agreement because there is
a very limited, if any, market for foreign securities in the
United States and because neither the American Group nor any
other association of American financiers can compete against
European Banks for Chinese loans. That being the case it
was necessary for the Group to avoid competition by associat­
ing itself with its most powerful competitors. In this
Agreement, however, and in the joint investments that should
be secured thereunder, American diplomacy may find the basis
which will enable it to secure and hold the leadership of
the four powers in preserving the "Open Door" in, and the
integrity of China.

The London Agreement gives you the basis on which
you may hold the leadership. That leadership, however, must
be first secured through China's promise to appoint an Amer­
ican Financial Adviser and by bringing under the London Agree­
ment the Preliminary Agreement for the Currency Loan, which
American diplomacy has already obtained.

Such leadership, to be effective, must rest on
political as well as financial co-operation between the four
powers; and to secure the former the latter is essential.

We cannot secure this cooperation if China appoints

an American adviser and the American Group alone undertakes
to float the Currency Loan.

Whether you recognize the necessity of quadruple
cooperation or not, however, the American Group, with the
European markets closed to it, cannot afford to pay for this
Loan a price which the Chinese would accept, and from the
time of the signature of the Preliminary Agreement the French
and German Governments, at least, as well as their Banks, were
determined that they would not carry any part of the Loan
unless accorded full rights of joint signature: that they
would not permit the American Government, or Group, to make
use of their markets to enable the American Group itself to
carry a loan for which the United States obtained the sole
prestige.

The admission of the Tripartite Banks is therefore
a financial necessity, and out of this financial necessity you
can make political capital.

China will not admit the Tripartite Banks unless she
be assured that only a single adviser will be required.

I am quite as anxious as I know you, yourself, to be
that an American should be given this post. American in­
ability to handle foreign loans, however, is notorious on the
London, Paris and Berlin markets and well known to the British,
German and French Governments. Will these three Governments,
certain that without their banks we could not undertake the
Loan, permit their bankers to participate therein while American diplomacy secures the appointment of an American Adviser? I know that you have China's promise to do so. I hope that an American will be engaged but in the face of facts I do not believe you can secure the appointment of an American, unless you obtain English, French and German approval for such appointment and still hope for the success of this Loan without which Currency Reform will, for the present at any rate, be impossible.

I fear that if you now insist that China engage an American and inform the other powers of this insistence without requesting their acquiescence they will not allow their banks to join with the Group, unless China agrees to appoint an Englishman, a Frenchman and a German as well. Her consent to this step you cannot reasonably expect. If you force China to submit you will have to bear the responsibility for establishing an international control on conditions similar to those which now exist in Egypt and Turkey. Unless you are willing to assume this burden and the consequences of destroying forever Chinese confidence won by decades of kindness and fair dealing you will be obliged to find some solution whereby a single adviser may be engaged while the Tripartite Banks are admitted to the Loan, or to abandon the enterprise. The consequences of the latter step are not difficult to foresee.

For this reason I have urged in my telegram that you accept from China a request to recommend "a foreign adviser." whose general functions shall be to your satisfaction and stipulated in the diplomatic note under which the request is made. When China is thus committed you can endeavor to persuade the other Governments to concur in the appointment of an American. If they will not, in view of the financial facts, and despite the pledge which you hold from China, you can reach some understanding as to who shall be recommended and thus secure their support for a single adviser of whatever nationality he may be, and their cooperation in furthering Currency Reform.

The credit of initiating such Reform will be yours. More than that. By your action you will have proven that this Reform itself, not the appointment of an American as China's Adviser, has been your object. This I am sure is the case, and I hope that before this reaches you we shall have reported the conclusion of the Final Agreement for the Loan. If this can be secured on the basis proposed, American diplomacy will have gained the leadership of the Quadruple Powers and will have laid the cornerstone of that cooperation which alone can assure the preservation of the "Open Door" and the natural and legitimate development of China, that I desire it all the more because of the fact that to you personally the credit will largely belong.

I trust that you will realize that in writing thus at length I have been anxious to present to you my point of view, based on conditions here, an adequate idea of which it is almost impossible to convey in any reasonable space. I
hope, too, that you will forgive my trespassing in the sacred realm of high diplomacy, and that you will accept this letter in the spirit in which it is written, for I assure you that no one appreciates more than I the work you have done, and no one wishes more than I, the successful fruition of your efforts.

Yours sincerely,

WILLARD STRAIGHT

3/3
Madrid, 18th Feb., 1911.

Dear Straight, This ought to reach you on or about the 6th of March, and in that case, I would be beholden to you if you would pass my remissent regards to Cordes and Hillier on that glad anniversary of the signing of the Hookworm loan. Assume them of my distinguished consideration and say that I sincerely trust that their progress with that business may be as rapid in the future as it has been seen first they played the backdoor trick despicable on John Bland. Honesty, you may observe, is not infrequently the best policy, but I doubt if either of them will live to appreciate the fact.

And I, John Bland, am sitting in the sun, studying the ways of the Hidalgo, which, in many respects, are not unlike those of the mandarin. Both live on the traditional stupidity of the people, and both practice tricks that are persistently dark. One might make a good article comparing the chique with the mandarin, and I'm not sure that I won't do it. Anyway, here is a country that with a little honesty and an energetic administration might be made the garden of Europe, and it is given over to priests and ignorance and avarice and impending anarchy. The Lord must often say to Himself, Straight, that when he put Man into the fair world, he made a baulder.

I got a letter from you delivered to me in Lisbon, and was glad to get your news. I also heard, in that same back-street, from Marvin and from Fletcher, so that you see, although worlds divide, the spirit
that quickeneth is, alive, doing fit things. What a good thing it would be if we, the Elect, could only foegather and talk the higher philosophy, to see an of old, for occasional hours and then get back to our cabbage-patches, stay on our abacuses, or our troughs.

When I get back to the Clock House, which I expect to do by the 24th inst., I shall send the picture to Neno aforesaid. I hope to see Silv favor of return from the States, and I trust that this mission has been successful and that the railway may yet go through. I fear if it don't, between you and me, I fear that poor French is in for a hard time. Pauling is a fine fellow, and a gentleman, but one can't expect him to go on for ever, pouring money into the Chinese Empire and not getting anything for it.

With Sheng, as Boss of railways, my hopes go down. Also, my novel in every great belief in the honesty of Tsai and Sheng is my friend and does a deal of the scurry. The Comrades of the Hongkong bank, and may I be able to pass something out of the dirt heap for that institution.

Sheng being the biggest rogue and liar in China, bar none, there ought to be an innings for his protege.

I have an account of sales of Houseboat days and they paid me $30 per day into my account. I propose to remit you the equivalent of that sum which ought to make us square, or thereabouts. Can't do it, but will pay out from this, having neither the accounts nor cheque book, but will do so.

And so, Straight, fare thee well, and come away out of it whenever you have done the trick. You are wanted in the place manner to the Presentment of Liberty.

Yours,

[Signature]

Original in private hands.

The Willard Straight Papers at Cornell University
Dear Davison:

I enclose, herewith, a copy of a letter which I received a couple of days ago from Mr. Max Warburg of Hamburg, together with my reply thereto. These documents speak for themselves.

As stated in my letter to Mr. Warburg, I do not know Mr. Eggling at all well personally. His reputation for cleverness is very general, but as far as I personally am concerned I should not care to be intimately associated with him in Chinese business as he is not the type of man whom you would instinctively trust, and mutual confidence is essential in such an organization as ours must be if we expect to attain any degree of success.

Furthermore, while I do not know what plans Mr. Warburg may have for German-American co-operation, I think it would be a grave mistake if the Group staff in Peking should be given anything but an essentially American character. Gatrell is, of course, a British subject, but, as I stated in my other letter, which is going forward to you today, is as much American as he is English.

Without knowing what scheme is afoot I prefer not to commit myself further but I hope that before anything very definite is done, if, in fact, anything is contemplated, you will give me a chance to express my opinion.

As you will notice, in Mr. Warburg's letter he has requested that his communication to me be regarded as strictly confidential. I do not know whether he wishes me to inform you or not. In any case I feel it to be but right that I should do so.

Sincerely yours,

H. P. Davison, Esquire,
23 Wall Street,
New York City.

S/G

[Handwritten note: Willard Straight Papers at Cornell University]
Mr. Warburg to Mr. Straight.

Hamburg, 27th. Jan'y, 1911.

Dear Mr. Straight:-

I hope you manage to keep in good spirits despite the tiresome work you got on your hands.

I would ask you to kindly give yours personal views on Mr. Eggeling one of the leading Managers of the Peking Office of the Deutsche Asiatische Bank.

Do you consider him a trustworthy and able man?

What sort of character has he got?

I do not know whether it is true but the rumour has reached me that Mr. E. is not over satisfied with his position in the D. A. B. and as I know that our American friends have at heart the strengthening of their Chinese staff I thought that perhaps, should Mr. E.'s state of mind be really in accordance with this rumour we might find here a way of favoring the German-American cooperation.

Please consider this strictly confidential and give me only your own personal view.

The whole plan is now very ripe yet and at this moment I only want to get some particulars on Mr. E.'s personal qualities.

Many thanks in advance,

With kind regards,

Yours sincerely,

(Signed) Max Warburg.

Please do not forget to congratulate Aunt Malchen on her 80th birthday which she'll celebrate on 8th. of May.

February 16th, 1911.

Dear Mr. Warburg:-

Many thanks for your letter of January 27th. I am much interested to learn that some movement is on foot to work out a closer German-American approachement which I am sure will be most beneficial to all concerned. I shall be much interested in learning further details as matters develop.

As to Mr. Eggeling, I know him but slightly except by reputation. He is a man who minglees not at all in general society here in Peking and his associates are not people who stand very high in the foreign community. That seems to a certain extent against him, though far be it from me to criticize anyone who finds seeking society neither amusing nor profitable.

He has the reputation of being one of the cleverest bankers in North China. His I believe to be undoubtedly true. The actual work of the Peking Branch of the D. A. B. is almost entirely in his hands as Cordes confines himself largely to political work. The reputation of the D. A. B. is not, however, such as to appeal to me personally, or to make me feel any great confidence in the characters of those employees who carry out the policy which this branch of the Bank at least seems to have laid down. As I say, I lack confidence, or rather disapprove of some of the policies of the D. A. B. There is a good deal of very sharp, to say the least, work done with Chinese officials, who are unfortunately only too ready too be party to such transactions by which they personally profit, at the expense sometimes of the interests which they should protect. Eggeling has been concerned in such deals I know, or have at least strong reason to believe. Whether it be his personal, or the Bank's responsibility, to my mind makes little difference. I do not feel that he would greatly strengthen our organisation, but am inclined to take quite the opposite view, for I do not think that it would add to our reputation to take a man from such surroundings no matter how able he might be.

You have asked for my personal views, and at the risk
of being perhaps too frank I have expressed them.

Upon the question of bribery or anything approaching it, no matter what it may be called I feel very strongly. The fact that the Banks and organizations that have best succeeded here in China have owed their results in no small measure to the use of what seems to me to be reprehensible measures, does not alter my opinion. If we can't get business by clean methods I am sure you will agree it is better not to get it at all, and for that reason, I should regret the addition of anyone to our staff who had been employed by any institution employing, or who himself had connected with institutions employing, or who himself had employed, the usual tactics in dealing with the Chinese.

I shall surely remember Aunt Malchen's birthday. Please give her my kindest remembrances, and accept the same for yourself and your partners.

Sincerely yours,

Max Warburg, Esquire, Hamburg.
Memorandum of Conversation with
His Imperial Highness Prince Tsai Tao
February 6th, 1911.

Prince Tsai Tao received Mr. Straight at his Palace
on the afternoon of February 6th.

Mr. Straight reminded His Highness of the former
interview, as a result of which His Highness promised to point
out to the Prince Regent the necessity of China's engaging a
Financial Adviser in order to make possible the conclusion of
the Detailed Agreement for the Currency Loan.

Mr. Straight stated that he realized that His High-
ness was not directly concerned with the administration of
China's finances but hoped that he would again use his in-
fluence to expedite the Adviser's appointment and thus pave
the way for the early conclusion of the Currency Loan.

Mr. Straight stated that he was acting entirely
 unofficially and privately but felt that China was confronted
by the most serious crisis, and therefore took advantage of
the Prince's former consideration to lay certain facts before
him.

Mr. Straight called attention to the serious condi-
tion in Manchuria. He explained that Japanese policy must
be directed to bringing about some clash with China in order
that she might secure a permanent title to the Huang Tung
leased territory and the South Manchurian Railway. He further
pointed out that while the United States, England, France and
Germany were interested in the preservation of China's integrity
both Russia and Japan desired to keep China too weak to resist
their aggression. He stated that the people were reported
to be much excited by the stories that the spread of the plague
was due to the fact that the wells had been poisoned by Japan-
ese. These rumours were, of course, untrue but owing to
the panic caused by an increasing death rate the fear that at
any time there might be anti-foreign or anti-Japanese riots
which would enable Russia and Japan to rush troops into Man-
churia and strengthen their hold if not actually seize this
region.

The Prince admitted this possibility.

The Prince also admitted that in case Russia or
Japan or both took such action there would be general unrest
and possibly outbreaks throughout China proper.

The Prince further admitted that China would be
unable herself to meet Russian and Japanese aggression and
would be obliged to turn to the foreign powers for assistance,
and agreed that such assistance could best be secured if the
powers, and particularly America, felt that their interests
were menaced by the actions of Russia and Japan.

Mr. Straight then pointed out that the American
Government and the American Group were disappointed and much
chagrinned by the failure of China, as promised, to appoint
an American Financial Adviser and conclude the Currency Loan;
and that England, France and Germany were irritated by the
failure of China to settle the Hukang Loan and to admit the
Tripartite Banks to the Loan for Currency Reform. To secure
the assistance of these powers against the encroachment of
Russia and Japan it would be necessary to give them some quid
pro quo. This could best be done by admitting other banks
to a participation in the Currency Loan and immediately settll-
ing this matter and the Hukang.

If Manchuria were seized or occupied by Russia and
Japan and general unrest should follow in China it would be
impossible to float Chinese bonds on either the American or
European markets.

It is therefore essential that immediate steps be
taken by China to secure the friendly interest of the four
powers by concluding these two loans.

Certain officials feared to appoint an American
Adviser and to proceed with the Currency Loan because Russia
and Japan had demanded a participation therein and insisted
also that Russian and Japanese Advisers be appointed.

Russian and Japanese efforts to secure a participa-
An arrangement could be made, moreover, whereby the Chinese Government should request the American Government to recommend, not an American but, a foreign Adviser. The American Government, before recommending such an official, could consult with the Government's of England, France and Germany, obtain the approval of the man to be recommended, whether American or some other nationality, and thus secure the acquiescence of these three powers in the appointment of a single Adviser.

With the four Governments of the lenders committed to the appointment of a single Adviser it would be difficult for Russia and Japan to insist upon having advisers also; particularly since their bankers would probably be unable to secure anything more than a small, if any, participation in the Loan and would not, in any case, be signatories to the Loan Agreement.

If China acted quickly in this matter and created a large joint interest by permitting the four banks to float the Currency Loan she would obtain practically an international guarantee for her integrity, and any drastic action which Russia and Japan might contemplate in Manchuria might be forestalled.

His Highness seemed impressed with these statements and promised to lay them before the Prince Regent, and through His Excellency Sheng King Tso to bring pressure upon Duke Taal Tse to speedily to conclude the Currency Loan on the basis suggested.

He reiterated his conviction that the appointment of an Adviser was necessary and stated that he feared that Duke Taal Tse had not taken a broad view of the situation but had been influenced by the arguments of certain subordinates in the Board of Revenue, notably Dr. Chen Chin Tao.
Interview with His Excellency Sheng Kung Pao
February 10th, 1911.

Mr. Straight called upon His Excellency Sheng Kung Pao at his residence and stated that, as he had explained a few days previous to Mr. Chao, His Excellency's Secretary, he felt that China was confronted by a serious situation in Manchuria and that possible disastrous consequences could best be avoided if the Chinese Government at once arranged for the appointment of a Financial Adviser and concluded the Currency Loan with the Quadruple Banks.

His Excellency stated that he had presumed that the Group desired an Adviser appointed because some doubt was entertained as to whether the Loan Funds would actually be expended for Currency Reform and for Manchurian industry. He suggested that there was probably a fear that these monies might be diverted to other uses and that the Group therefore wished China to engage an Adviser who should insist that the proceeds of the Loan were expended in accordance with the provisions of the Loan Agreement.

His Excellency further stated that he presumed that the Group desired some provision for control of expenditures in the Loan Agreement itself in order that the public might be the more ready to purchase the bonds through being assured that the Loan Proceeds would not be wasted.

These, he presumed, were the two principal reasons why the Group insisted that the Adviser be appointed before the Loan Agreement was negotiated.

He asked whether the Group had any other purposes in view and suggested that Mr. Straight elucidate these points and acquaint him fully with the Group's desires and how he proposed they should be accomplished.

Mr. Straight stated that His Excellency's assumptions were correct.

He stated that the question of the Adviser was one which concerned the American Government more closely than the Group; that the American Government had, for many years, been endeavoring to assist China in securing Currency Reform; that the American Government especially desired that this Currency Reform be made effective because it was felt that such Reform would be the first and most important step in securing the general development of China along modern commercial lines, and that such development would not only strengthen China economically but would enable her the more readily to solve the political problems by which she was confronted.

The American Group, although interested in Currency Reform and likely to profit by the general development of trade which should follow such a step, desired the appointment of an Adviser chiefly because the engagement of such an official by China would make the bonds a better investment by assuring the proper expenditure of the Loan Funds.

Mr. Straight then pointed out that both Russia and Japan desired to keep China too weak to resist their aggression; that England, France, Germany and the United States, on the other hand, being trading and lending nations, desired to profit by the commercial and industrial development of the Empire and were therefore desirous that China should grow strong.

Russia and Japan therefore, it should be taken for granted, would oppose any measure calculated to strengthen China.

They would doubtless have opposed an American Loan to China for Currency Reform. They would object even more strongly to a loan floated for the same purpose with the Quadruple Banks, for if such a loan were made China would secure the interested support not only of the United States alone, but of the United States associated with England, France and Germany.

Aside from the political aspect of the situation it must be taken for granted that if the loan, as originally proposed, were undertaken with sole American signature, the
European markets would be closed against the bonds and the
price which China realized therefor would be correspondingly
decreased owing to the restricted market for these securities.
This point, His Excellency stated, he had recognized
from the outset.
Mr. Straight continued that in view of the situa-
tion he felt it to be in China's interest to close this matter
as soon as possible. He therefore suggested the following
plan:

The Chinese Government to address the American
Legation reviewing the interest which the American
Government had manifested in Chinese Currency Reform
and request the American Government to recommend a
foreign Financial Adviser whose functions should be
outlined in this communication.
The American Government to reply that it would
so recommend a foreign Financial Adviser to exercise
the functions stated.

In order that the negotiations for the Loan
might be conducted with the greatest secrecy, how-
ever, this interchange of notes should not take
place until the Loan Agreement was practically ready
for signature.

Mr. Straight stated that his instructions made it
impossible for him formally to discuss loan terms with His
Excellency before China was definitely committed to engage
a Financial Adviser, and in case His Excellency, however,
would prior to the signature of the Loan Agreement, (see ad-
dress the American Ministry) Mr. Straight was prepared to
discuss the terms of such Agreement with His Excellency.

He thought it possible that he might be able to
pursue the Group to omit any reference to the Adviser's
appointment in the Loan Agreement. It would be necessary,
however, to provide for a certain measure of control over
expenditures through the appointment of an auditor, or
auditors, in a manner similar to that provided for in the
Hukouang Loan Agreement. When His Excellency and Mr. Straight
had reached a practical agreement as to the terms, the Chinese
Government should address the American Legation as provided
above. Mr. Straight could then communicate with his Tri-
partite colleagues and invite them to consider jointly
to sign the Loan Agreement.

The signatures of the Quadruple Banks having been
affixed to the Loan Agreement the American Government could
then approach England, France and Germany to inform them that
China had requested the United States to recommend a Finan-
cial Adviser, and consult with them as to the person best
qualified to fill this post.

In this way the support of the four Governments
could be secured for whatever Adviser so appointed. It was
essential that the best man possible should be obtained, the
nationality of the appointee was a secondary consideration
and it was possible that neither an American, Englishman,
Frenchman or German could be appointed, but the subject of
some neutral power would be chosen to fill the post.

If this procedure were followed the financial
support of the four banks would be secured and all four
Governments would be committed to the appointment of a single
Adviser. Thus, while securing the advantages to be derived
by assuring an international quotation for her bonds, China
would avoid the danger of the establishment of an International
Board of Financial control.

His Excellency expressed some apprehension regard-
ing the American Government consulting the other three Gov-
ernments before recommending an Adviser. He recognized the
advantages to be gained from this procedure, however, and
seemed impressed with the suggestion that the services of a
Dutchman might be secured.

He still felt, however, that this plan recognized
some connection between the appointment of the Adviser and
the flotation of the Loan, and this he desired, above all
things, to avoid.

Mr. Straight pointed out, however, that the Amer-
ican Government in consulting the other three Governments
need not necessarily base its representations on the fact
that the Tripartite Banks had been admitted to the Loan,
but could approach the other Governments on the basis that
having been asked to recommend an Adviser the American Govern-
ment desired the benefit of their experienced advice as it
relied upon their co-operation in furthering Currency Reform
in China.

In view of the Russian and Japanese demands for
joint advisers and a participation in the Loan it was neces-
sary, moreover, not only that the Tripartite Banks should be
associated with the American Group but that the four Govern-
ments should be pledged to the support of a single Adviser
and thus protect China from Russian and Japanese demands for
joint advisers.

His Excellency stated that there existed a very
strong opposition amongst certain officials, to the appoint-
ment of any Adviser whatsoever; that Sir Robert Hart's
usurpation of supreme control in the Customs Administration
was used as an argument against the appointment of any other
foreigners to a position of responsibility and authority.

His Excellency stated that in employing foreigners
China had found two chief difficulties; the first being that
the foreigners employed arrogated to themselves undue power,
and secondly that foreigners employed became disgusted with
China and discouraged, and were content to draw their salary
until the expiration of their contracts without rendering any
services whatsoever.

He, himself, he said, was convinced that China should
follow the example of Japan and avail herself of foreign ad-
dice; that he had many foreigners in his employ and found
them much more useful than most of the Chinese in his service;
that he had been endeavoring to secure a Currency Reform for
the past thirty years and realised that to do so he must have
a foreign Adviser to assist him, and that is such a man were
engaged he would consult him on every possible matter and
give him all the authority necessary to attain the end for
which he was engaged.

His Excellency said, however, that the difficulty
was to find the man and that the problem confronting China
was a difficult one; that no foreigner understood the obstacles
which must needs be overcome, and that he feared that any
Adviser who might be engaged would come to China with certain
preconceived notions as to what should be done and be unwilling
to adapt his views to the necessities of the situation. Prof.
Jenks, he said, was an able man but if he were engaged
His Excellency feared that he would insist upon the immediate
adoption, by China, of the gold standard. His Excellency
desired the gold standard but did not believe its immediate
introduction would be practical or possible.

His Excellency stated that if he were sure he could
secure the right man he would be prepared to engage him im-
mediately, and that if the Chinese Government refused to ac-
cede to his recommendations that this man be engaged he would
resign his post.

Mr. Straight pointed out that it would be possible
to find a suitable man who would come to China with an open
mind and who, owing to his acquaintance with finances through-
out the World, would be able to render valuable assistance.

To this proposition His Excellency agreed.

His Excellency further stated that although he was
ostensibly subordinate to Duke Tsaol Tso the whole question of
Currency Reform was in his hands and that the Duke, he thought,
would eventually concur in his views. He stated that he
did not desire the Adviser appointed by the Ta Ching Bank
because he did not have sufficient confidence in that institu-
tion. He said that if he could be convinced that he could
secure the proper man for the post he would be willing to
memorialise the Throne and state that the Adviser's appoint-
ment was necessary and thus force the Duke to agree to the
Adviser's engagement.

His Excellency Sheng stated that he did not attend
the conference between Mr. Galhoun and the Duke on the 20th
of January because he knew that the Duke intended to tell Mr. Calhoun that the Adviser's appointment would be impossible: that after this conference the Duke and other high officials had felt that negotiations would have to be abandoned as no solution of the difficulties seemed possible.

He further stated that he had foreseen that this would occur; had refused to attend the conference because he did not wish to share the responsibility of what he knew would be its inevitable result and had remained in the background feeling confident that the Duke having failed, his views would ultimately prevail.

His Excellency stated that he would consent to the admission of the Tripartite Banks to the loan and asked whether Mr. Straight desired the negotiations to be conducted by all four representatives or whether he, himself, would negotiate.

Mr. Straight replied that until the Agreement was ready for signature he preferred to conduct negotiations alone in order that greater secrecy might be observed.

Mr. Straight reiterated that until the matter of the Adviser's appointment was settled with the Legation his negotiations must be considered informal and in no wise committing the Group. To this His Excellency agreed, stating, however, however, that it would be necessary for him carefully to consider the manner in which the Adviser's appointment might be arranged. He further stated that the question of the Adviser's contract would have to be considered with greatest care.

Mr. Straight replied that this was undoubtedly true but that the Chinese Government could address the American Legation giving a general statement of the Adviser's probable functions, and that when the American Government had replied to the Chinese note, and while the American Government was consulting with the other Governments as to who should be recommended His Excellency would have an opportunity carefully to prepare the Adviser's contract of engagement.

His Excellency, during the course of the conversation, remarked that the one danger in appointing an Adviser in connection with this Loan was that when China desired other loans the banks or the Governments, or both, might insist that additional advisers be appointed.

To this Mr. Straight replied that such would not be the case for by appointing an Adviser in connection with Currency Reform and in thereby securing effective Currency Reform China's credit would be increased and China, having shown her sincerity of purpose and her ability in making this reform effective would, in the future, be much less likely to be subjected to foreign control when she borrowed funds from abroad.

The interview closed with the understanding that His Excellency Sheng was to make arrangements with the Legation with a view to securing the recommendation of an Adviser, and that Mr. Straight was to prepare a Draft Detailed Loan Agreement to be submitted to His Excellency at the earliest possible moment that when the details of this Loan Agreement had been practically agreed upon Mr. Straight was to submit the Draft to the Tripartite Banks who were, after the interchange of diplomatic notes between the Chinese Government and the American Legation, to be invited to sign the Loan Agreement.
Letter No. 161
File No. 4/148/161

Messrs. J. P. Morgan & Company,
For the American Group,
No. 23 Wall Street,
New York City.

Gentlemen:

In my personal telegram of February 9th to Mr. H. P. Davison it was stated on reliable information that a combination had been effected between the Russo-Asiatic and the London City and Midland Banks and a powerful Belgian Group which will, it is understood, be prepared to lend money to China without control.

This combination is to be represented at Peking by M. von Hoyer who has, for sometime, represented the Russian Ministry of Finance in the Far East and whose initial experience in this field was acquired under Count Cassini and the notorious M. Pavloff.

Count Cassini, it will be remembered, when Russian Minister at Peking, after the China and Japan war, was instrumental in bringing about the Russo-Franco-German combination which forced Japan, after her victory, to return to China the Liaotung Peninsula which China had been forced to cede as the price of her defeat. It was Cassini who,

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through Li Hung Chung, obtained from China the right to construct the Chinese Eastern Railway across Northern Manchuria under the contract of 1896; who negotiated the exclusive "Cassini Convention" upon which Russia bases her claim to veto any railway construction North from Peking, and who engineered the Russian occupation of Port Arthur.

M. Pavloff, who started his career as a Lieutenant in the Russian Navy and who was brought to Peking by Cassini, ably assisted his chief in, and as Charge d'Affaires at a critical time, elaborated his imperialistic policy and later, as Minister to Korea, Pavloff with Admiral Alexloff, the Russian Viceroy of the Far East at Port Arthur, through greed, corruption and a blindness to facts, pursued their arrogant policy until Japan declared war.

Cassini and Pavloff are now in disgrace. The policy initiated by the former was, from the outset, foredoomed to failure by the certainty of Japanese resistance and because of the corruption which rendered ineffective the machinery by which Russia was endeavoring to gain her ends.

That corruption still exists but Russia, having learned to her cost that she could not alone occupy Manchuria and Northern Korea as well, has now apparently arranged to cooperate with Japan in the joint spoliation of China.

With domestic tranquility largely restored, with her European position made comparatively secure owing to her
alliance with France, her entente with England and the recent-ly effected understanding with Germany; Russia is now in a position to profit by the past with Japan concluded on the 4th of July, last. The reorganization of the Russo-Chinese into the Russo-Asiatic Bank and M. Nestor's refusal of the 5% participation in the undertakings of the Quadruple Banknotes seemed to presage the renewal of Russian political-financial activity in the Far East. The designation of M. von Hoyer as Manager of the Russo-Asiatic Bank therefore, in the light of his antecedents and his present affiliations, is significant and may seriously affect the position of the Group and of the Quadruple Banks in China.

The London City & Midland Bank has already floated one, and has now engaged to float another, issue of so-called Peking-Shanghai Railway bonds, which bear 7% interest but which do not afford adequate protection to the bondholders.

It is to be presumed that the new Russo-Angle-Belgium combination represented by M. von Hoyer will be prepared to lend money to China on equally easy terms, while the Quadruple Banks are pledged to insist upon a certain measure of control. Even though the Chinese, for political reasons, were prejudiced against Russian investment, the competition of this new Group will be hard to meet.

Unless the Currency and Huaihun Loans can be quickly settled with the Quadruple Banks to create a community of political interest between their respective Governments, the situation, owing to M. von Hoyer's arrival, will become more complicated even than it is at present.

If one of these loans, or either of them preferably that for Currency Reform, can now be closed, however, it is possible that the Russian Government may decide it more expedient to join with, rather than oppose, the Quadruple combination.

If the Russian Government can be sufficiently impressed with the political backing of the Quadruple Banks it is not impossible that M. von Hoyer will endeavor to reach some understanding with us.

If German and French, as well as English and American, support can be secured for Lord Ishew's alternative plan for the Chinchou-Alpin Railroad, my overtures from M. von Hoyer could at once be utilised to secure Russia's acquiescence in the construction of this line. Russian cooperation secured, Japan also desire admission, and the so-called Neutralization Proposals might, at last, be made effective.

It would seem, therefore, that while the designation of M. von Hoyer and the formation of the Group which he represents may add to our difficulties, there is a possibility that if effective Quadruple cooperation can be secured his coming may be turned to our advantage.

In either case the renewal of Russian political,
J. P. M. & Co.
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Financial activity in China marks a new phase in Far Eastern politics. Since political problems must be solved before any business can be secured, this matter, I believe, is worthy of your attention.

Yours truly,

[Signature]

8/6

The Willard Straight Papers at Cornell University
Your cable came this morning—dear Dorothy—and I was glad, from its tone, for you understood, as I knew you would. You're a tease—Miss— with your query about the Valentine. Are you? Will you be? How and for always? For it must be through life—oh Wonder of the World—and beyond.

I am enclosing the letter to Davison that didn't go last time, and a new one to Woolnough, for the other was well destroyed, and two memos, that are very secret—just for you. The Davison letter had to go through you, because it means perhaps a change in things and on that you must pass before even Davison can consider it. I love to be able to send this to you—to feel that anything for the future, which is ours, must be decided by you, as well as by me, dear Child. Would you not have it so? I can't help it, anyway, whether you would or not, for you are my life, and what you wish I shall try to do. Will you take the responsibility? My Valentine!

God Bless you—

The letter that went this afternoon, Dorothy, dear, was hurried off to catch the mail. I didn't tell you how much your cable cheered me, for it was a merry one. I could almost see you shake your head—"George gets nothing from me". There was a wonderful tone of finality about it. Things must be going well with you—oh Wonder of the World—or are you grippy still and sending me a giddy message to cheer me up? You'll never know what your letters and cables have meant to me—all the time, but more particularly in these last days. When I feel sometimes so sort of stretched that I almost think I'm going to snap like a guitar string. Ideas and ideas and ideas seem to swirl around in my head, and I work out ab- sences all night in my dreams—changing a word here, adding a paragraph there—furbishing and polishing and working a long Detailed Agreement into such shape that it will be adopted by both the Chinese and New York—and the State Department as well. I'll be glad when its over, for sometimes I feel tired out, with the fight, fight, fight. But don't you worry about that, for I grit my teeth and pound the table, and know I must win for your sake. I wonder if you'd like it, to hear your name hissed out, in T.R.'s best style, with an I WILL. Maybe I won't, but we won't say die just yet. I WILL FOR YOU—now we'll see what the willing can do. I wrote of it to you once before—its a strange sort of a feeling, and of sort of psychological—never could spell the word—(psychological) introspective interest to me. By whole body and mind seems tense. Did ever in a physical examination get on the weight lifting machines—grab a handle, grit your teeth—and pull? Your whole body is straining the muscles, such as you have, stand out like whips, and your whole mind is concentrated on the pull. Here I frequently, when I'm thinking about this thing, suddenly find my biceps contracted and often as not get a cramp in my legs while I must have worn my teeth off, I don't know how much—sheer grinding and snapping. I'll sit here, or stride along the street and it seems as if almost, by sheer willing, I could pull this damned empire down or move a ton of coal! FOR NORMALLY— I WILL. This baring of the soul is probably foolish— suppose we don't win, you'll think me a damned poor Weller(d). Will you? If you do I'll show you my dentist's bill.

The Chinese text of the Final Agreement is almost ready. Then it goes to Shang and he'll try to pull it to pieces—but he can budge us so much and not beyond. Then it will
go to New York, and will have to be crammed down their throats-- a compromise between what they want and what Sheng wants to give. --Sure sign of an equitable arrangement being dissatisfaction on both sides. Then comes the real test-- China's request for an adviser. I've been after the Minister to prepare a draft of the note he would accept from the Chinese and hand it then. Tonight he asked me to prepare a memorandum as to what I thought the adviser ought to do--and what should be specified in the Chinese note. So tomorrow I'll draft that. Pulled him around again. Hai Hai! and now we'll fix up Mr. Adviser, with a nice blank note that will have a sugar coating of verbiage, but that can be made the basis of a pretty hard and fast contract of engagement, and specification of exact functions in the programme for Currency Reform.

You see--Oh Wise One-- the game is this--to tie 'em down in generalities in both the adviser note and the Detailed Agreement--to make the issue of the loan contingent upon the Banks' acceptance of the Programme for Currency Reform, and then to rely upon their need for funds to force them into drawing a programme that will provide for the necessary control. One has to work by slow stages--and get good and solid foundations before one starts arguing as to the colour of the wall paper. If one started on the wall paper at the outset, the foundations would never be laid--for they would say they preferred calamine anyhow, but once the foundations are down, with wall paper in the specifications, they'll yield on colours in order to be able to keep out of the wet. Now you mustn't think me smart--cause I ain't--nor do I want to be--and the Programme must be reasonable and fair to China, but unless we work these little games, the Programme wouldn't be even discussed. The consecutive crossing of bridges is a very excellent principle in life--and the evil of a day is generally more than sufficient therefore--so why hustle the calendar?

Once we have the adviser note, the agreement goes before the Tripartite Banks--another squabble--and then I hope, signature. One more step. The real row will come over the Programme, and the adviser contract, but I am neither a monetary expert nor a diplomat--let 'em shift for themselves. I go home. Will you be waiting for me?

Tonight I sat, for a long time in front of the fire, and it was so wonderful to plan out how it would all be. It rested me a lot, and made me more cheerful. First the cable "Signed"--then "Starting"--then a "Hoover" from Petersburg and London--a wireless, and home.

In London I'd find a letter, maybe two or three, from you. Too uncertain at Petersburg. You'd tell me where you'd be--at Westbury or the Lorraine. At the dock there'd be a note. I'd bribe the steward to land my stuff, and hustle to get my Customs assignment. That would come before the telephone. So I decided after some figuring and mental argument. First, because if I went to the telephone at once, I'd be late in getting my inspector, and that would delay my leaving the dock, and a quarter of an hour earlier in seeing you and being with you means much more than the five minutes delay in getting the first word over the telephone. Then my suit case would be packed with everything I wanted for a day--and I'd cheque my trunks to the Hotel and rush either to the Lorraine or to the Pennsylvania Station. It would be nice if you were in town--especially if we arrived in the morning, for then we could have a late breakfast--ours--and you would give me my first sugared coffee. But it would be nice too, to see you first in the country, but that hour or hour and a half extra, would be hard to bear. If we were getting in at night, you'd have to be in town. Guess you'd better be anyway, once to think of it--and they--Dorothy, little child--and then--if it were of a morning, we'd telephone Davison sometime and say that there'd be no W.S. at the office that day. Perhaps if we went to the country we could motor over and have dinner with the Davisons and come back in the moonlight.

These thoughts, dear child, are always in my heart. We must win the loan fight, for I must go home for you soon. It doesn't seem as if I could stand not seeing you much longer.

God Bless you.
not been for you, I'd have shouted it long ago. Your letters are the one encouragement I have— they alone make life worth living, and the fight worth while. China and the American future in the East are too intangible— too far-off— too indefinite. What one can do is but such a tiny drop in the bucket— if it be done well the next man may spoil it— if badly, the successor may mend. But, child of mine, I love you— and I'm fighting for you, and you are worth while.

And now I am going to preach. Your letter was so sweet and sympathetic that I feel stronger and better and more determined. In writing, dear, you can help tremendously. But if you were only here so that we might meet it all together and sit in front of the fire at night and talk over the struggle of the day. I need the courage of your love, dear, need it always.

In your letter you say you are sometimes pessimistic about marriage. Now I don't believe you mean that— do you? Don't you mean that you are discouraged by the way in which some people marry? In the first place, I hate to have you write or think such things, because I want you to marry me— because I believe that you and I both feel the sacredness and wonder and infinite happiness and peace that marriage in its truest meaning brings— and because I believe that you and I would have all this for our own, because to us it is so sacred and wonderful, and because our lives are interwoven and belong to each other, even now, dear Wonder Child. In the second place, I hardly think it fair to feel pessimistic about marriage— which I don't think you do— when you have the Griscoms, the Delanoes, the Rawlins, the Roosevelts, the Lawrences, the Swifts— and when by far the greater proportion of marriages are happy— really so. New York I don't know— and that particular side of it I never want to. I've seen some of the people to whom you must refer, and I don't wonder that their unions— I won't profane the word marriage— are unhappy. Most of them I fancy were founded on passion, or even less worthy motives— few of them have sought to do save amuse themselves. Amusement as an end in life breeds selfishness more than any other one thing— and true marriage is founded on unselfishness— on mutual giving— not on individual attempts to take— to drain the glass of its dregs. No wonder when that is done, they look for others. These folk have never striven side by side— they have shared naught save passion, which is essentially selfish— they have never faced life together. They have never

found their Circle. Perhaps I wrong some of them, but that is how they have impressed me. Think of their antecedents— think of the atmosphere in which they have been brought up— the books they've read— the thoughts they've thought— and see if in most cases I'm not right. Sometimes, no matter how auspicious the making may be, the shipwreck is inevitable. But does it not generally come because there is first pettiness—and smallness and lack of frankness— then the loss of confidence and Faith? Faith, dear child, is the secret of it all, and Faith is founded on honesty, and honesty means the "open book," which I'm afraid is too seldom shown, by either man or woman or both. Ho— dear child— and I know you agree, Marriage you cannot be pessimistic about, any more than you can be about Love itself— for Marriage is Love, sanctified, holy, wonderful— love which is the Greatest Gift that God can give and that man and woman may share. If they do not share, it is not marriage. Don't think of your high-life little Dorothy, they're not worth it. There are too many true real true people in the world. You're the last person of all to be discouraged by the wrong in the world, when you're the first to see the good in all people.

I'll not have you pessimistic about marriage, Dorothy child— for you're to marry me, did you know it— and we shall share always, and I shall care for you and cherish you and guard you— and you will strengthen me and cheer me and hold me to our ideals— and to you I will give all, just as you, Oh Wonder of the World, will give all to me— and together we shall go through Life— you and I, always— through Life and Death, dear, for our spirits are joined, and I cannot feel that my love for you shall cease when my body is crumbling— for it fills my whole soul, and that I believe is immortal. Because of this Love— I know now as never before, what my Soul is, for in filling it you have made it— Oh Wonder of the World.

Each night I pray for you and for your Love, child, as I kiss the little enamel framed picture which is always under my pillow— and open the locker and kiss you there, dear, before I close my eyes. May we be together soon again. May you be well and strong and happy— but may you want me, too, child.

God Bless you.
February 17th, 1911.

Dear ffrench:—

Many thanks for yours of the 21st of January, It's a good thing you went to New York when you did, for otherwise I am sure we should not even have our present rather questionable prospects for success. I am awaiting with more interest than I can tell you, your account of your visit.

Your cable stating that you were going to Petersburg was not altogether a surprise. If that's the dope, all right and more power to your elbow. I have doots however, about your being able to pull anything off, unless you have very strong backing from your P. O. for I can't but feel that our own people are a good deal in the nature of a busted flush, and lame ducks can't stick any eagle's feathers in their tails, and holler loud enough to make their quack a scream. However you have seen the GREAT LIGHT, viewed the FACE, and heard the VOICE. Weren't you, ffrench, awed when in the PRESENCE? How did you go in, on your knees or stummick?

The largest fly that has appeared in our amber, is the new combination between the Russo-Asiatic Bank, the London City and Midland, and some Belgian bunch. This precious combine is to be represented at Peking by von Hoyer, whom you know, ’Huff said. But it looks to me as if our Russkie friends, having

taken in the Belgians and British to enable them to float what loans they could get, were preparing to play politics and the old game of Table-Founding for all it is worth. The suspicious feature, and one that troubles me considerably, is the presence of Lord Li Ching Pang in the Yu Chuan Fu. He has taken the London City and Midland's money, of that I guess there is little doubt, and will play to bust our respective claims in order to take loans, and commissions, from the other crowd. This is a line that would not be entirely displeasing to our venerable Sheng. Against this possibility we must balance the fact that the Chinese will naturally distrust any combination in which the Russians have a part, and would be loath to lose American political good-will by breaking with us over the currency and Hukuang loans. The prospects of getting money without control, and on perhaps better terms than have been granted China heretofore would strongly appeal to these people, and it might be that the lure of the dollar would be so strong that their political sense, if they indeed possess such a thing, would be blinded to the consequences of their chucking us for the new crowd.

The Russian purpose seems to me two-fold. In the first place with a financial instrument of this sort, they are in a position to compete with us, or to perhaps force an entry into the quadruple combination, on equal footing with the
rest. In the second place, while they may be unable to secure business over our heads, they could perhaps offer such good terms, that we could not meet them, and would be obliged to call on our Governments to bring pressure on China to prevent her from disregarding our claims. The result would be a deadlock we could keep the others from doing business, perhaps, but we'd be able to do none ourselves.

If the Russian policy is being shaped to the latter end we are in for bad times. Chinese conditions will not improve, and the country, kept weak will be an easy prey to Japanese and Russian aggression when the time comes.

I doubt, however, whether M. Noetzelin, who is the real nigger in the wood-pile, would be a party for long, to a scheme that showed no financial returns.

I am therefore inclined to think that if we can make our quadruple combination sufficiently strong, and get enough political backing, the Russo-Asiatic Bank will find that it can't do business in the face of our opposition. They will then, unless the Russian Government has sufficient power to force Noetzelin to maintain a dog-in-the-manger line, wish to combine with us. Once von Hoyer, or any of the previous crew start overtures, we should be able to come to settlement about the Chinchon-Algin, which will let in the Russians, then the Japanese, and bring the whole thing where Knox wanted it a year ago.

All this, however, will take time, and I fear that we shall have to pass through the deadlock stage before we can make much progress. Unless we can pull off this Currency Loan and possibly the Hukuang before you go to Petersburgh, I doubt if the Quadruple combination will have much weight with the Russians. They will wish to make a try anyway, to beat us. If this invasion strengthens the quadruple ties well and good, we can weather the storm. If not, unless the two loans we now have in hand are consummated and effective quadruple cooperation, based thereon, secured, I fear we shall be in for a bad time. This we are trying to do at once. Old Sheng has consented to joint signature if we can get a single Adviser. All this dope, however, I presume you have for as far as I know you are still in New York. It's a pretty ticklish time. Particularly owing to this Russo-German reapproachment.

The effect of this entente or whatever it is will be very noticeable in Russia's dealings with China, and already in addition to the advent of von Hoyer, we hear of Russian pressure on China to secure certain concessions in Mongolia and Turkestan. Things shift rapidly in this drama, and I am very much afraid that you will meet with but a cold reception in Petersburgh.

What does your F. O. thing of the Teuto-Muscovite hobnobbing? Chirol rather anticipated it last summer, when
February 17th, 1911.

Dear Francesco-

Enclosed I am sending a letter to you from Kahn, which came yesterday, and which, thinking it might contain some news that I could telegraph, I took the liberty of opening. I hope you will not mind.

Within the past two weeks I have heard myself from Kahn who writes me practically the same things as to you. Davison I also heard from. He says that he can think of nothing at present, but that he will keep you in mind. This I am sure he will do. But in any case I fear that from what these men write it will be very difficult to do anything until they have a chance to meet you themselves. I had feared that this would be the case.

I am sorry, but I can't see that there is any help for it. My idea is that it will be best for you to stay where you are as long as you find it amusing, and until you make up your mind that whatever happens you are finished with China for good, and are therefore ready to leave the service. Then start for America. Of course if you get short leave and thus be drawing pay, so much the better, for the gate, if you should finally wish to return to the service, which I think you would be foolish to do, would not be closed. It's always well you know

I saw him, but I felt then, and do still, that the Russians could not afford to go too far in quarreling with their bankers, for the sake of the Germans who have but little money to lend. However, I may be wrong. Sasanoff may feel that France is so far committed to Russia, and that England is so afraid of Germany, that both sides will be endeavoring to sit in his lap, and that Russia therefore can go ahead with a fairly free hand. Is this not true? Or do you think that your people will be more inclined to be natty now that they have learned that Russian friendship is an elusive and intangible asset of very doubtful value? This balance of Weltpolitik is a strange thing, and I'm afraid that our schemes count for but little save as pawns in the hands of Those in High Places.

Never mind, we'll try to pull it off just the same. Keep your dander up!

Yours,

WILLARD STRAIGHT.
to have as many doors open as possible. You could then
meet Kahn, Davison, and if I am at home as I probably will
be within the next four months, I can see to it that you
meet Mr. Morgan, and others, at their offices as well
as chez eux. Perhaps something can then be fixed. I
could not venture to guarantee it, for when it comes to
giving men places, these New Yorkers are a hard lot
to deal with. In any case it's worth trying, and the
only way, apparently that anything at all can be done.

It has been very nice to receive your postals
written en route. The trip must have been wonderfully
interesting and I envy the chances you have had to see
so much of China. Write to me of things at Szemao, how
the world is using you there and whether or not you are
having any snags with the aborigines.

Peking was along. There was a great exodus of
ladies not long ago, and I'm damned glad of it, for it was
a nuisance to go out so much. Since their departure I have
been very quiet and reading a good deal which I find
much more to my taste than playing bridge and talking
to people who, nice enough to be sure, I would be quite
content never to see again. My business is not progressing
very rapidly but I hope within the next six weeks or two
months to have things in such shape that I can leave China

and I rather doubt if I shall ever come back, save for an
occasional trip. That, however, all depends on ten
thousand considerations, which are entirely another
story.

With best wishes always, and many regrets that we
have not had better results from the New York letters,
Always sincerely yours,

WILLARD STRAIGHT.
Your letter of January 19th reached me tonight.
I'd intended to spend a quiet evening in literature, but an unexpected edge to sit still, so I'll have a whack at you. I was very glad to have such an exposition of your views which I take to be a correct expression of what the Group has been thinking. You hope I have not been discouraged by your failure to meet some of my suggestions which seemed to you perhaps calculated to put this loan through but which would , by compromising on the control provisions, have been established an unfortunate precedent and might have been unacceptable to the European groups, and therefore apt to weaken the ties of the London Agreement.

With your premises I entirely agree. Your feeling about the necessity of regarding this transaction not as a single undertaking but as the first of what we hope may be a series of important loans, I heartily echo. In the London Agreement like yourself I see the promise of great things, the basis for cooperation of the lending nations in a combination by whose financial and political assistance alone, China can hope to develop along natural and legitimate lines.

These things, my dear fellow, have been to me axiomatic. As to my views on control, my belief that it would be far better to abandon this enterprise entirely than to float a loan on terms which did not constitute the most effectual guarantee that China's Currency Reform would be real, not alone on paper, I can only refer you to my letter written the Group from Moscow on November 16th. My attitude has never been altered during all this press of negotiation. For my opinion as to the possibility of that quadruple cooperation would solve many of the political difficulties by which China is now confronted, my letters of December 5th and 16th should have reassured you.
I have taken it for granted that you would realise that I did have these facts constantly before me and that the different suggestions as to procedure that have been from time to time advanced were all designed in various ways to accomplish the desired end. If I have not at each time made the exact manner in which the details would be worked out plain to you it has been because I assumed that you would know that whatever methods I might propose would in their elaboration conserve the principles, as essential in my mind as in your own.

In the long Memorandum I prepared on the history of these negotiations I am not sure that I made this plain. If I did not it was because it seemed too basic to require comment.

Discouraged I have been, to the point of extreme profanity, but it has never been because you did not make concessions to the Chinese, in the way of weakening the control provisions, or sacrificing the adviser. It has been because you failed to realise that my schemes advanced one after the other and consistently rejected, always contemplated securing what I knew you regarded, and what I myself felt to be, absolutely necessary; and that each one of them was submitted in the hope that you would rely upon me in this, and permit me to get what you wanted in the manner least calculated to arouse Chinese opposition and aggravate Chinese fears.

From the outset I have felt that in our Preliminary Agreement, in the Chinese promise to appoint a financial adviser, and in the London Agreement, would enable us to secure the leadership of an international financial venture, which would not only secure effective currency reform, but which would serve to check Russian and Japanese aggression, and by preserving the integrity of China assist in her development to the profit of the trading nations. I have felt that such a combination might, as you suggest, be a vital factor in preserving the world’s peace; and for that reason, though the London Agreement, and its political results, has to a large extent been responsible for the deadlock that so long existed, I have regarded it as the most important step we have taken in the whole of this Far Eastern venture. Important, like the Preliminary Agreement for the Currency Loan, principally because of its great potentialities.

But the London Agreement will be of little value unless we are able, instead of having this paper understanding, alone, to supplement it by some actual transaction which will give the four banking groups a real community of financial interest.

The Hukouang Loan might serve the purpose, but the Currency Loan is infinitely more important to us, because more important to China, and capable of more directly and immediately affecting, and stimulating, her development.

The problem then from the outset, has been to make the London Agreement really effective and operative by securing joint signature to the Currency Loan.

To do that, aside from the political opposition of Russia and Japan, which we rely served to aggravate difficulties, inherently Chinese, we had to overcome not only the always existent prejudice against any foreign control whatsoever, but the much more justifiable and powerful fear, that control granted to one power, in the person of the adviser, would, if the other three were admitted to the loan, be made the basis for a united demand for international supervision of China’s finances. In other words we had to work out some scheme by which we could obtain joint signature by assuring the Chinese that only one adviser would be appointed.

Each and every proposition that has been laid before you was drawn with this end in view.

The immediate need for funds in Manchuria greatly complicated the situation. Owing to the plague it is now no longer possible to make immediate provision for these needs.

The insistence of the Department of State that an American be appointed presented even greater difficulties. Some means had to be found whereby China could appoint such American, and at the same time admit the other groups to the loan without giving them the basis for clashing joint advisers. Hence the elimination of the mention of the adviser from the loan agreement was from the outset essential. In some of the plans evolved this was not done. They were none of them as good as that on which we are now working, and for the reason that the adviser provision in each case made them dangerous from the Chinese point of view. Since the Reform Programme had to be accepted by the Groups before the bonds were issued, the control provisions could very properly have been settled under that programme. This will be done, practically in the scheme on which we are now working. It will be infinitely easier to work these points out in a Programme
that is nominally Chinese, their own work, even though an adviser be consulted in it's formulation, than in a loan Agreement to which foreigners are a party. In the former China herself lays down the control stipulations, in the latter they are imposed upon her. The result is the same.

The various plans submitted before the present were all open to objection because they made the appointment of an American adviser precedent to the negotiation of the loan agreement. Their advantage lay in the fact that they settled the adviser question before the Banks came in. But even though we had worked them through, and assured our American, it would have been inexpedient. The other three powers would have felt that, when they were carrying three quarters of the loan, they should at least have been consulted as to who the adviser should be. Their cooperation is necessary if we would secure currency reform. Their banks must approve the programme for such reform before the bonds can be issued. If Currency Reform and real quadruple combination then is desired, if this is the end, not a feather in the cap of the Department for getting an American a job, we must consult with the others, secure their backing for the adviser whatever be his. Their support is infinitely more essential to the success of the reform than the nationality of the adviser himself.

I hope that the Department will take the statesman's, not the back-scratcherpolitician's view. We should hear tomorrow, and on your telegram success or failure depends.

Since you gave us a free hand we have made good progress. Sheng sent word today that the Duke had consented to joint signature and to an adviser on the bond. I had formerly proposed this decision was doubtless hastened by the Russian Minister's action, for these demands, together with Japanese activity in Manchuria have frightened the Chinese. I should not be surprised if our Japanese, instead of our Currency, be the Hukuang Loan would go through very quietly now. Had they been closed two months ago the Russians would have sung a very different song. I blame the Chinese for not having seen this, but in frankness I must say that I hardly think our instructions have ever enabled us to put up to them a really reasonable proposition, until within the last ten days.

I have felt that some misunderstanding on your part must have existed. But it was very difficult to see why you could not be convinced that control provisions were a surrender of control provisions, but merely a way of getting around Chinese suspicion and distrust, in order that we might have something to control. The necessity for control, the great opportunity which the Group had to insure really effective Currency Reform, to bring about a strong international combination, have all been clear to me and the objects for which I have been primarily working. I have always regarded the loan merely as a means to an end, but a means without which

The Willard Straight Papers at Cornell University
This letter as you will notice is written from the chest. Things are looking up now. The Russian coup, as I have said may help us, or it may block us for a long time, I am inclined to the former view. In any case it's a fine fight, and I've been at it hard all day and loving it. I feel for the first time that I am on my own ground and can make a move with some confidence. My hats are off to the enemy, they're an able crowd and I admire Japanese and Russian diplomacy, and distrust it correspondingly, more every day. But we can give 'em a run for their money. For the past two months I have seen no light, and I hope that I shall never be called upon to face such another period.

I'd like to have been at your first dinner party. Remember me to Mrs. McKnight.

Yours,

Willard
Dear Mr. Straight,

I wrote and ought to have written you and thank for your sympathetic letters which you sent me, it is only sorrow and sickness have prevented me in so doing.

I cannot thank you enough for your kind feel for my wife's death has taken all the pleasures of life from me, I was compelled...
to resign on account of my health, and was very sorry that
I had not arrived at 79 during
my short stay there. I would
like to see you and have spoken
that, but I am afraid that our
meeting might be misunderstood
so I will ask you to postpone
of coming to see me for the present.
If it was not for the plague
issue, I would be in the same
place, but I don't like to leave
my children here when the
place is not declared free.

Hoping that you are
meeting with success in your
works. With regards,

Yours sincerely,

Tang Chiao Yi

Feb 1845

Original in private hands.
The day, Oh Wonder Child- has had its excitements - and veils the way it came about. I tell you the way, for that's interesting sometimes as much as the thing itself-- just as a matter of history anyway. Started out with the Minister - and though he'd said that he'd had a telegram from the Department, he didn't tell me what it was, nor did I ask. Just before we reached the house, he remarked that at the diplomatic meeting a few days ago, Korostovets had stated that the plague was spreading rapidly through northern- Manchuria - that, the Chinese were doing nothing to cope with it- that Russia feared that unless she took proper steps it might get into her Far Eastern provinces - and thence through Siberia into Europe - that the Amur and Angara (border-streams) - were frozen and that Chinese were troop- ing across the ice - that Russia did not have enough troops to guard her frontier - and that the only alternative course would be for Russia to station troops in the principal Chinese centres in the north, whence the coolies could be prevented from going into Russian territory, and that he hoped that his colleagues - the other Ministers, would back him up in the demand which he intended to make at the Foreign office- that China should permit Russia to take such steps - as she saw fit - that her purpose was humanitarian- not political in the slightest degree! When Calhoun told me this I howled --- Then I explained the lay of the land along these rivers, the fact there was but one Chinese town worthy of the name - that the country was practically a wilderness- save for the settlements on the Russian side- and that Korostovets stories about coolies crossing the ice were a pack of lies and his whole argument specious, it seems that when he made the proposition the diplomatic body looked at each other aghast- then the German suggested that before any action were taken, Jordan-- the Dean of the Corps- should go with Korostovets to the F.O. and see if something couldn't be done.

The Willard Straight Papers at Cornell University
the diplomatic meeting! He hadn't! Said he'd thought he'd wait until he saw how it came out! Then when the Department's telegram came this morning he'd thought he'd wait until he saw some Chinese tomorrow night, before sending in anything, so he'd have a better story! I told him he'd better telegraph what Korostovetz had said and done about plague prevention, and the action of his colleagues anyway, so that Washington could have this information any way. The rest could go later. The old man doesn't know the first principles of the game he's in. He doesn't recognize the moves as they are made. He's intelligent and a fine person, and would do splendidly if he only had some one to guide him, but there's not a soul in the Legation who knows or understands, and I don't blame him for not running to me with everything--I may not be much use, but I've been in this muddle long enough to know a coup when I see it, whether it's made in the interest of Humanity--or of the Imperial Piracy policy of Russia and Japan.

Luckily he'd sent Heintzleman to the Wei Wu Pu on another matter, for when I took him to see Jordan to learn what had happened, Jordan was out. Heintzleman came in however, bursting with news. He'd struck the Wei Wu Pu just after Korostovetz had left, and the whole place was in a turmoil--so that he got the dope and came back with it. While he was talking with the old man, Korostovetz came in, and I took him to one side and hot-aired about China's Parliament and the proposed cabinet and Russian institutions, and I've never seen a man more conscious that he'd done a sharp trick, and knew I was on.

The old man went to the office to send his message at last. But it's late. I came home and found the Reuter which I knew. The blow had already fallen.

Just exactly what I have feared all along had happened. Russia had made her move. The irritation which is but an excuse for a policy of aggression has been featured by them all for nearly a year. Korostovetz was full of it when he went to Petersburg in June. Irritation because China wanted some consideration shown for her rights! First the Russo-Japanese entente of July 4th, the reorganization of the Russo-Chinese Bank--our London agreement and the H.C. Bank's refusal of the 5% participation we offered. Then the organization of the new Russo-Anglo-Belgian Syndicate--the understanding with Germany, which frees Russia's western, as the Japanese arrangement does her eastern, frontier. Then the demands for an adviser and a participation in the Currency loan, here in Peking--and now the latest move. It's been cleverly done. They can play their game.

When I came home I nearly cried. The blow had fallen, and the one thing that could stave it off--the cooperation between the four powers in the currency loan and in a settled Hukuang--had not been consummated. Ever since I've been here I've pointed out just this danger, and urged the Chinese to close with us quickly--that it might be forestalled. Ignorance, obstinacy, narrowness, greed--impossible, and worse than all, when these could possibly have been overcome--when we might have found a way to get around the corner, the State Department and the Group refused to let us use our own judgment and our knowledge of the situation. Ten days ago they changed their attitude. We have made great progress--once given a free hand, and a settlement seemed almost in sight. Then the expected--what I feared what I'd striven to prevent--happened. I blame the Chinese, but not as much as I blame our own people, for their obstinacy and blindness and failure to rely on the men on the spot.

Now one of two things should happen--either the settlement should be impossible because the Chinese or the Quadruple powers, or both will be afraid to move,--or the Chinese funk ought to enable us to put our agreement through at once. Probably neither will be the case.

At dinner tonight with Cartier, the Belgian, I saw Max Muller. He told me the Reuter despatch was true--that the Russians had threatened to occupy Kuldja. I sounded him out a little,--told him that things had been going better. He agreed that if the Chinese had closed with us before, the

Russians would probably never have dared take this action. He also said that he thought England would not be scared off, but would be very glad to have the loan signed at once, by the four banks, as greatly strengthening the position of the quadruple powers. He also told me that the Czar and Kaiser had discussed China at Potsdam and that Russia's present action was to a great extent the result of this conference--or rather taken because Germany had appeared conciliatory as regards Russia's policy in the Far East. Further, that England had choked off the Japanese demand for participation in the Currency loan.

All this was encouraging. I was, to a certain extent, afraid that the powers would faint going into the loan in the face of Russia's latest move. Now I am reassured, and we must do our best to convince the Chinese of the necessity of haste. Perhaps they will be too frightened. In that case there is nothing to be done. If not, we should have the thing signed in ten days' time. I'm going to shift the cards a little tomorrow, and try and bring the tripartite banks into the negotiations at once, in order to tie their Governments up as much as possible. It's a very ticklish game. The Russian move may do good after all, for I prophesied it, and told the Chinese if they didn't prevent it by closing with us, they would find great difficulty in bringing us in afterwards. Since they wouldn't take the ounce of prevention they'll perhaps be more willing to be reasonable about the pound of cure.

It's very late, child--and I must turn in. I'm afraid there'll not be much sleep tonight or for sometime, --till we're over, or on the rocks.

It's for you.

God Bless you.


Saturday night.

It's late again - My Dorothy - and Willard Boy, is pretty well dead beat--but it's more of a rest to write you than it would be to turn in without a word. It's been a day of fighting - In the morning I sent for Chen the Viceroy's representative and told him the blow had fallen - He hadn't heard of it--and I hustled him off post haste--to get to work on the Regent--and Teal Tao and the rest - to point out that China's only hope of getting foreign support in her present difficulties lay in bringing the four powers together at once by closing the Hukuang and Currency Loans. Then Chao--Sheng's Secretary came in- He told me that Sheng had two principal points to query in the draft loan agreement--which was encouraging, for one I could give way on at once. He said the Duke had consented to the adviser on the lines suggested and to joint Signature--Chao said he hadn't heard of the Russian aotion--but I doubt that. I think that the Duke's consent was forced thereby. I laid down the law to Chao and he went scuttling back to Sheng with the news - Then I wired New York for permission to give the draft loan agreement at once to Hillier--Cordes and Casenave--so that we might work it out here - find what we could get from Sheng and send home a joint report with the request that we be authorised to sign--This will save time. Then the Legation where I pumped the old man full of dope for two telegrams to the Department--then to see Casenave and Hillier--to tell them that the Duke had consented to joint signature and that I'd wired for permission to give them the agreement. Cordes I couldn't find. You see by letting these people in at once--or telling that they will be let in--we put a tempting bait in front of them. If they didn't have this I fear that their Governments' fed up with China's quibbling vacillation all these months might be tempted to acquiesce in Russia's action. Now--since these folk will all run to their Legations--their Governments will see that there's a chance to profit by standing by China for a while longer. In other words the double ruff. Russia's action was doubtless taken with the cognisance of
the powers. They'll now proceed to profit thereby - and China pays as always. Quite right she should - it's her own stupidity - conceit and blindness that has brought her to this pass. Even now the Wai Wu Fu fears to give out a statement to the press - when the Russians are working it for all they're worth. They'd lose face - which to them is more important than provinces - a few more or less - lose face to admit that any power could treat them in such a cavalier way. The same thing happened when in September 1909 the Japanese forced their Manchurian treaty down China's throat. They are fools - one loses all patience sometimes - I have little sympathy left for the officials - the people I have a lot - but it's not so much their game as ours we're trying to fight. It happens to run on the same track that's all - but it will be a bad day for all of us when China is rid of foreign complications or strong enough to resist aggression - for then they will be impossible. We can only hope to do business as long as they are so frightened that they'll come to us squealing for support and assistance. As I cynical: I wonder -

Tomorrow morning I see Sheng and tomorrow afternoon I hope we can have a bankers meeting and run an agreement through that we can telegraph the following day to London. It may be too much to ask - if only it will go through - in another month I may be starting for you - oh Dorothy Child - God Grant It - God Bless you -

Another day - Wonder-Child - they seem long - this one has been full. It seems that I am so torn by inward rage sometimes that I must burst. Went to Sheng at half past ten and stayed till nearly two - He started out to discuss the draft agreement - and because I had, owing to the plague, and in order to sell the bonds - made the reference to Manchuria less definite than in the Preliminary agreement, though quite specific enough to enable China to do anything there that she wished - he accused me of bad faith - and of having been forced - after he'd consented to joint signature - by the English and French practically to abandon the Manchuria issue. It was pretty hard to hear - I tried to show him that I had the same end in view as he himself - and he finally saw it - but he was very nasty - and had it not been for the magnitude of the issue at stake I should have told him to go to the devil - and take his loan with him - But I bridled my temper and reasoned with him - The bottling of "Ohi" as the Chinese call it - is very tiring - physically and mentally. Then after I'd had a quick lunch and dictated some seven pages of telegramgs - most of which I decided not to send - yet - I went to the Legation to put the Minister wise - He'd had a wire from the Department - which with that tact that has so distinguished it - has now addressed England, France and Germany - stating that we have assurances for joint signature, if we can get a single adviser, and that in view of our efforts on behalf of the tripartite Banks - and Our Concessions in the Hukuang!!! the Department hoped that the tripartite Governments would consent to the recommendation of an American! Such finesse! when the mere mention of Hukuang is like a red rag to a bull - to those European foreign offices, when but for us, the line would now be being built! Not that I think our coming in was not right - nor that the methods were not justified - but we can hardly expect Europe to admit that we made any concessions. The Department - having made a try to get an American adviser - before the Chinese were even committed to appoint any - will get another slap in the face -
which it richly deserves— and the apple cart may begin to wobble again— It's pretty hard sledding- no sooner do we make a little progress — then Bang — some one comes in and knocks us. From the others it's to be expected but from the Group and the Department it's hard. I enclose copy of a letter in answer to one from McKnight. His was a piece of ignorance, the tenor of which you can gather from my reply — Sort of a "You're an awful nice little and doing well— very well— according to your limited lights— but of course ---" It made me mad first — and then I laughed.

Tonight I saw de Margerie and had quite a talk with him — He says France might concur in the appointment of a neutral adviser — but that if one of the lender's nationality is appointed — she will demand one also. This he said was the attitude he himself should strongly urge — His reasons are sound absolutely — We should by recognizing them as unavoidable facts, meet 'em - and secure French help — it's so easy by appealing to their amour propre. But the Dept's telegram sent the European Embassies will not help matters — I only hope that Mr. Bacon and Bill Phillips, who should be in charge in London — will not present them as sent. It is heart-breaking — heart-breaking — but we're not done yet. I wish I were Calhoun — I'd act as I thought right and account to 'em afterwards, in other words make 'em swallow what I'd done. Maybe I can persuade him tomorrow to do this.

Oh, Dorothy — I want to chuck it all — and go far — far away somewhere, and be with you — and peaceful — to have love — dear — and the understanding that makes us one — not this fight — fight — fight — and always some new bitterness. I'm tired — But for You — we must win —

 God Bless you —

Monday afternoon.

A word before the mail goes, Wonder-child — Calhoun will tell the Duke that he'll accept a request that the U.S. recommend an adviser. That's a step —

Original in private hands.
Dear Willard:

Yours of the 11th duly received. The pipe bowls came along a week ahead, and I did the best I could with three of them, and fitted them to amber mouth pieces: no gutta in town. One of the bowls is some cracked and out of the race until it gets repaired, and other I will send and have an ivory mouth piece made for it, as there is nothing here to fit. So smoke up with the three, and the others will go forward as soon as possible.

Down the politics. Everything seems to be hanging fire and the banderlogs are grimacing and scratching themselves under the arms with delight. However it’s a long lane with no turns, and as we have started on the road, we will have to follow its curves to the end, even though the missing links from their safe perch in the trees above do a few cocoanuts at out heads, and the brown bears in the underbrush growl and try to frighten us back. Some day the monk in his antics will let go with his tail and have a bad fall, and the grizzly will get his paws caught in the honey pot and the bees will sting Hell out of him. So cheer up, don’t let the beggarly get on your nerves and chase you back. Let the monk chatter and the bear growl and the lion roar and the tiger yell and permit the smaller animals in the menagerie to join in the chorus of Jungle Land, but the old balded headed bird soars above beyond their reach with his eye on them all, and only screeches when he swoops.

The clipping from Toord’s prolific but bent pen is not what ought to be expected from one who is Secretary and general factotum and poop bah of an Association, which derives the benefits of Knox “Dollar Diplomacy.”

Of course Toord’s spleen is not so much vented at Knox as the Group, and so long as he remains the guiding spirit of the Association, with his job as Assistant Editor of the Journal of Commerce to help him out, in addition to publishing the Journal, he is bound to cause trouble and stir up hostility against those who displaced his amigo Hubbard and the I. E. C. crowd. I told you and McKnight back in New York that the I. E. C. was not playing the game with the Group, and they were at the root of most of the hostility to your interests, and Toord’s harking back to Hubbard’s speech unmistakably discovers to me the Ethiopian Gentleman in the wood pile.

I have just received a letter from my intimate friend Lewis of Wm. Salomon & Company, dated January 9th, in which he says: According to rumors here, our famous banking "Group" are planning to extend their benign influence over Western Russia. They have apparently been looking into...
several large industrial and banking propositions in St Petersburg and some other cities. It is possible, however, that they have been merely using this as a threat to impress their European friends with the reasonableness of allowing them to retain a good sized grip on the Oriental tail of the Chinese pig.

As regards the present railway loan, we have been rather hoping to have an interest in it through our good friend the International Banking Corporation. I think I have already told you how we were associated with the I. B. C. in sending their representative up to Peking at the time negotiations for this loan were first broached. Later when the State Department undertook to back the Group the I. B. C. was requested to withdraw and did so, but we both naturally hoped to receive recognition in any final loan which might be consummated. The other day we had news from General Hubbard that he in turn had been informed by the powers that be, that no other interests would be taken in with the Group at all and that the I. B. C. would have to satisfy itself with its position as agent for the handling of the Group's funds. Naturally this leaves us out in the cold also and we felt a little more ruffled than previously - if possible.

Please guard this as confidential, for I hold Lewis as one of the best friends I have in the world, and ought not to repeat the words of a personal letter, but Willard, I want you to read between the lines, and note how you are playing the game with. The Lewis letter is dated January 9th and the article of Ford's was published December 28th.

Reading between the lines makes clear to us that the I. B. C. crowd have been besieging Washington to be taken into the Group, even after all the fuss of last winter, and they have finally received their ultimatum, an attitude in knocking Knox and the policy. Hubbard and his crowd are ruffled, and I believe they would not hesitate to turn the entire program out of sheer dynamism, e. g. I know of any use for the I. B. C. crowd, and if it wasn't for your blue pencil last spring I would have saved them good and hard. You know what I told you in New York about Remocal, and how he was sprouting wings and claiming your chair. They thought they had you on the run then, and I guess there was a lot of disappointed ones when you reappeared on the scene. Now that Hubbard and his clique who have been running around here at home for the last eight years have been told definitely where they belong, the only thing that will hold them in line is the fear of the Group's displeasure, and emity if they go off at a tangent. Hubbard and the old clique may take their medicine, and appear friendly on the surface, but personally I believe they will knife you in the back. My friend Lewis and his step father Salmon are too wise and too level headed to monkey with the buzz saw, and they will acquiesce and fall into line, and cause no trouble. They have no interests in China, and are only connected with the I. B. C. in Philippine Railways and the experience has not been altogether profitable. They are white, and if any one deserves 3- considerations, they should have it in preference to Spayer or the I. B. C. They have played the game with the Government in the Philippines as much from patriotism as profit, on about the same lines as you are playing the same game in China, and I have witnessed their 4% Government guaranteed bonds fall in price from 98 to 87 without a murmur. I have devoted my leading editorial to their case in the February issue of the "Review" so you can see how I feel about it after reading.

If we are to stay in the game in China, some day there must be a reorganization of the American Asiatic Association at home, and the direction taken away from the old clique, who are still living in the atmosphere of piece goods and tea, and turn it over to those who represent the larger and more important interests of the country.

With Jim Farrell at the head of the Steel Corporation, his influence amongst the manufacturers, which of course means the Group influence, would soon bring this about. Ford runs the Association, and he won't play the game except with the old I. B. C. and the cotton goods and tea crowd, and he is obsessed with a dislike for Morgan and Company, which I have reason to believe is heartily reciprocated. The Association needs new blood and reforming, and if ever I get the chance and the necessary backing from you and your friends, I am going to reform it, and bring it into the field. It is impossible for us to make any great headway if we have an Association at home that is constantly delaying the game and gumming the cards.

The days of piece goods as the principal export to China are about over. We can't stop Japan nor can we compete. Our future lies in steel, machinery and manufactured products, not to mention oil. It is about time we recognise this at home, and organise our campaign accordingly, which means at the outset the reorganization of the Association, the elimination of Ford, and the election of someone representing the Group to guide its affairs, tend to legislation and make public opinions. You would make a good victim for such a job, but after you I would willingly be sacrificed.

Think it over.

Cardially,

Signed: Rea.

0.
February 20th, 1911.

Dear Old Prather:

Three letters from you - after many days. The first did not come in until after the other two, which is Irish but true, for I had the draft dedicated to your Boy's family for nearly a week before the letter explaining it turned up today. I shall see that his family gets the dough, and will attend to them should sickness make such care necessary. As to the plates, they are to leave Japan on March sixth by a direct steamer. The Soochow curtains I should have attended to had your instructions been more definite. Since your last letter says nothing about 'em I presume you have found some Spanish-American equivalent.

I have not written for a long time as I've been expecting word from you in answer to my letter from Philadelphia, and also to that written from the steamer. You have however been ever on my mind if that affords you any consolation. Your telegram, I shall not et tu Brute you and call it drunken, cheered me greatly on Christmas day. It came in about ten minutes after mine to you had left the house. That night Little Winston Gillis and myself dined alone, and sent off several investi gate messages, and that being our condition, it was obvious that a second one had to go to you. He has been here representing the New York Shipbuilding Co. and pulled off a cruiser, for which operation, I, save the mark, drafted the contract, and in one almost all-night session, in order that he might present documents on the following day. I've been watching the papers anxiously to see how your little battle-ship ventures came out and was much encouraged by a recent Paris Herald which stated that bids were to be opened in London and Washington simultaneously. Hope you got 'em, you lobster.

McCormick did you very proud in the January Century which shows that it is good to kick people in and out of the place sometimes. For all his praises, I have only Amen, and am glad that the serious reading public will have an opportunity to learn of your piratical prowess.

It was a good fight. Some day I hope it will develop into something besides a diplomatic incident, and become a railway. Perhaps when you come back as Minister you will have a chance to receive that notification from the Hsi Wu Pu that the Rest has been issued.

Peking assaiety has been robbed of it's chief ornaments. Mesdames de Margerie, de Prelle, and Einstein pulled out not long ago, and Mrs. Mary went early in January leaving her worst half to uphold the honour on British diplomacy. The exodus which took place on a single morning, has been well termed the Relief of Peking for the meal tickets have been very bearish, and general digestion improved
in consequence. Had a large party here on New Year's Eve, when the old gang collectively sent you their greetings, and when we all drank your health with tears. The last affair occurred on the night of January thirtieth, the relief took place the following day. Owing to the plague I had to have the dinner at Casemates because most of the invitees couldn't leave the Legation quarter. It's all been very humorous.

Rx was in a blue funk, Westenhagen his military attaché, told Taubert the Number two that one of em had to stay and that he was going to Shanghai. Barilari, an old stuffed shirt, the Italian Minister, resigned and beat it, while many of our bravest and best suddenly developed the most important kind of business in Shanghai and Hongkong. The scare's dying down now, but it was hot while it lasted.

Menocal and Frau moved into the Legation and were quartered on Calhoun for a month. The old man tried to persuade me to come in but I wasn't taking any. In the first place to have been in the same house with Menocal would have driven me crazy, and in the second I have too much need of the old man's cooperation to risk having to see him at breakfast every morning. I wouldn't have minded him so much, but his Lady wifl, while charming, might pull, especially since I am not what you could call angelic in these days of trial and tribulation.

I much regret my feeling about Menocal, but the more
least, absorb foreign securities, that the Europeans were cognizant of this fact, and that they had no intention of letting us pull off an adviser, get all the kudos, and have them pay.

After repeated failures to make the people at home see sense Calhoun and I went ahead on their tack. I refused to negotiate until he had settled the adviser question, and he demanded the appointment of an American adviser. Bang! Flat refusal, for by this time the Chinese were wise that if they appointed an American, and for fear of international control were obliged to conclude the loan agreement solely with the American, they'd not get more than ninety-three for their bonds and they were not willing to stand the freight, for American political support after the Neutralization and Chinkiang frost, has been somewhat below par, even in this market. We let this soak in for two weeks and then started off on a new lay. I was to informally take up the negotiation of the loan with Sheng, if he would assure me that China would request the American Government to recommend an Adviser. Nationality of said adviser not to be specified in note requesting recommendation, it being understood, that joint signature being conceded, the American Government would secure acquiescence of tripartite powers in appointment of single adviser, of American or neutral nationality. Group approved, and authorized me to go ahead, Department made non-committal answer, which however warranted our proceeding.

Chinese at once commented to joint signature, and to request recommendation adviser, on basis outlined. Again the Department plays the goat. First it writes pretty notes to the three powers stating that the U.S. hopes for joint signature and is insisting on appointment American adviser in fulfillment China's promise. General frost. Then it advises three powers China will consent joint signature if she can be assured only single adviser will be demanded, and expresses pious hope that in recognition of American efforts to secure joint signature AND IN VIEW OF OUR CONCESSIONS IN HUKUANG the tripartite powers will acquiesce in the appointment of an American. You and I may have our own opinions as to the concessions we made in the Hukuang Letter. The fact remains, that Europe knows darned well we cant take the loan ourselves, that the admission of the tripartite banks is necessary to enable us to secure any loan at all, and moreover the mere mention of the Hukuang is like a red rag to a bull for they all feel that if it not been for us the road would be well under way. So it would, whether rightly or wrongly is a matter on which the Europeans and ourselves will never agree. Our Concessions look to them a good deal more like the big stick. It was right and proper, but since we won out, it's best forgotten, especially since nothing has been done toward building the line since we came in. Had the Department
adviser would be welcomed by all; that while we'd naturally desire an American, the nationality of the adviser was a question of minor importance to that of securing joint support for the adviser appointed of whatever nationality he might be, etc. etc. etc. Then we might have pulled the American out of the goal and had the rest all committed. I don't say that we could not get an American even now, but since to secure currency reform, which is the main thing, and since we'll be judged by our success or failure in this, not on our getting an American a job, it's absolutely essential that we secure frank- as possible- and cordial- as possible- support from the tripartite from the outset. If we did a smart turn and presented them to an American adviser as they came into the loan, they'd resent it. What's more they might not come into the loan, and in any case they would do little to help on the currency reform, the credit for which would all go to the nation contributing the least of the funds necessary to finance such a measure.

This has developed into a tirade. But I feel very sure and so does old Calhoun. We've got around Russian Bandarlog intrigues, overcome Chinese suspicion and "faoe", and now the Department by playing for what is really only a petty advantage even if it could be obtained, which it can't, is not only maiming the whole enterprise, but courting another diplomatic reverse, to which I suppose it is now becoming thoroughly accustomed. Many a time and oft on the Baltic old Calhoun and I have wished you were Assistant
Secretary of State. Then Oh Prather we might have had different results.

The Russian note presented four days ago has raised an awful riot, and this together with the fact that both Russians and Japanese seem to be preparing to take advantage of the plague to make further advances in Manchuria, has been largely responsible for bringing the Chinese round to a reasonable view on the question. The worst of it is that they may be trying to close the stable door after the horse is stolen. This is characteristic. They are squealing and quoting international law as ever before, but I have little sympathy for them for three months ago I prophesied what would happen unless they signed the loan with the quadruple powers, and created an international insurance against Russian and Japan. But would they hear of it? Not they. All they could see was the price of the bonds and their precious rights recovery fear of any foreign control. They are a fine set, and were it not in our interest to see them developed in order that we may make a little on the side, I'd wish them in perdition.

Heaven help the man who tries to do business in this country if ever it gets rid of the foreign wolves on its borders. It never will so we need not worry. I am afraid I am losing that divine effluvium which in Manchuria made me so concerned about the rights of a poor, oppressed, and misunderstood people. The worst element we have to deal with is the foreign student, wise in his own conceit, and without a proper realization of the straits into which his failure to reconcile his book-learning with China's situation may carry the country he is supposed to serve. Most of them as far as I can see have little conception of patriotic duty, or of unselfish devotion thereto. To them as to their Mandarin predecessors, office means a chance to better on the country, not a responsibility but a gold mine, and they have not even thought of conservation.

You asked for news of China, you Goon, and you have an historical treatise. It will remind you of good old naked days.

Write to me. I hope to be home before September.
Am planning for May or June if possible, but doubt it. I'll keep you posted.

Thanks for your good wishes Prather. I wish I could have a yap with you for I miss you more than I can say.
Good luck to you and good hunting. May you win your heart's desires, for your achievement is my joy.

Yours,

8.
TELEGRAM SPPF FEBRUARY 30TH, 1911.
MORAN FOR OHION NEW YORK

PERSONAL: Minister has informed me of Department's attempt to secure acquiescence of Tripartite Governments in appointment American Adviser STOP I assume Department dictated your refusal permit me consult Peking Representatives of the Tripartite Banks hoping make Tripartite Governments acquiescence appointment American Adviser the price of admission Tripartite Banks to Loan STOP This game might be more successful if European Governments and Tripartite Banks were not fully aware of American Group's inability itself offer for this Loan a price which China would accept STOP Department is apparently oblivious to this fact and unaware that after Neutralisation and Chinchou-Aigna finance, dollar diplomacy is not regarded seriously in Europe or China STOP The Department, therefore, has had splendid chance to recover lost ground by making virtue of necessity and utilizing Currency Loan and position secured under London Agreement as a broad basis for effective co-operation between Quadruple Powers in assisting great precluding reform STOP Department, however, instead taking broad view is precluding chances for loan and Currency Reform by transparent attempt secure appointment American as Adviser STOP Even if these efforts be successful the Quadruple co-operation which may follow will be less effective because of Tripartite resentment against American smartness STOP French Minister last night informed me his Government, while it probably would be glad to join with other Governments in supporting single neutral Adviser would, if an Adviser were appointed from any one of lending powers, insist upon French Adviser also STOP Since European markets will carry major part loan and since Currency Reform is regarded as beginning of general administration reform this attitude seems entirely natural and is doubtless shared by Germany and perhaps England, who cannot be expected calmly to see United States gain entire credit initiating Chinese renaissance STOP Our difficulties, owing to Chinese vacillation, suspicion and Russian-Japanese intrigues are very great. Since American Group is unable alone to offer price for bonds acceptable to Chinese our only hope for success if to secure frank cordial co-operation from
I telegraphed you today some pretty severe strictures on the policy of the Department of State. I regret that I felt constrained to do so because you may feel the subject beyond my range. The telegram was prompted, however, by my conviction that the success or failure of the Currency Loan means much for the future of China and the American position in the East, and by my fear that the Department is now pursuing a course which, if it does not prevent, will greatly prejudice our chances for success.

The Department's representations to the Tripartite Powers, telegraphed here and communicated to me by Mr. Calhoun, seem most ill-conceived. Washington is apparently intent chiefly on securing the prestige of obtaining an American Adviser. It seems unaware that the European Governments and Banks are convinced that the Group is unable, owing to the limitations of the American market, itself to secure or alone to carry this responsibility; and that Europe therefore feeling that its admission to the Loan is a necessity, cannot be expected to pay for our diplomatic plumage. "Dollar diplomacy made no friends in the Hukuang matter. In this
2- H. P. D.

case it's methods were both successful and justifiable, for the Tripartite Powers were trying to exclude us from the enjoyment of our rights. But the Neutralization and Chinchou-Algun incidents showed the sawdust in the "big stick." I do not say the Government is not justified in requesting Europe's acquiescence in the appointment of an American Adviser. That is quite natural. I can, however, quite understand the Tripartite attitude, and sympathize therewith. As the French Minister stated: "We want Currency Reform but we feel that it is the first and most important step towards general administrative reform. We are willing to co-operate with the United States and the two other powers. We are willing that this Reform should have an International colour but, in view of our interests in China, we cannot be expected; if we can prevent it, to permit this measure to have anything like an exclusively American character, especially we, in Europe, will bear most of the financial responsibility."

The Department, however, has not requested Europe to concede us the Adviser on broad grounds. It has referred to our concessions in the Hukuang matter and to our efforts for joint signature, which, it states, China will not grant unless assured that joint advisers will not be demanded. Since Europe feels that it made the concessions in the Hukuang and that America "butted in," and since joint signature is recognized as necessary to enable us to pay an acceptable price for the bonds, these representations are not apt to strike a very responsive chord. At best we shall suffer a rebuff, which good diplomacy never courts. What I fear most, however, is that the Department may persist in it's course, which is almost certain to end in failure and so delay matters here that our present opportunity may be lost.

No one would be more pleased than I to have Europe acquiesce in the appointment of an American Adviser. This it will not do. Should we be able, by smart diplomacy, to secure an American's appointment Currency Reform will be handicapped from the outset, for instead of gaining the frank and cordial co-operation, we shall have to encounter the jealousy and suspicion of our Tripartite colleagues. This co-operation is essential to enable us to take the loan. Their refusal to do so might wreck it, or the London Agreement, while even if they did sign the Loan Agreement they might well delay the bond issue by refusing to accept the Programme for Currency Reform prepared by an Adviser for whose appointment they were in no wise responsible.

Our position here has been extremely difficult. We have done our best to solve the problem before us and in the last ten days have made most encouraging progress. I can but feel that the Department's present policy may nullify anything we may have accomplished. I presume that it's attitude has been based on a misconception of actual conditions, and that the Secretary and Mr. Wilson would be the last to delay and hamper Currency Reform, which it must be the Department's as it is the Group's earnest desire to secure. This may, I fear, be the effect of the Department's recent action unless the

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mistakes already made are quickly remedied. I know that you wish the present negotiations to terminate in a manner highly creditable to the American Group. This prompted my message. This consideration, and I must in frankness add, the feeling that while I am ready to accept blame for failure due to my own want of foresight or lack of intelligence, I am not willing to bear the responsibility for a defeat which I have foreseen and which I have done my best to avoid. I hope you will understand my attitude in this matter and my reasons for wiring you as I did.

With kindest regards always,

Sincerely yours,

H. P. Davison, Esquire,
No. 23 Wall Street,
New York City.

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[Handwritten note:]

I beg to acknowledge the receipt of your letter of December 20th, last. You state that you are trying, in an informal way, to have the European Groups define their present attitude with regard to the International Agreements signed in London on November 10th, and that you have no doubt that they will find that they take essentially the same view as you do, i.e., that the Agreements became operative when signed. You state that any other apparent position on their part is doubtless due to a misunderstanding by their Peking Representatives.

As reported in my letter No. 153 of January 5th, I formally notified the Peking Representatives of the Tripartite Banks that the International Banking Corporation at Hongkong, Shanghai, Canton and Hankow will hereafter represent the Group in such banking business as it may take up at these places. Messrs. Hillier and Casenave acknowledged the receipt of my
letter but up to the present time I have received no reply from the Deutsche-Asiatische Bank.

Through M. Casenave I learn that Messrs. Hillier and Cordes feel that the position of the International Banking Corporation at the places named will be greatly strengthened by their nomination as the Group's Agents and fear, therefore, that these branches may encroach upon the preserves which the Tripartite Banks have heretofore regarded as exclusively their own. M. Casenave further informed me that Messrs. Hillier and Cordes contemplated advising me that they would not feel themselves bound to offer to the International Banking Corporation at these places participation in all loans which the Tripartite Banks themselves, might share.

M. Casenave felt there was no very clear distinction in the minds of Messrs. Hillier and Cordes as to the business which should be shared under the London Agreements and that which did not come within the scope thereof.

He very frankly informed me that he, himself, while fully recognizing the desirability of securing American cooperation wherever possible, did not entirely welcome the added prestige which, as the Group's Agents, the International Banking Corporation would acquire. He felt, however, that the advantage of having the Group represented at the four points would more than counterbalance any loss of business which the other three Banks might suffer through the added prestige of the International Banking Corporation.

M. Casenave pointed out that the Banque de l' Indo-Chine and the Hongkong & Shanghai Banking Corporation have large sums in silver which they are able to lend in China. The Deutsche-Asiatische Bank and the International Banking Corporation, however, he thought to be in a different position in this respect. He said that he had frequent opportunities to advance sums of from 500,000 to 2,000,000 Taels to Chinese, and that for such advances he would generally insist upon securing Imperial or Provincial Guarantees which would, of course, bring such transaction within scope of the London Agreements. He admitted that while he might wish to share such loans with the Hongkong & Shanghai Bank and perhaps one other, he would not always care to divide such business into four parts. At the same time under the London Agreements he would feel bound to offer a participation to the Group. He felt that a failure to do so, even though he might feel certain that the Group would not accept, would be an act of bad faith on his part, and subversive of the frank and cordial co-operation between the four banks, which he regards as essential.

I informed him that while the Group, itself, might not wish to participate in these small loans it was quite possible that later the International Banking Corporation
would be in a position to do so and that for political reasons I believed it highly desirable that American should be associated with the Tripartite interests wherever possible. In this view he concurred but pointed out that if any one of the Quadruple Banks, whenever it secured a small short term loan, were pledged to offer it to the other three, embarrassing delays might be experienced. Many of these transactions, he felt, should be regarded as "current banking business," particularly for the Hongkong & Shanghai Bank and Banque de L'Indo-China, whose silver holdings enabled them extensively to embark in such operations.

It was suggested, therefore, in order to avoid misunderstandings which might create mutual suspicion and lack of confidence, that it was desirable that a clear understanding be reached between the Group and the three banks as to the exact character of business which would come within, or be excluded from, the scope of the London Agreements. M. Caseau thought that perhaps the distinction should be made between transactions for which bonds were to be issued, either in America, Europe or China, and those for which there was no bond issue and which were therefore in the nature of temporary advances or "current banking business."

This matter, we both felt, should be arranged by the Group and the Banks in Europe.

It is impossible to ignore the fact that the Hongkong & Shanghai Bank and the Banque de L'Indo-China with their silver working capital, have special reason to feel that they should be given a more or less free hand as regards small silver loans.

It is quite possible that in view of the present fluctuations in the price of silver, moreover, the Group may not wish, as suggested in my Letter No. 153, to furnish the International Banking Corporation with working capital to be utilized in making, or participating in, small loans in China. It should be remembered, however, that with Currency Reform the present uncertain China exchanges should become more stable and that the Group may, later, wish to enable the International Banking Corporation greatly to increase its activities.

Political considerations, furthermore, are highly important. While the Group might not, therefore, at the present time be willing to participate in advances for which no bond issue was contemplated, I believe it would be a mistake for the Group to subscribe to any understanding which would exclude it entirely from minor transactions. The Group, I venture to suggest, might very properly, therefore, assure the Tripartite Banks that it did not, for the present, contemplate participating in minor transactions but that it must reserve the right, under the London Agreement, to insist that it be offered a share in such operations if such offers were made by the party securing the business to any one of
the other parties to the Quadruple Agreements. In other words that so long as these small loans are undertaken by a single bank they might, if no bonds were issued, be considered "current banking business," while the offer of a share therein to any other party to the London Agreement would make them International in character, in which case the Group must insist upon its right to be given an opportunity to participate.

Yours truly,

S/G

Copy to TrumpeU, Esquire.

February 22nd, 1911.

Dear Martin: [Ex n] pr

In the local blatter this morning I read that you are likely to be called in by the President to help run the country. Later I saw Joe Gill who said that Eleanor had beaten it for home in a great hurry and that he surmised that your new job was the cause; while little Winston Gillis, who is just back from Japan, says that he met George Pea there who also anticipated what I hope has happened.

We have all been expecting something of this sort since Mr. Taft assumed the Presidency. Cecill and I had doped out a scheme whereby you would have been Minister to China but I hope that in the present disorganized state of the Republican Party you may be willing to confide our Far Eastern destinies to Joe and myself and devote your energies to strengthening the Administration.

Of course the fact that you are going into the White House reassures me as to when things begin to look dark out here I can count upon being made Ambassador at London or possibly Secretary of State. Any one of these little billets will be satisfactory provided you can arrange the salary. Of course I don't want to embarrass you by making these suggestions at this time but, incidentally, when the time is ripe you might put a box in the President's solution. What are the Nation's interests, between friends?

Remember the days when, saying nothing at all, I held down your job for you at Tokyo while you went to Yokahama on expeditions, the nature of which I wholly understood, and regarding which I shall make no further comment.

Seriously, however, there is no one more delighted than I to hear that you are going to be in Washington. You, above all others, will be the right man in that place at this time. You have a splendid chance and your many friends know that you will not only deliver the goods, but wrap them up in tissue paper and tie them with a pink ribbon. Be sure to send them C. O. D. One of these days you may be signing diplomatic commissions yourself.

When you start out at the head of a new party let
me know and I shall be very glad to come home and be a healer, and Joe Ohi says he will furnish the publicity while little Winston will build battlehips. Since you never seemed to find time to reply to my communications while you were in the Philippines I presume that you will scorn this epistle, which I present to you on bended knee with full appreciation of my tenacity in daring to address such an august personage. However, even a cat may look at a king, and I hope that from your eminence you will cast occasional and even perhaps kindly glances at those of us who wallow in the muck and ruck of this naughty world.

I am hoping to get home before many moons, and before I go away again I have something to say to you. To me? To you. If you will but listen and take my advice you will become a great authority on the Far East and may have your name inscribed on a little gold plate and stuck over the lintel of the golden opened door; you and John Hay and Philander, not forgetting Huntington Wilson. I hope you will find no tanks in the seats of the mighty, which you are now about to occupy, and that you will wear woolen socks and arctics; they are very good for the feet. At the present time my own are getting a little threadbare and these North China winters are very cold.

If by chance the President makes the gravest political blunder of his whole career and does not place you in a position of hightrust my disappointment will be very great, my faith in American institutions destroyed, my hope in the future of the Country shattered, but my belief in you will be as strong as ever.

Go to it Martin! Eat 'em alive and believe me always

Yours sincerely,

S/o

The Willard Straight Papers at Cornell University
Again it's later than it ought to be, dear Dorothy child. Have you been keeping your swearing off? It doesn't seem to do me much good even now. Do I lay awake and think and think? You needn't worry about my sleeping though, for I have great difficulty in pulling out at half past eight or quarter to nine—so that I get quite enough.

Caldoun saw Duke Tsi Tae today, and it was very satisfactory. The Chinese have come around completely now, so it's only a question of getting the Department to take a reasonable attitude on the adviser matter and to put the loan agreement through with Sheng. I say "only"—that by no means indicates any feeling of exasperation on my part. We've made progress anyway. Perhaps we'll get it through. But there is a rock to get around yet, and dangerous ones at that. But I am hopeful. The Minister apparently believed the Duke of any apprehension on the Manchurian score, and sent him away very well satisfied—which is a great thing, as up to date he has been the principal stumbling block. It seems almost dangerous to write such things, but I am beginning to hope that I may be able to get away before very long—perhaps a month or so. I wouldn't be far to be too true! But the question of leaving this situation without friction even worries me. Mercer. I should not leave in charge again. Neither Sears nor Hatwell would stay under him. I'm awfully sorry for it will be a terrible blow to him, and it will almost kill poor little Mrs. Mercer. The taste of power last summer has spoiled 'em both for routine banking, and he comes and talks to me about wanting to join the Group—that they'd take up loans in Persia or Turkey or something. Poor fellow! I wouldn't recommend him— I couldn't—and it's hard, for though I don't like her much, she's very brave and has had a pretty hard time, I guess. Keeping up appearances on very little means. She's as ambitious as she can be, and able—much more than he. She wrote most of his letters this summer, I believe. Married to another man, who had brains and character, she'd have carried him far—but I fear that her husband will never do much for her's too small. It always makes me feel that I must be hard-hearted, or jealous— that some one else might do something where I had failed—or some other horrid small minded thing—when I feel that I can't heartily endorse some one that's been under me, or who might possibly take my place. Yet I know that if I had to employ a man on a difficult job or one requiring judgment and nerve or even steadiness, I should not take Mercer. He only regards things from the standpoint of how they will affect his own interests and future—subjectively, I suppose is the word—never with an eye to doing the thing itself. All of us, if we are worth our salt, are ambitious—but ambition can only be made useful and therefore gratified, really when it is directed to doing things—getting results—and is willing to be judged on that basis. It's not only necessary to say that So—and So is able and clever—not you instinctively ask what had he done? By their works ye shall know them— not their after-dinner conversation, nor the praises of their friends, unsupported by a record of achievement. It worries me a lot, for I am sorry for them both, sorry for the disappointments life will hold for them. Now someday I am afraid she will find that she can't mould him, and lead him and inspire him, sufficiently to enable him to reach the position he craves, and then I fear there will be trouble. For the present she is touched by his very real affection. Someday I'm afraid that will not be enough, it's too bad. I wish I could help them. He had his chance and I can't feel that he made sufficiently good to warrant his getting another. The risk is too great, and a man who is hated by the men who work under him is a dangerous man to leave in charge. The temptation to disloyalty is too strong.

It's a hard place—the world—sometimes, and the more I realize it the more grateful I am for you, dear Gift of God—oh, Wonder of the World.

God Bless you.
These letters are becoming diaries—Wonder Child, but the story as it works out day by day, may amuse you. The old man today showed me a telegram received from Washington Sunday night and regarding which he had failed to speak to me. It approved our plan to get China to request us to recommend adviser. Cheers for the Department. Had I known this I probably would not have cooked 'em as I did. The same thing happened once before. The old man was sore and cursed 'em out, because he'd failed to digest his instructions, and I cooked 'em as yesterday. It was coming to them certainly for the manner in which they had approached the tricartite, but since they'd accepted the plan we could go ahead here, my inclination would have been to let 'em alone—for they'll be properly smacked by Europe anyway. I can't write and explain the thing to Davison for it would seem to indicate that I thought the old man incompetent, which I don't, and was disloyal to him, which I'm not. So I'll be the goat once more, and be called hot-headed and bad tempered. I can stand it, if only we can get something done. I wish however, he'd think a little more quickly.

When I went in this afternoon he was having a cable coded, but pulled it out and read it to me and I was very grateful, for while he'd stated nothing but facts he'd dished them up in the wrong way and the effect would have been very bad—would have prevented just the action we were trying to secure. He has a good news sense, but not the knack of knowing what he wants to do, and putting things up to the Department in such a way as to get their approval. Shifted the message all around, and it went out in very satisfactory form. He's fine about taking suggestions. That's what I admire most about him—his honesty and his open mind, which makes him always ready to be shown when he's wrong, and to take another course.

Poor Menocal went to him today and said I was cold and didn't tell him anything. He confessed that his great hope was to succeed me when I went away. Calhoun consoled him and said I was worried—that was all—and he was sure I had nothing against him personally. That made him more cheerful. Poor fellow. I'm really sorry, but in honestly can't be chummy and confidential with him when I have no intention of ever having him take charge of this office again.

Casenave, with whom I dined tonight, tells me that he had a great argument with Margerie who wanted to work things so that there could be a French adviser. Casenave asked him—whether France was going to take the dog-in-the-manger attitude she'd so long held in Egypt, block a great reform and retard the development of China—or whether she would consent to, and support the appointment of a neutral adviser, and assist in China's renaissance. De Margerie finally said he'd recommend the latter course. Ten up for Casenave. It's rather ridiculous, he bullying his Government—and the old man and I, nagging ours,—in order to make them meet on common and practical ground. Luckily neither Hillier nor Cordes gave a damn for the political side—otherwise there would be still more trouble.

Casenave also told me that de Margerie had learned that Japan had reproached Russia for bullying China! Then with characteristic consistency Japan had announced that of course she would now have to take decided steps in South Manchuria! Beautiful work. She puts Russia on the bank when Russia tells her what she's going to do. I'll let her go ahead—then turns and says—Naughty, naughty, but of course since you've done this in Mongolia you won't object to our making a few arrangements in our sphere. It will mean that she will either annex the Kwantung leased territory, or seize Chinatoo—maybe both. Russia is apparently very sore. Good for the Banderlog! We may be able to break up this thieves combination even yet. I'll get fuller details tomorrow.

Oh, Wonder Child—It seems almost too much—but it really begins to look as if I might get away before very long—back to you. Oh Dorothy mine—will you give me peace, dear and your love for always.

God Bless you.

WEDNESDAY AFTERNOON (FEB 23RD)

Just a word before the mail goes, Dorothy dear. I always have to make a letter going out. There is spring in the air—and the sun light is brilliant and life-giving, and I want you, Oh Wonder of the World—want to be with you, to know that we shall be together for always.

God Bless you.

Tomorrow there should be a cable—and a letter too. It's our day, again, Child.
It is surprising to note that a Tientsin contemporary should have published recently an article on the Russian-Chinese relations about which it said "sensational phrases," It cited, in support of its assertion, the result of an interview with a certain member of the Russian Legation here. At its best the representation made by that journal only tends to mislead the reading public, for it seems to have distorted the true state of affairs and portrayed, at the most, only a part of the truth. We fail to understand why should such an article ever be published unless it was on account of the journal's being in dire need of new items. For if it were meant to improve the situation by giving it publicity, by all means do it in a fair and just way. Misrepresentations, distortions and omissions do not calculate to win the sympathy of the other party to the controversy; and quite the opposite result would more likely be realized than the one desired.

We do not believe that any legation member would make himself the willing medium of a newspaper to assist in the circulation of sensational news, for according to our experiences, legation members tend more to discretion than to vociferousness, especially in matters which are still under discussion and for which the charge of forcing the issue by the utilization of the Press may be brought against them. No doubt there may be many open questions in the diplomatic relations of China and Russia, which are to be amicably settled by the two nations concerned. The same contingency may exist in the relations of nations which have the most friendliness and intimacy with each other. China and Russia having their territories, for thousands of miles, in contiguity with each other, it would be as likely as not that disputes will crop up among the frontier officials of the two nations. Such questions, if any, we have no doubt, would be settled by the Governments of the two countries in the most fair and conciliatory spirit as befit their existing friendly relationship. No one would believe for a moment that the relationship of China and Russia would be strained all on account of one or two of these minor questions being still not disposed of.

It has been the pet theory of the Russian official circles that because of the alleged activity of the Hungchauhs in the Manchurian provinces and of the Russian trade being injured thereby they could not but send troops to occupy outside the railway zone to hold them in check. Such pretext might seem plausible to the Russians but in reality it was an encroachment upon China's sovereignty and a violation of international practice. Such a pretext is as much unjustifiable upon the principles of law as upon the state of facts. Whenevever robbery should have taken place in the Manchurian provinces, Chinese offi-
In discussing foreign sign loans the
Kuo Feng Daily
News warns the
Government against the interference of foreign Powers in the
finances of China. Before the
rumors of the American loan there
already existed the idea of supervising our finance by certain
countries who are the creditors of China.
With the proposed contract of the
American loan that idea will surely
be materialized. With the loss of
the control of finance the sovereignty
of the country would be gone
in its entirety. The people of the
country are patriotic enough, they
have on former occasions strenuously
opposed the contraction of railway
loans which when compared with
the present loan are much less
significant and certainly more
beneficial. The writer therefore feels
a loss to know why there is no
opposition in this case and the
people should so positively submit to
the doing of the Government or
rather to the foreign Powers.

Original in private hands.

The Willard Straight Papers at Cornell University
The Russian Note to China.

It is a curious reflection upon Chinese methods of conducting business with foreign countries that foreign opinion is almost unanimous that Russia is not doing a public service in peremptorily bringing China to book for violating treaty obligations and for over-riding foreign rights. It is maintained that for some time past the Chinese authorities have been treating Russia as she has been treating Great Britain, and that if she were permitted much longer to arrogate the right to herself, irrespective of what is due to others, business with her would become altogether impossible. Whatever, then, may be the degree of suspicion aroused in foreign minds as to the significance of Russia's action, it does not engender for China that sympathy to which she would be entitled at the present moment were her friendliness and good will towards others more apparent, and her observance of international obligations more punctilious. Nevertheless, foreigners in general cannot withhold from this great but helpless country, affiliated as it is at the present moment by plague and famine, some degree of the compassion that, to the credit of human nature, is usually felt for those in trouble, even although that trouble may be self-inflicted or arising out of foolish or unjustified conduct. We make no attempt to judge of the merits of the differences which have culminated in the presentation of the Russian Note to China, but we cannot help observing that if China has been treating Russia as she has been treating Great Britain, it lies with her to satisfy the world that she is in the right, and that Russia has no just ground for her present action. Meanwhile we learn that Russia has notified the Powers interested that she has no intention to take advantage of the present impasse to acquire territory at the expense of China. That is a declaration of considerable value in so far as it goes, and not one to be lightly disregarded in the future. Judicious handling of the situation by China and care to give no excuse for a modification of the Russian attitude should secure its due observance, in the event of Russia proceeding to the length of temporarily occupying Kuldja, or any other point. The real key of the question we take to be the future of Mongolia. The Treaty of 1881 provides for Free Trade in that immense and potentially wealthy country, which China is afraid, if she now admits the Russian right to trade there and to use customhouses that Russia will regard this privilege as permanent and immutable.

Russia, however, we understand, has already intimated her willingness to discuss this point with the Russian Government in the spirit of the 1861 Treaty, which provides for the imposition of tariffs when trade developments and China will need revenue for administrative purposes. A clear declaration by Russia of her intentions in this respect would go far to simplify the present difficulty. In the absence of any such declaration by China, the Russian Note, there is little advantage to be gained by lengthy speculation as to what is about to happen, but we are safe in recording the universal regret that China's foreign affairs are not in present in the hands of those able men, now so belied, whom in the past have shown their capacity to safeguard the interests of their country without alienating the good will of foreign Powers with whom they had relations.

Russo-Chinese Relations.

On the 19th instant, we are given to understand that the Russian Minister handed in person to the Minister of Foreign Affairs a Note containing 17 complaints. The Note was less moderate and friendly in tone than usual, but the complaints agree on the whole with the pronouncements made at St. Petersburg.

Some time ago in response to a petition from Chinese merchants, the Imperial Government requested the Russian Government to postpone the collection of their protective tariff outside the hundred mile free zone till 1911 (the year of treaty revocation), to which request they gave a partial consent. To declare, therefore, as the Russian Government have done, that the 1861 Treaty with China is at an end, the Imperial Government have attempted to restrict their tariff autonomy is surely an act of misunderstanding and a wrongful representation of facts.

As to the remaining five complaints of the Russian Government, which they have endeavoured to support by imperfect quotations from the treaties, the Imperial Chinese Government declares that on their part there has been uniform and strict observance of all stipulations, while on the part of the Russian Government there has been a constant effort to stretch and exaggerate the provisions of the colon...

Original in private hands.

The Willard Straight Papers at Cornell University
Telegrams from Peking indicate that no serious apprehension exists as to the complication with Russia. Public opinion inclines to the belief that Russia's attitude is not really menacing and that her threats are merely designed to hasten a settlement. At the same time, there is a sense that Chinese hands are very weak in the field of foreign affairs, and that outside Powers are disposed to take advantage of her weakness.

As to the actual course of the complication, nothing is added to the public's previous knowledge. Russia's extraterritorial privileges acquired by her in Mongolia and Manchuria under the provisions of the treaty of 1881 should be regarded as substantive rights not as mere paper pledges.

One telegram says that Professor Lahmann of the Berlin University advises Russia not to underestimate China's power of resistance or to forget that whatever Russia asks Japan also will demand. This warning sounds somewhat crude, for after all, it finds warrant in the terms of the treaty between Japan and Russia. The only thing to be said is that Japan is not the sole exponent of the doctrine of equal opportunities in the Far East. Germany herself is equally a champion of that doctrine. The fact is that all nations are directly interested in this episode, for whatever practical interpretation Russia succeeds in obtaining for the treaty of 1881, the same interpretation will be brought within reach of other Powers by the most favored nation clause.

London seems to be taking the situation very calmly. English publicists recall the difficulties that their own country has had in arriving at settlements with China, and are therefore disposed to judge Russia impatiently. The truth is, as we have more than once taken occasion to observe, that Englishmen estimate Russian motives very differently to-day as compared with 20 years ago. The unhappy habit of concluding that the informing spirit of Russia's foreign policy was invariably aggressive and forceful has given place to a juster estimate. The Times as usual puts its finger on the disquieting point of the situation; namely, the effort that may be produced on young China by this Russian display of the mailed fist. That is certainly a disturbing cloud on the horizon.

Mr. Nee, whose knowledge of Chinese affairs is very wide, makes an interesting comment on the situation. He says that Russia's purpose is to effect a clear demarcation of the frontier from III to Kalkut, but with regard to the alleged massing of Russian troops, he does not consider it directly with this complication. He says that there certainly exists a large body of troops between Kalkut and III, but they consist for the most part of the three army divisions locally by Russia during the war with Japan. The completion of these forces has now been completed, and although their original raison d'etre no longer exists, their presence at this moment is opportune, and has probably suggested to Russia the advisability of utilizing them for the purpose of a demonstration. In the event of actual hostilities these three corps d'armee could be marched into China by four routes. The first and most easily would be from Kalkut southward to Kilot and thence to Chung-kah-kwan which is in railway communication with Peking. The second is from Semipalatinsk via Kopeno and Ulug-ta to Kilot and Chung-kah-kwan. The third is from III eastward, and the fourth is from Turkestan by the valley of the Talis River. China has nothing to oppose to such an invasion, and she will doubtless see the wisdom of agreeing with Russia quickly.

The Jos Shindo writes in a very moderate strain. It questions whether the situation is really as acute as Russia's action would seem to imply, and it also questions the wisdom in Russia's own interests of applying to this case the precedent furnished by the Mukden-Astung Railway. On the other hand, it emphasizes that the responsibility for the complication rests upon China's shoulders. Her perennial policy of procrastination has exhausted Russia's patience, while at the same time China is not in a position to deal resolutely with the results of such a policy. She is practically unprepared to the districts of Mongolia and III, and she will be well advised if she recognizes this fact at once and stops her course accordingly. The Chinese, which is a Seju-Ai organ, observes that Russia's prestige has been at a very low ebb in China for some time back, and that Russia's persistent endeavor of such a state of affairs could not be appreciated. At the same time she has to consider the situation in Europe simultaneously with that in the East. Any step taken in the Orient must be adapted to the conditions existing in Europe. These conditions have just been adjusted in such a manner as to remove all cause for present anxiety. The recent meeting at Pekin of wood of the Persian question and relieved the tension in Europe. It might have been confidently predicted that Russia would make her influence felt in the East in the sequel of that meeting. The Hoshi Shimlu, organ of the Polar Party, finds that Russia has now a unique opportunity. She need not apprehend opposition from either France, Japan or England. In fact her hands are completely unsheltered, and the time has come for her to reassert the high position she formerly held in the East. The Hoshu goes on to point out that in order to avoid complications with Japan, Russia is arranging to approach Peking from points outside the sphere of Japanese influence. She contemplates by getting the Mongols to present their debt, and thus she laid the foundation of a railway to Peking. As to her methods, they may be described as parallel with those adopted by Japan in the
The Chinese Government has been anxious to obtain some modification of the treaty, and that anxiety has of late been accompanied by the prophecies of rights recovered. The treaty mentions five places where the establishment of Russian Consulates are contingent upon treaty prospects, and St. Petersburg has been disposed of giving effect to that privilege for some time past, whereas the Peking statement has been equality desirous of avoiding any such development of the extra-territorial system. In a word China has been waiting for the expiration of the treaty period, and has been seeking to confirm its exercise to the narrowest possible limits, whereas Russia has been seeking to bring about its practical improvement as fully as possible while the treaty was yet in operation. That Peking has now fixed St. Petersburg's patience by the aid of the pigeon-hole and of Chinese illusory proclamation, can easily be conceived. But at the same time we are bound to recognize that China's acts have not been without reason. Russia too will appreciate the situation, and will certainly refrain from any arbitrary exercise of her superior power. We may therefore confidently look for an amicable solution of the problem.

**Russia and China.**

Stated briefly the situation between Russia and China is very easily understood. According to existing treaties Russian subjects have the right of trade, travel and residence in Mongolia and Il, and also the right to exercise consular jurisdiction there, for which purpose it becomes necessary to establish Consulates at various places, especially at Yunnan. The Chinese Government, however, has never taken steps to implement this treaty. On the contrary it has peremptorily postponed any action, its purpose apparently being to recover some of these rights after the expiration of the treaty period, to which end it is evidently expedient that the rights should be as little exercised as possible pending the date when the treaty becomes revocable. The cession of the system of consular jurisdiction to Mongolia seems, as is easily understood, to be specially opposed by China, and it is affirmed on the Russian side that whereas the Yunnan district was distinctly a part of Mongolia when the treaty was signed, the Chinese Authorities of late years have altered the boundaries so as to exclude Yunnan from the purview of the treaty. In fact, according to this version of the case, the Peking Government has steadily pursued a waiting policy, and Russia on her side is determined that her treaty rights shall not lapse by default of exercise. The military steps which she is now taking are said to be by no means a mere menace. St. Petersburg is determined to assert its treaty titles, and will do so at the point of the sword if necessary. On the other hand, if the matter be regarded from China's point of view she is not without a right to some sympathy. The treaty of 1844, which terminated Russia's military occupation of Il—occupation that grew out of the Mahommedan insurrection in the days of the Taiping rebellion —was in many respects unfavorable to China, whose strength at the time had been too much exhausted to warrant the assumption of any stalwart attitude towards a Power like Russia. Ever since that time the Chinese
February 23rd, 1911.

Dear Pietro:—

Two good letters from you have long been unanswered for I have been in no mood for addressing my friends. When the sawdust in the doll is more obvious than its silken frock, and the pinkness of the cheek thereof, it's time to defer correspondence which, for the sake of the recipient thereof, should always be at least good tempered.

The truth of the matter is that we've been having one hell of a fight, which is not yet won, but in which for the first time I think I can see a glimmer of hope.

It's a long story and goes back to Manchuria and the Yangtze Railways, and countless other meaning side issues. The main points, however, are clear enough. Without going into the reasons thereof, we have been trying, in this $80,000,000 Currency Loan, to bring about a combination of the U. S., England, France, and Germany, through creating a community of financial interest through the bankers. Since the Russo-Japanese Agreement of last summer it has been apparent that something of this sort must be done, not only to enable us to carry out our Manchurian schemes, but to preserve China proper from joint exploitation by this precious pair. After my trip to Petersburg it was apparent that single-handed the American Government could not force the Japanese, backed Russian opposition to our Railroad to take cover. It therefore became necessary to get help, and this we did under our Agreement with the British, French, and German bankers signed at London on November 10th, last. Next we had to get some actual transaction, in which we shared, to make this understanding a practical cooperation instead of a pious, but paper, expression. This we've been trying for three months to accomplish, by bringing the three other banking Groups in with us on the Currency Loan. The question has been greatly complicated by the fact that while we all wanted an adviser, the Chinese would not appoint an American, admit the other banks to the loan, and run the risk of having all the other powers demanding advisers also. So we finally posed out a scheme for getting one adviser, of neutral nationality, who should be supported by all four lending nations. On this basis we secured the Chinese consent to admit the other three Groups to a participation in the loan, and to appoint a single adviser. We are now negotiating for the Final Agreement, but with a lot of handiwork that I need not describe. In fact I could not do so without being so damned profane that this paper would be burnt to a cinder.

Throughout the negotiations we have had the Russians and Japanese intriguing against us. It is their policy...
of course to keep China so weak that she cannot resist their policies of aggression. Currency Reform backed by America alone would be bad enough from their point of view, but when supported by a quadruple combination such as we've been trying to bring about, it would seriously interfere with their little games. So they've been bribing, and threatening. They stirred up the National Assembly to protest against any advisers appointment, knowing that we made the engagement of such official precedent to the negotiation of the loan. They further threatened the Foreign Office that if the loan were concluded they would demand a participation, and joint advisers. So between the lot of em it has been one grand mix-up, out of which we will be lucky if we ever pull any business. As I say, however, things have been looking up. Chinese fright that Russia and Japan would take advantage of the Pague situation in Manchuria to seize that region, and the recent Russian note have all hastened developments in our favor. We are trying to grab opportunity by the short hair at present and put something through. But there are many rocks ahead.

I am sorry that you don't feel that you can leave your job in Manila just now, for you are the one person with whom I could leave this work with any degree of confidence. Personally I want to get back to the Department of State if it can be arranged, for I am not entirely satisfied with the way the Far Eastern Bureau has handled this business and being naturally nosy, I think that perhaps I could help a little if I went back there. To my mind the game's the thing. Just as it is to yours. That's why, although I appreciate your reasons for wishing to remain in the Philippines, and know that men of your stamp are only too few and far between, I can but think that you would be doing your country equal service if you came up here to help this along.

In Manila it's to a great extent an administrative, therefore a local problem, tremendously important, but nevertheless, one to which more time can be devoted without the risk of losing our claim. Here we are fighting for position, and trying to stake out claims which we can work later, when American trade here develops. If we don't make our position secure now, it will be difficult if not impossible to come back. You must not regard this work as in the interest of Wall Street. If it were only that it would be small potatoes, viewed from the broader standpoint which I know you take. It's a game for America and the Americans just as is the one you are playing in the Philippines, and here we have fewer men even than you have who are capable of carrying it on. This may sound dramatic, sensational, spread-eagle, what you will, but it's a fact, and therefore the work is worth while. Far be it from me to urge you to leave the public service, to profit by becoming an employee of the "interests". But if you can best serve the public by representing the "interests" then is it not your duty to do so?
Personally I think it's mine to get back to the Department if it will take me and if I can leave someone here who can see the possibilities of the task in the way I do. You do I know, therefore I have wished you would chuck the Philippines and take this on, letting me go back to Washington, and a desk in the Far Eastern Division.

This letter is of course confidential. Show it to your boss if you wish to, and see if he doesn't agree with my point of view.

Has Martin been made Private Sec?

Sorry about the Ladies not coming up. We always welcome them.

Give my regards to Gordon Fairchild if he has arrived.

Yours,

WILLARD STRAIGHT.
Dear Mr.:

I have read your articles in the "Century" but have been unable to get hold of what you did for the "Outlook". The two former, however, are distinct and valuable contributions to the literature of the Far East, and you have presented dramatic episodes in a very clear and forceful manner. There are several minor points which, had I had an opportunity to go over your manuscript I should have asked you to alter, as they are not wholly correct. In the main, however, these two contributions of yours give by far the clearest and most accurate exposition of the situation that has as yet appeared. Both the Department and the Group should welcome such an exact statement, if indeed, they would welcome publicity at all at this time. That is a question into the merits of which I shall not enter.

I have just reread my letter to you of January 9th, and must correct my views therein expressed that neither Russia nor Japan had taken an active hand in opposing the Currency Loan. Both had done so prior to my writing you but I did not make the discovery until sometime later. Japan had been responsible largely for the objections of the National Assembly to the appointment of an adviser, while both Russia and Japan had frightened the Chinese officials by demanding not only a participation in the loan, but joint advisers in case any were appointed. That situation has again shifted and the whole aspect of affairs been changed by the presentation of the Russian note. I shall find copies thereof and send them on to you, together with a very able editorial which David Fraser wrote for the T. & T. Times. I now learn that the Japanese have, after letting the Russians go ahead, told them they had been too harsh, urged them to accept China's reply which is not an absolute come-down, and threatened that if they did not so Japan must take another step in South Manchuria. This has introduced fresh complications, the result of which I shall not attempt at present to prophesy, for the very good reason that I don't dare.

The situation here at present is highly interesting, and I shall be glad to give you such stuff as may turn up from time to time, on condition that you will push the good work along. The game is the thing.

I must say that in your last article, the one in the February "Century", you rather obviously omitted my name. I speak of it, not that it makes any difference one way or the other, but merely because it could not very well escape my attention.

Wishing you the best of luck, and hoping that your further efforts will be as successful as those already published,

Yours sincerely,

[Signature]

February 22nd, 1911.

The Gau! The Time.

Original in private hands.

The Willard Straight Papers at Cornell University
24th February, 1911.

My dear Straighto,

I wrote you the other day, from Spain, and this is only the postscript. It is to say that I have done my best to elucidate and unravel the accounts for Houseboat Days; what with Kelly's and Arnold, and the Mientzin Press and authors' copies, it is not as easy as all that. But I make out that we have each had about 15 authors' copies, which cut into profits, and that there are just about fifty pounds cash to divide up to date, leaving us the owners of the stock in slim (about fifty) and expecters of some royalties from the impenetrable Arnold. So, for better or for worse, I send you the enclose twenty five thick'uns, and my blessing therewith. If ever I get to the real truth about these accounts, you or I may have to make good. I cannot get any accounts out of A. for the past year.

I fear that poor French will be badly upset by this new group for business in Manchuria, and that it will now be difficult to square the Runky. It cannot be said that you and I did not give them fair warning as to what would happen if the Russ were not brought into the picture at any early stage of the game. Two year ago, as you know, I sang that song, with no chorus, all day long. Kismet. And now?

I will give Harrison the photo anon. Only got back last night and am in the throes domestic and otherwise. We had a chauffeur for one happy week, it seems, but he eloped with a real Lady, at least that is what he has written to his wife, whom we had taken on as Cook. Who says that the People have no pleasures? Thine,
Your letter of the 50/51 at one tonight—Wonder Child. Thank you for your Birthday benediction. You say that the thought that my happiness is in your hands frightens you. I can't see why it should. It's not such a terrible responsibility— in fact if its a responsibility it isn't there, for it can only be my happiness if its a joy to you to have it— if you will give me yours to guard and cherish in return. If we marry, dear—it must be all— neither of us could marry unless the sharing was to be for always— unless it were the true circle—for that is what marriage means to us both. Is it not so? Eliza's verse was very sweet, and I am glad that you quoted it, and that you think she meant it for me too. I pray that it may be so—if only you know how I pray and hope for this—for you—for us, together, child.

It was very sweet of you not to ride in Washington. That a wonderful one we shall have some day— you and I, under the trees and along the bridle paths— but our next one must be at Harlyn, through the spring woods, @ Dorothy mine.

It is the twenty third again— All day I've been expecting your cable, but none came. The ones in December and January arrived in the morning and each was answered after I'd sent off my own. So today, knowing that even by cabling late in the afternoon I could reach you on our day, I waited for your message to come. But it didn't. Perhaps there will be an answer tomorrow, sent by you on the 83rd from home. If your letter had not come I should have been terribly lonely, for save for the 23rd of October when I was in Oswego, and of November when I was at Irkutsk, I've always heard from you,— May in Paris, June in Petersburg, July at Effingham when you told me to go home—August in New York, and September, and December and January here. Perhaps you were waiting to answer my message when it came. You did not answer when asked you if you would be my Valentine for always. You were right, Dorothy dear, for I want but one answer to that, and I want that from you when we meet again. Sometimes it seems as if all the bottom would fall out unless I can see you soon. You are in my mind and heart always, in work and in such play as I find— always sharing— for indeed it is all for you, this life of mine, little girl.

It's been another day of fighting—of inward rage— that seems to tie me all up into knots, and leaves me very tired, for only in writing to you can I find relief. Casenave came in as I was at my breakfast with the news that de Margerie was much exasperated because Knox had told Jussermann that the Adviser would supervise the expenditures for currency reform, and that the four auditors—one of each nationality—would look after the Manchurian expenditures only. I told him that it was a mistake, and explained the provisions of the draft agreement I had given Sheng. He was quite satisfied and hustled off to de Margerie who promised to explain to his Government.

Casenave had also apparently learned all night concocting a scheme whereby we might spoof Cartier, the Belgian, who, we have reason to think, is trying to block our game. It was a good one, and will fix him if he gets funny, although he is a nice chap and a great friend of ours.

Then came a telegram from the Group saying that the Department had not yet agreed to recommend a neutral adviser, and that until all the Governments were in accord, I could not submit my draft to Hillier, Cordes and Casenave. This made me wild. I went to the Legation and discovered that in his notes to the French, English and German Ambassadors, Knox had either been very careless in his wording or had entirely failed to grasp what we were working for out here— for Jussermann's impressions were entirely justified. The Department instead of confining itself had, without studying the problem, the loan agreement or consulting us who had— decided that auditors would be a good thing to trade with in securing the American adviser. Peanut politics again. As a matter of fact, we have worked out a scheme for control without auditors— our supervision is as effective— while the Chinese face is saved to a great extent. The Department's commitment to Auditors embarrassed us, for we have never referred the new plan to either Department or Group. We know its good and gets the substance of what they want, without the naming of auditors in the agreement. Had we cabled about it there would have been all manner of objections raised, which since they would have been founded on ignorance, we could have overcome,— but the explanation would have taken too much time. So from noon till half past five Calhoun and I wrote and re-wrote cables. He finally decided not to send anything at all, while I sent the Group another soaker, and fistedly stated that if the Department continued to delay and haggle for an adviser which we know it must get, it would have to bear the responsibility with our Department. To get over the auditor matter, I again urged that I be authorized to consult my colleagues. The play is that when we jointly recommend an agreement...
without auditors, the Department and Group will not be so apt to demand foolish explanations. Jenks-y will not get his job. You may be sure of that. He did me a good turn once but while remembering that, I don't think he's the man for adviser, and have consistently said so, for I believe him to be a conceited old stuffed shirt, more intent on the lime light than any accomplishment to justify his presence there.

Very secret. The Minister told me today that sometime ago Wilson had wired him in response to a telegram in which he had said that the Chinese didn't want Jenks, which they don't--that he must not be influenced by me in this matter, as I (the Group) had another man in view, while the Dept. [Wilson] wanted Jenks. In other words, having become the slave of Wall Street I would prostitute my position and my sense of patriotism to put in a creature of the "interests". The Department incidentally is using said "interests" as a common tool with which to win its own kudos, and the "interests" pay! Wilson in New York went so far as to lay down that the Group could not be consulted regarding the Adviser. Of course they could advance the money which the adviser was to spend.

It was nice of Wilson to warn Calhoun against me. It flatters me to think I'm so persuading as to be a dangerous influence!

Here am I representing malefactors of great wealth, trying to secure domination of China's Finance by running my own adviser! Here am I, intent only on putting through the loan that Wall St. may make its profit, oblivious to the broader interests--oblivious to the question of control, if even an adviser at all--willing to sell out my country's interests and prestige in order that my employers may make money--working against the appointment even of an American adviser at all! Verily I am a low creature and have fallen far short of the ideals which I once for a moment, when in the Department, seemed to have inhaled!

I have said quite enough of what the Department is doing already.

From quarter to seven till eight I walked with the old man and we discussed these matters. Our conversation was not polite, nor would you have been edified had you heard my language--oh Dorothy dear.

One of these days I shall have some conversation with Mr Huntington Wilson. I fear that there will not be much social intercourse thereafter. The only difficulty will be that

I can't give Mr Calhoun away. One thing about Wilson--I think he is honestly and sincerely patriotic and working in what he believes to be the interests of his country. I don't think he is insisting on the appointment of an American adviser to increase his personal prestige but believe he does it through mistaken national pride. I think Knox's motives do him less credit. I believe both are following a wrong, short sighted and narrow policy that will bring American diplomacy another rebuff. It's a very different thing to say that--to differ with a man on the methods he employs--than to accuse him of selling out his country in the interests of a Group of Financiers. I am quite willing however, to be inspected on this point. As I wrote you from London and from the train, this job is a thankless one, cursed by the Russians and the Japanese, suspected by the English, French and Germans--and distrusted by both the Chinese and my own people. It's a great world.

I am grateful, child, that I have you to bore with the story of my woes. I'm fighting mad rather than woful at the present moment, however, but it's so good to be able to write to you, and to know that you understand. I'm fighting for you, by Dorothy.

God bless you.

FRIDAY NIGHT, JERUSALEM.

Your cable this morning rather startled me, with its "please go easy on New York". I'm wondering whether it is an answer to mine of yesterday or not, though I presume it is. You're rather annoying, Miss Dorothy, as an unbusiness-like person--do you know it--for you don't number your letters, not put the "Graias" in your telegram, which would show whether it was in answer or not on your own, as it were. The "go easy" struck a rather sensitive spot for I've had a sort of feeling in my bones that I was going a little hard--as a matter of fact and after your cable came I started a review of some of my recent messages and your point is well taken. I'm now wondering whether it was prompted by your own good sense, which may have been somewhat shocked at my obviously nervous and irritable state, or whether it was based on a tip from ffrench. My telegrams--not though they may have been--were at
least coherent and logical, and if they were pretty much to the point and rather asparagus as far as the Department goes, I cant help it. I wired what I felt and still feel, and it was mild at that. My calmer recommendations had fallen on barren ground and no change in the attitude of New York or Washington was manifested until we hit a stone wall, and nursed our heads for a while. I've been trying to avoid another wall, for our heads wont stand many more crackings. Since you say "right" - thats the main thing, so I'll try to go as easy as I can. In any case, even though I should chuck it, I should have to stay on here until another man comes, and could not leave until I had broken him in. Under the present circumstances, that should give me time to finish the Currency loan, or to see it well on the shelf - so that my departure would be nothing in the way of a desertion. But I shan't chuck it until I feel that the position is impossible. I shall not however, accept any call downs - and I am rather looking for one tomorrow. It should come then, if at all.

There are so many things that I want to talk to you about tonight. I cant write them - it would be impossible, and I am in no mood I'm afraid, for writing anything but a letter that I should tear up tomorrow - so I'll not write it all. Self Control!

I'll tell you someday. If only that Someday will be soon!

God Guard you.

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It's about 2 G.M. but I couldn't turn in without giving you the news, oh Wonder of the World. The Department has climbed down all along the line - they've consented to a neutral adviser and have authorized Calhoun to accept from the Chinese a note in the form which we know we can get - so that we've nothing to do now but to bring the Chinese to an early signature. It may be easy, and it may be hard - but at any rate for the first time it is really up to us - and we've a free hand to get results on the lines that were recommended.

These three months of fighting have had their results after all - and now instead of having a Chinese stone wall, with the group and the Department blocking every by-path that took us off the main road, that led us straight into the obstacle - our road is clear - we're around the wall, and though there may be tasks on the road it looks as if we should have a clear run, and as if - if that were impossible - we could use our own judgment about taking to the woods. I can't say that I feel particularly hilarious. It's much more like a truce than a victory, now we've merely got through the mud and mire and bad weather and fixed ourselves in position. It now remains to be seen whether we can win the last fight. Until the agreements' signed there's no breathing space. I'm really very glad there is not to be an American Adviser. Whoever comes here will have a terrible task before him, and I doubt very much if Andrew would have seen it through had he come - while Jenks - would have been dropped by the wayside. Then, the laugh would have been on us. Now it will be borne by all equally and there is just so much less likelihood that there will be any laugh at all. Europeans are much better content to hold down posts like this, for the official kudos of it appeals to them tremendously - they get decorations and all manner of trophies. The responsibility - had we done it all ourselves - would have been a heavy one to carry. The principal reason I'm pleased - though I don't want you to think for a minute that this consideration
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Russian ball tonight, preceded by a well acted little French farce and a ballet, composed of young rhinoceros who galumphed about in short skirts and guise of sorts. I was bored to tears. General dancing followed. I had half a Waltz with Mrs Russell and flirted the rest of the evening with Madame Pictot, wife of the French First Secretary. Conversation very voluble consisting in my having told her I had heard something about her-- she trying to find out what it was, and I refusing to tell. Excellent practice for one's French. Finale-- mad lady when she learned that I had heard nothing. She probably now thinks me a liar as well as a tease. I can't stand this game much longer without going stark staring mad, I'm afraid. Sometimes it seems as if I would bust. I don't mind the fight. I'd be quite content to stay on and draw my pay while carrying it on for years, but I want you so terribly Dorothy, that it seems as if the delays would drive me wild.

You'll not think me very perky the last two days. I'm not a bit. I am quite aware that Rollo should write cheerful letters about his simple pleasures, and sweet things about how he missed his Araminta, without laying bare the struggle and yearning in his heart. I'm no Rollo, so I can't help but tell you. I'm afraid it does neither of us any good, for though it relieves me, which should be a minor consideration, it must worry you, and that worries me again-- and all the worry in the world is not going to improve matters one bit-- for I've got to wait until the job is done-- but oh, little Dorothy, it is hard sometimes,-- for I need you so. Would you stroke my head, child?

God Bless you--
Oh, little Wonder child-- may be, maybe-- I hardly dare say it-- maybe by the time you get this, you will have a telegram saying that I am starting for you! What do you think of that-- are you frightened? I am a little-- for it seems too good to be true; and I can hardly believe it, but it looks that way-- really does. Oh, little Dorothy-- my little girl-- to be with you again. The Chinese note regarding the adviser reached the Legation tonight. It's not quite satisfactory in its terms but its good enough, if we can't get a better one, which I think we can. Tenney saw the Duke and Sheng both this morning, and talked it all over, and they promised to note within three days-- then when Calhoun came up to dinner he had the translation in his pocket. There's just one clause that we don't like but its wonderful to have even this. Furthermore though Sheng rowed with me a week ago, as I wrote you, both heard the Duke told Tenney this morning that the draft agreement I'd given them was really very satisfactory, and Sheng told Tenney that we ought to be able to close it up in a week! I, I, I, I doubt that, but in any case its going pretty well for the moment. Meeting of the Bankers this morning, and they seemed pretty well satisfied with my agreement. They'll probably suggest a number of changes-- just to show how clever they are-- but I doubt if they are very radical. I'm almost afraid to think of it all-- Oh, Wonder of the World.

This afternoon I saw Tsai Tao again-- saw him yesterday for an hour almost-- and he didn't go to the Russian Ball last night, but went to the Regent, and as a result we have our note tonight. It's extraordinary, the Regent and the whole crowd-- working to keep this matter out of the Foreign Office so that it won't be blocked by Japanese influence through Kung! Tsao Tao was as pleased as a kid with a new toy today. He done it! As a matter of fact he did-- most of it. My connection with him is about the best I've ever made in China. We get along like hot cakes. Its a great game, this trick of working the machinery of Government through the Regent's brother, over the heads of the Ministers and the rest.

Tonight Casenave, Margerie and Calhoun dined with me. Our game is now to get the French to take a neutral adviser. They are so damned touchy, and Wilson has no tact at all. However Calhoun and Margerie got on better tonight than ever before, and Casenave and I

Dorothy Dorothy, do you know what it means--

God Bless you.

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Mail just going. How are you today, Miss Butterfly? Is it bright with you, as it is here. Are you cheerful? I'm like a man watching a stock ticker when he has his last cent at stake and knows that he may win untold wealth or be thrown into deepest despair. These days mean everything. In my heart there's a song, child-- a great swelling, splendid, wonderful song of love-- my love for you-- my prayers that in another two months I may be with you. God grant it.

God Bless you.
and to live in a pleasant home until he was able

to look after himself.

I am quite certain that you will like this

arrangement. And again, I am much obliged to you

for writing to me.

I saw our friend, George Marvin, at Christ-

mas time in New York. I still feel somewhat un-

easy about his prospects, but I suspect that

George's friends will always feel uneasy about him

and will always be fond of him.

A telephone has just come that Arthur Woods,

whom you know, is coming up to Groton for a few
days with us. This was a surprise to me, for I

supposed that he was still in Mexico.

I hope that everything is going well with you.

Sincerely yours,

Sherrard Billings

for me to be willing to give encouragement to it.

I have, however, another plan to suggest,

which seems to me most hopeful. Ayrault, one of

our masters whom you know and will remember, was

at Bishop Brent's boys' school in Baguio, up in

the hills above Manilla. He taught there a year.

This school is sometimes called the Junior Groton

of the East. At present, it is very small, having

only about a dozen boys; but its prospects are ex-

cellent and it has an admirable staff in charge,

the head master being the Rev. A. S. Ogilby, an

old Groton master. Ayrault tells me that Bishop

Brent, in all probability, could make use of Mrs.

Childress somewhere in the neighborhood, perhaps

at the Easter School, a small institution estab-

lished for the Igorrots' children, and Mr. Ogilby

would be glad to have another pupil and would take

great interest in this particular boy on account

of your recommendation and that of Mr. Calhoun.

If you could get the boy started at Baguio, he

would have a chance to secure a good education

for a matter like this you should turn to us at

Groton, feeling confident of our interest.

We of course are interested, but there are

greave difficulties in the way of your plan.

Possibly an income of $500 a year, of which

you speak, would enable Mrs. Childress to settle

in the village and support herself and her little

one; but it is too late to have the boy's name

put on our registration books; and in order to se-

cure a vacancy by competition, he would have to

prove himself a rather brilliant scholar - which

there is a chance of course of his not doing.

Your scheme is an attractive one, for we should

like to do a piece of healthy missionary work such

as that would be; but the scheme is too doubtful.
February 27th, 1911.

Dear Willard:

I suppose the Group seemed to you very slow in authorizing you to consult with the representatives in Peking of the tripartite banks, but such authorization has been telegraphed you now and we are hopeful that it will bring the desired result. For reasons which I suppose it is hardly necessary to go into here, the Group did not wish to have you admit the tripartite banks into the negotiations until reasonable assurance of harmony among the governments concerned was had. To you it may have seemed that our government might more quickly have abandoned their claim for an American adviser but to us here it seems that they have made a very considerable concession in doing so at all, and the Group appreciate it very much. We have been asking them to waive on this point for weeks, but it was not until last Saturday that they finally agreed to do it. I believe the Department felt that there were some considerations of national prestige involved and I am unofficially informed also that the President felt strongly that the adviser should be an American. In connection with the Government's delay in meeting our wishes in this point, also you should remember that they have even up to this time received no official intimation from any of the governments concerned that the appointment of an American adviser would be objectionable. All these things being considered we feel that Secretary Knox has shown a most friendly desire to please the Group by acceding to our express wish in the matter of the advisership.

Lord Sforcenh sailed for England a little over a week ago. I believe he proposes to remain in London for a week and then to go to St. Petersburg as pre-arranged. I enjoyed meeting him very much and I am not without hope that he will return to China by way of America so that we may all see him again for a few days at least.

I suppose it is quite possible that you will have started for America before this letter reaches you - I imagine you will not be staying in Peking long after the currency loan is signed. If so, you will find here, I think, an early spring (for such seems to be the present pleasant prospect) and, I hope, many other compensations for the loss of life in Peking which, indeed, must be very pleasant, if it is as reported to us by Lord Sforcenh. Business appears to be looking up in this country generally and, in spite of the Interstate Commerce decision, I think we may anticipate a fairly good year - the feeling seems to have changed for the better within the last month. Political matters are quieter also and I think President Taft's administration is daily gaining ground.

Very sincerely,

[Signature]
Peking, China,
February 27th, 1911.

Dear Mr. Tang:—

Your long silence I much regretted, but I quite understood. Your note, therefore, was all the more welcome. You have been very often in my thoughts, and I have sympathized with you in your great sorrow. During these last days I have wished more than ever you were in Peking directing this Government again. I am afraid China will pay dear for failing to bring the Great Viceroy back to Power, and for not utilizing your ability and experience at this time of crisis. When I think of the situation at the time of the Dowager's death and then review the history of the past three years it makes me sick at heart. I assuredly blame the obstancy, the weakness and the vacillation here in Peking but I am afraid that in Washington, too, the wisest counsellors have not always prevailed though I know well the sincere desire to help China has always been the actuating motive.

When you were both at the helm the ship of state seemed to be sailing on a smooth course with every prospect for a brilliant and successful voyage. Now I am afraid there are many rocks ahead, and the pilots are too often changed, the chart too carelessly studied and the course too shifting to enable us to hope that the shipwreck can much longer be avoided unless there be a radical change in the administration. It must be heartbreaking for you. I assure you it is very discouraging for me, especially when I am so sure that if Yuan and yourself were here, your game would be difficult, but would be won.

I can quite understand that it might be inadvisable for me to call upon you. I should greatly like to see you, however, if at any time you think I could come down, leave the train at the City Station, and return from the settlement without arousing too much comment.

With warmest regards and best wishes always,

Sincerely yours,

[Signature]

The willard Straight Papers at Cornell University