CHINA'S LOAN NEGOTIATIONS

ADDRESS

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It is the purpose of this paper to explain, if possible, three things: 1st, the significance of Chinese loans; 2nd, the importance of securing and retaining an American interest therein, and 3rd, the peculiar difficulties encountered in the recent loan negotiations.

Dr. Arthur H. Smith, in that able and interesting work "Chinese Characteristics," pointed out that those who, understanding the vernacular, walk in China's streets will hear the passersby talk of little save money. As it has been with the daily life of the people so it is today with the political life of the nation. The question of money is all important. For the last ten years, and especially in the past twelve months which witnessed China's wonderful transformation from the oldest empire to the youngest republic in the world, there has been an incessant discussion of Chinese loans.

China's Loan history may be divided into four periods—
The first, immediately after the Chino-Japan War—when funds were secured from abroad to pay the indemnity exacted by Japan at its conclusion.

The second, following the so called "leasing years" when the great powers encouraged their bankers to finance railway construction in the regions which they had marked out as their spheres of special interest, and when besides acting as the politico-financial agents of their Governments, these bankers secured for the industry of their respective countries the orders for the materials required.

The third, following the Russo-Japanese War, when likin was pledged as security for loans and when a combination to which the American Group was later admitted was formed by
British, German and French financiers for undertaking Chinese loans, and for sharing the orders for materials required for their construction.

The fourth, and present period, in which a combination has been effected between the four Groups named above and Russian and Japanese interests, for jointly financing the reorganization of the Chinese Government.

American bankers were first interested in Chinese finance in the second period, in the Hankow-Canton Railroad; for business, not for politics. Their rights were sold back to China who financed the repurchase by a loan obtained from the Government of Hongkong, which thus for obvious political, because geographical, reasons, secured for British interests a preponderant right to finance the construction of this road in case foreign capital should later be required.

During the third period the American Group was organized and became associated with the British, German and French banking groups. The American Group, moreover, greatly contributed to the successful formation of the combination which marks the fourth period, a combination which is the financial expression of John Hay's "Open Door" policy, and which makes of international finance a guarantee for the preservation, rather than an instrument for the destruction, of China's integrity.

Before discussing the most recent phase of China's loan negotiations, however, and the manner in which the American Group at the instance of the Department of State made its entry into this field, it is necessary briefly to review the history of the past few years, and to consider the factors in the creation of what has been called "Dollar Diplomacy."

Because of this so called "Dollar Diplomacy," President Taft, and his Secretary of State, Mr. Knox, have been subjected to no small measure of criticism. The Administration one hears has formed an unholy alliance with the Octopus; and Wall Street, the property scapegoat of our national political drama, is accused of seducing a reluctant and hitherto well-domesticated Government into the maelstrom of international financial adventure.

As if this were not sufficient, sober and intelligent journals have demanded why American capital should seek foreign fields when there is so much work to be done at home. Others admitting the desirability of foreign investment and the possible necessity of diplomatic support for those who undertake it, have objected to the Administration's assisting certain institutions in Wall Street instead of American bankers in general. It must be remembered, however, that the success of any association of American capitalists undertaking this business depends primarily on their being of such standing as to command respect from financial Groups abroad and upon their willingness and ability to bear the expense of representation through tedious and too often unrewarding negotiations. Without these qualifications American Bankers are not equipped to become the instruments which our Government requires to assist in the extension of our foreign trade.

Another section of the press hails each and every overseas venture with indiscriminate enthusiasm and rhetorically preens the feathers of the Bird of Freedom, sneering at or condemning our rivals, and lauding American enterprise with an impartial disregard of the real facts.

There has been too much unjust criticism, too much unwarranted praise, and too general a lack of candid exposition and intelligent comprehension of the reasons for, and possibilities of, "Dollar Diplomacy."

"Dollar Diplomacy" is a logical manifestation of our national growth, and of the rightful assumption by the United States of a more important place at the council table of nations. Our export trade is constantly increasing and foreign markets are becoming each year more and more necessary to our manufacturers. The new policy aims not only to protect those Americans already engaged in foreign trade but to promote fresh endeavor and by diplomatic action pave the way for those who have not yet been, but who will later be, obliged to sell either capital or goods abroad.
European diplomacy is engaged in solving a maze of complicated questions immediately political, ultimately commercial in character. France, Germany, Russia, Italy, Austria and Japan are endeavoring to acquire fresh fields for colonization or to create preferential markets for their merchants. Great Britain with her world-wide possessions is involved directly or indirectly, in almost every international question that arises and with these powers too, diplomacy has for years been of the "Dollar" variety.

International rivalry of this character, however, is found only in those countries whose native administrations are either decrepit or which are still militarily too weak to secure that consideration, which, unfortunately, depends not upon international equity, but upon the power of self-protection. In such lands a Government desiring to secure a market for its nationals must because of the pressure of its competitors either acquire territory or insist on an equality of commercial opportunity. It must either stake out its own claim, or, induce other interested Powers, to preserve the "open door." There is no middle course. This is a statement not of benevolent theories, but of political facts.

The people of the United States do not desire fresh territory over seas. The policy of our Government has been to secure for American merchants the "open door." American industry has until recently been too much engaged by our own domestic expansion seriously to set about the establishment of foreign markets. A far-seeing administration has therefore inaugurated a new policy, the alliance of diplomacy, with industry, commerce and finance.

This is "Dollar Diplomacy." It has been active in various ways. In South America it has aided our merchants and manufacturers. In Central America, politics have played a more important part, and the Department of State has attempted to bring about financial reform in these smaller republics, and to prevent the recurrence of the revolutions whose leaders have almost without exception been actuated solely by a desire to acquire control of the national revenues. In China certain very tangible results have been accomplished and it is to give a more accurate conception of this much discussed, but little understood subject, that this paper is written.

Prior to 1894, China had practically no foreign debt. In 1894-1896, however, she borrowed extensively from England, France and Germany, to finance the war with Japan and to provide the indemnity which she was forced to pay at its conclusion. These loans were secured upon the collections of the Imperial Maritime Customs, a Chinese service under the control of that able Irishman, Sir Robert Hart. In 1898, however, China made a number of contracts for loans for railway construction, with British, German, French, Belgian and American syndicates. Under all these agreements the bankers were entitled to a certain share in the profits of the lines, which were themselves to be mortgaged as security for the loans, and provision was made in almost every case for joint foreign and Chinese management. The railway materials and rolling stock required were purchased from the manufacturers of the countries whose bankers undertook to issue these loans.

The cession of Formosa to Japan at the termination of the Chino-Japanese war, the occupation of Chinese territory by Russia, Germany, France and England, in 1897-8 and the exchange of "diplomatic notes" between these Powers regarding the protection of their respective interests in China, together with the signature of the railway agreements mentioned gave rise to a discussion throughout the European and American Press of the imminent breakup of China and the partition of this ancient empire into "spheres of influence."
strangers were binding their helpless motherland with rails of steel.

For some years prior to 1898, the Empress Dowager had been in comparative retirement. The attempt of the young Emperor, Kuang Hsiu, however, under the advice of Kang Yu Wei, suddenly to introduce widespread reform, brought this redoubtable lady to the front once more. Popular discontent, fomented by bigoted and ignorant officials was winked at if not encouraged by a Court which feared that the extension of Western influence might bring about administrative changes which would curtail their opportunities for illicit gain. The Boxer Outbreak was the result, and in 1900 the reactionaries made one last attempt to sweep the foreigner into the sea. Peking was occupied by the allied troops, the Manchu Court fled to Sianfu, and China was saddled with a fresh debt of about £60,000,000, to pay for her mid-summer madness. This was charged upon the Maritime Customs, upon certain Hink collectorates and upon the salt gabelle.

In 1898-1899 the American Secretary of State, John Hay, anxious to prevent the partition of China and to protect the interests of general foreign trade against discrimination in the portions of Chinese territory already occupied by foreign powers, enunciated his "Open Door" policy. His proposition, favorably received at first and reaffirmed in the negotiations which followed the relief of Peking, won the adherence of other nations not because of any particular consideration for China but because of their mutual jealousy and their realization that partition would impose upon them responsibilities which they might find it difficult to bear.

They did not therefore surrender the ports which they had forcibly leased, but their acceptance of the "Open Door" doctrine nevertheless marked the beginning of a financial and commercial, rather than territorial, definition of their respective interests. The Russio-Chinese Bank had been created in 1896 as the chief instrument of Russia's ambition in her Manchurian adventure. This institution and the Hongkong & Shanghai Bank, the Deutsch-Asiatische Bank, the Banque de l'Indo-Chine and the Yokohama Specie Bank, now became more and more generally recognized as indispensable financial means to the political and commercial ends of their respective Governments.

In contrast to the peaceful rivalry in China proper, the situation in Manchuria became more and more threatening. Russia despite her diplomatic assurances to the contrary did not evacuate this region occupied after the Boxer trouble. She persisted moreover in an attempt to acquire control over northern Korea as well, until Japan, avowedly the champion of China's integrity and the "Open Door" for the trade of all nations, declared war.

Relieved by the defeat of Russia Peking breathed more easily. This satisfaction, however, was short lived, for the Chinese soon became convinced that Japan not unnaturally intended to reap for herself and not assure to China, the fruits of her splendid victory. She had taken from Russia the Liaotung Peninsula, from which she had herself been ousted after the China-Japan War. More than that, she succeeded to Russia's rights in the railway running north from Port Arthur and in the coal mines at Fushun.

When His Excellency Yuan Shih Kai, now President of the Chinese Republic, went to Tientsin as Viceroy of Chihli Province, he had with him a number of officials, notably Tang Shao Yi and Liang Tun Yen, who had been recalled from America in the early 80's, but who had not after their return to China been given much share in the direction of affairs. Yaun soon found himself at the head of what might be called a "Reform" party, and these subordinates of his, able, accomplished and well versed in American and European methods greatly aided him in instilling new force and intelligence into the Peking Government. Administrative reforms were demanded, the Chinese Press, hitherto practically non-existent, began to assert itself, and young men educated abroad returned to direct a "rights recovery" agitation which soon developed.
anti-Manchu propaganda and which found its final expression in the revolution of last year.

Peking became concerned about Japan's activity in Manchuria. Their Excellencies Hsu Shih Chang and Tang Shao Yi were sent to Mukden to establish, if possible, Chinese authority throughout the Three Eastern Provinces, and to exercise the right to develop this region under Chinese auspices, assured by the Portsmouth Treaty and the so-called Komura Convention, signed between China and Japan in the autumn of 1905.

They had no intention of interfering with the treaty rights acquired by Japan, but they wished, if possible, to induce British, German, French and American capitalists to invest in the development of this region.

In the autumn of 1907, Lord ffrench, representing Messrs. Pauling & Company, the well known firm of English contractors signed with the Manchurian Viceroy a contract for the construction of a railroad from Haimintun a point on the Peking-Mukden Railway, to Fukumen, with the ultimate object of extending this line north to Tatsihar on the Chinese Eastern Railway. Japan protested on the ground that the construction of such a road would violate the provisions of the secret protocol attached to the Komura Convention, stipulating that China should build no railway parallel to or competing with, the South Manchurian Road.

Subsequently in the summer of 1908, His Excellency Tang Shao Yi signed a Memorandum of Agreement for a loan of $20,000,000, to be undertaken by American capitalists for the establishment of a bank which was to act as the financial agent of the Manchurian administration for development work. This marked the beginning of the negotiations which led to the organization of the American Group, the signature of the Chinchou-Aigun Railway Loan Agreement, the conclusion of the Currency Loan and the formation of the present Six Power Group.

In May 1908 Congress had approved President Roosevelt's recommendation that the United States return to China a portion of the Boxer indemnity. Senator Root, then Secretary of State, and His Excellency W. W. Rockhill, then American Minister to China, suggested that the remitted funds should be expended in financing the education of Chinese students in the United States.

His Excellency Tang Shao Yi was appointed Special Ambassador, ostensibly to thank the American Government for its generous action. His real mission was to negotiate the Manchurian Loan with American bankers. On arriving in Washington, however, he advocated a much more comprehensive scheme. He proposed to Secretary Root that China should issue a loan of $300,000,000, to be utilized for a programme of industrial development, for currency reform, and to finance the Chinese Administration during the period following the intended abolition of likin and until the consent of all the Powers to an increase in the customs rate was obtained.

Mr. Tang desired an international loan in which he wished the United States to take the lead and Mr. Root promised to support this plan. With the authority of Mr. Root and the sanction of President Roosevelt the matter was brought to the attention of American bankers, but it was necessary temporarily to abandon the project owing to the dismissal of His Excellency Yuan Shih Kai from the high office which he then held in Peking.

Following the inauguration of Mr. Taft, however, the President and Mr. Knox became keenly interested and the Department of State desired, as soon as an opportune moment should arise, to reopen the question of customs revision and likin abolition, as well as currency reform, in accordance with the stipulations of our Commercial Treaty with China of 1903. With a view to taking up the proposed loan at the proper time, the American bankers, who had been interested, closely followed the situation.

In May 1909 it became known that the British, French and German financial groups were about to conclude an agreement,
to be secured on provincial revenues, for the construction of the Hukuang Railways, i.e., the lines from Hankow into Szechuan and from Hankow to Canton.

The Department of State held the promise of the Chinese Government that if any foreign money were required for the construction of the Hankow-Szechuan Line one-half should be secured from American and one-half from British capitalists. The fact that internal taxes, upon whose abolition the contemplated increase of the Maritime Customs tariff depended, were being pledged as security for the new railway loan, directly affected the fulfillment of the engagement which the Department of State had made to assist China in obtaining from the other Powers their consent to custom revision.

In order, therefore, that the United States might be entitled to a practical, and not a merely theoretical, voice in this matter, as well as to assure to American manufacturers a share in the profits of Chinese railway construction and the business arising therefrom, it was essential that representative American capitalists should participate in the Hukuang Loan. The Department of State offered this opportunity to the bankers already interested in the loan proposed by Mr. Tang Shao Yi and the American Group was organized creating an instrument which it was hoped might enable the Administration not only to further the interests of American trade but effectively to assist China in obtaining the consent of the Powers to the customs revision she so greatly desired.

In the autumn of 1906, immediately following the organization of the American Group, a preliminary agreement was entered into with the Viceroy of Manchuria, by the American Group and Messrs. Pauling & Co., for the construction of the Chinchou-Aigun Railway. Much has been written regarding this subject and in Europe especially, our Government has been criticized for the so-called Manchurian "Neutralization Proposals" advanced toward the close of 1906, and which were politely declined by Japan and Russia at the beginning of the following year. Although the story of the inception of this project does not perhaps fall directly within the scope of this paper, it may be well here to recapitulate certain facts in connection therewith which, had they been known, might have given a very different complexion to journalistic comment at the time.

The scheme of bringing the Russian and Japanese railroads in Manchuria under the control of a great international company was first conceived by the late Mr. E. H. Harriman, as a factor necessary to the realization of his dream of creating a "round the world" transportation system.

At the close of the Russo-Japanese War, Mr. Harriman visited the Far East. In September, 1905, working closely with the Hon. Lloyd Griscom, then American Minister to Japan, he drew up with the late Prince Ito and Count, now Prince, Katsura then Premier of Japan, a memorandum stipulating that the portion of the Chinese Eastern R. R. from Kwangchentze to Port Arthur and Dalny (now known as the South Manchurian Railway), which had been acquired by Japan from Russia under the provisions of the Portsmouth Treaty, should be financed by an American loan and operated under joint Japanese and American direction.

This project was never realized. It was blocked by the late Marquis Komura, who, raised what appeared to be insuperable objections to Mr. Harriman's plan.

Mr. Harriman however, did not give up his idea. Agents of the Russian Government during 1906-1907 proposed to certain American bankers that they purchase from Russia the portion of the Chinese Eastern Railway which remained in Russian hands at the end of the war, i.e., the line running across Northern Manchuria, with its branch from Harbin south to Kwangchentze. The Russians stated that they were willing to sell in case Japan also could be persuaded to dispose of the South Manchurian Railway.

In this connection it should be remembered that the agreement between China and the Russo-Asiatic Bank for the construction of the Chinese Eastern Railway, provided that China might repurchase the line after 36 years and that it
would in any case revert to China at the termination of an eighty year period.

Japan under the Komura Convention had been recognized by China as successor to the Russian rights, under this agreement, to the portion of the road acquired after the war.

It was proposed therefore that an international syndicate should anticipate the operation of this clause and repurchase the line on China's behalf, at this time, rather than later.

The scheme was discussed with Mr. Tang, during his stay in Washington, in the autumn of 1908 and he expressed the opinion that China would be glad to co-operate. An important Japanese financier who had been informally advised of the plan, however, stated that Japan would be unwilling to acquiesce therein.

Notwithstanding this fact the negotiations with Russia were continued and, in the summer of 1909, Mr. Harriman, through a leading Paris banker, approached M. Kokovtseff, then Minister of Finance, now Premier, of Russia, and was assured that on his return from a trip to Vladivostock, upon which he was about to start, M. Kokovtseff would recommend the sale of the Russian Railway. This he did in a public address on his return to Moscow.

The existence of the Harriman memorandum, and the attitude of the Russian Minister of Finance aside from the broader political considerations involved, justified the American proposals. An entente had been arranged between Japan and Russia, however, in 1907. Both powers were greatly disturbed by the neutralization scheme and thanks to the understanding reached by M. Isvolsky the Russian Minister for Foreign Affairs, and Baron Motono the Japanese Ambassador in St. Petersburg, they refused to join in Secretary Knox's plan.

Russian objections to the Chinchou-Aigun project, as well as the conditions imposed by Japan as precedent to her participation therein, moreover prevented the construction of this road.

Furthermore lest there should be any further misunderstandings as to their attitude these powers in the convention of July 4th, 1910 agreed jointly to safeguard their respective interests in Manchuria—an arrangement which, though undoubtedly a natural one, was not, it must be admitted, calculated to assure to China herself the right to develop this territory.

In May, 1910 an arrangement was reached with the French, German and British Groups for the participation of the American Group in the Hukuang Loan. At this time the three groups first mentioned invited the American Group to join them in the combination which they had effected the year before for undertaking Chinese loans.

This invitation was later accepted and an intergroup agreement was signed in November 1910.

On October 27th of that year the American Group had concluded a preliminary agreement for a £10,000,000 loan, to finance China's currency reform and to undertake certain industrial enterprises in Manchuria.

When the American Group was first organized, and actively supported by the State Department, was seeking participation in the Hukuang Loan, Secretary Knox had declared that the American Government believed that the interests of China and of international trade with that country could best be served by the friendly co-operation of the great lending nations and their banking groups.

It was in pursuance of this policy that the American Group entered into the combination with the other groups and admitted them to equal participation in the Currency Loan, the final contract for which was signed on April 15th, 1911.

The final agreement for the Hukuang Loan was also signed with China by the same parties on May 20th of that year.

In the present negotiations with China for the Reorganization Loan, as in fact in all loan negotiations during the past few years, the banking groups have found their greatest difficulty in the settlement of the question of "control." It may be well therefore before giving the story of the recent negotiations to review briefly the history of this much discussed term.
The term "control" has for some time commonly been used to denote the guarantees against improper expenditure of loan funds which the banking groups, in a greater or less degree, have insisted upon securing and to which the Chinese Government has from time to time reluctantly agreed, and constantly endeavored to modify.

"Control" in the at present accepted sense of the word was first embodied in the Agreement made by the Chinese Government in 1898, with the British and Chinese Corporation, for a loan to the Imperial Railways of North China.

Under this Agreement, and in several others concluded at about this time, the lenders, besides securing a first mortgage on the railway whose construction they financed, were entitled to a share in the profits of the line.

For this reason and also because of the inexperience of the Chinese in railway matters, the bankers required assurances that the loaned funds should be so expended that the mortgaged property would constitute a sufficient security. They furthermore obtained a certain share in the management of these lines in order that there should be secured therefrom an adequate return, to a certain percentage of which the Banks were entitled, and to prevent the administrative inefficiency and fraud which they feared if the operation of these railways were placed entirely in Chinese hands.

The original railway loan agreements embodying the provisions above described were all concluded prior to the Boxer outbreak of 1900.

The final Shanghai-Nanking and Canton-Kowloon Agreements (the Canton-Kowloon Agreement slightly modified the "Shanghai-Nanking" terms) confirming these stipulations were signed in 1904 and 1907 respectively. The Tientsin-Pukow Loan Agreement concluded in 1908, however, substantially altered these conditions.

Its signature marked the first recognition by the Banks of the increasing efficiency of the "Young China" party. These men demanded the radical modification of the old loan terms.

They considered "control" subversive of China's sovereign rights and flattered by the blandishments of rival foreign interests, they were determined to exact from the World a consideration similar to that accorded Japan after years of patriotic self-sacrifice and conscientious endeavor. The avowed purpose of these officials to weaken the hold of the foreigner on China was heartily applauded throughout the provinces. It served as a patriotic issue on which an appeal could be made to the masses and a cloak under which the provincial gentry could cover their real purpose, which was to restrict the extension of the Peking Government's authority by railways built with foreign loans, or otherwise, and their determination that if foreign loans were made, the chances for speculation should not be monopolized by the metropolitan mandarins.

Under the Tientsin-Pukow contract the Chinese Government, by a cash payment redeemed the right held by the Banks under the original agreement signed in 1898, to a share in the profits of the Railway. No mortgage on the line was given. The loan service was to be met from the earnings of the road or from certain provincial taxes; and in this Agreement it was for the first time stipulated that, in case of default on the loan service, the hypothecated revenues should be administered by the Maritime Customs Service. The principle of joint management was abandoned. The Banking Groups, however, insisted that the Chinese Government should employ foreign engineers for the construction of the line, and during the life of the loan, and that requisitions on loan funds specifying the purposes for which these sums were to be applied should be signed by the Director General. The construction accounts of the railway were to be open to examination by foreign auditors to be appointed by the Banks. Under former loan agreements the auditors had been empowered to stop the withdrawal of funds in case the Chinese officials were found guilty of speculation. This authority was not conferred by the Tientsin-Pukow contract and the effect of this modification soon became apparent.
The so-called "Tientsin-Pukow" terms did not prove to be an effective guarantee against "graft."

From the commencement of the construction of this line there have been numerous scandals, the most flagrant instance resulting in the degradation of the Director General and a number of his subordinates. The cost of construction has far exceeded even the most liberal estimates, and the loan service will therefore constitute a heavy charge on the revenues of the line.

Owing to the unsatisfactory operation of the so-called "Tientsin-Pukow" terms, negotiations were conducted in the winter of 1908-1909 between the British, German and French Groups and their respective Governments with a view to reaching an understanding as to the degree of "control" to be demanded from China as a condition precedent to future loans.

There are different versions as to the exact course of events in China at this time. It is, however, sufficient to state that in conducting pour-parlers with the Chinese authorities for a loan to construct the Canton-Hankow Railway, the representative of the British and Chinese Corporation at Peking refused to agree to "Tientsin-Pukow" terms and insisted on more effective "control". The representative of the German Group, however, accepted these conditions and secured the contract. The diplomatic protests and recriminations amongst the bankers which followed resulted in a compromise under which the British and Chinese Corporation was subordinated to the Hongkong and Shanghai Bank, which with its French associates, combined with the German Group, to negotiate a loan to cover not only the Hankow-Canton but the Hankow-Szechuan Railways. The Agreement was initialled on the 6th of June 1909 and the "control" provisions accepted by the Banks were similar to those embodied in the Tientsin-Pukow Agreement.

*British capital had obtained a "preference" for financing the construction of this road. (See §3, Page 2)

The inclusion of the loan for the construction of the Hankow Szechuan Railway in this operation entitled American interests to the participation which the American Group eventually secured.

Rivalry between the British and German Groups had enabled the Chinese in the original Hukuang Agreement to secure "Tientsin-Pukow" terms despite the fact that the operation thereof had demonstrated that more stringent "control" provisions were needed.

Furthermore, during the year which elapsed before an agreement was finally reached between the British, German and French Groups and the American Group, there was an ever-increasing "anti-loan" agitation in the provinces through which the Hukuang lines were to be constructed. Provincial Railway Companies were formed and secured from the vacillating Peking Government rights which violated the terms of the Agreement initialled with the "Tripartite Banks," and in which the Chinese had agreed the American Group should be given a participation.

The National Assembly, the forerunner of the proposed Chinese Parliament was convened for the first time in the autumn of 1910. Its members from the outset interested themselves in the question of finance and showed a determination to scrutinize government expenditures, which the bankers felt would serve to restrict, even though it might not prevent, official speculation.

The National Assembly, moreover, was entitled to pass upon all Government loans and was known to be opposed to a foreign loan for the construction of the Hukuang Railways by the

*Considerable sums, quite insufficient however to build the railways in question, were secured by popular subscription, and in Szechuan province by taxation also. Construction work was commenced, and abandoned, and in a number of well-authenticated cases the funds obtained by the companies were either lost by the Directors thereof, who speculated heavily in the Shanghai "Rubber Boom," or stolen by more simple and direct methods. The demonstrated inability of the Provincial Companies to do the work they had undertaken was used by the Imperial Government to justify its very sound policy of Railway "Nationalization."
Central Government, instead of by the Provincial Companies. Sheng Kung Pao, Minister of Communications, was determined, however, to build the Hukuang Lines, and in response to the protests of the Assembly he pointed out that in negotiating the loan in question, he was fulfilling an obligation entered into in 1909, prior to the convocation of the Assembly, by the Grand Councillor Chang Chih Tung. He was obliged therefore to adhere as strictly as possible to the terms of the original contract, and would not and could not have consented to any new “control” conditions at this time.

In this arrangement the Bankers acquiesced, feeling that the punishment inflicted after the Tientsin-Pukow frauds and the surveillance of the National Assembly over the expenditure of loan funds, as well as the difficulties by which the Central Government was confronted, justified them in confirming the “control” provisions of the original agreement.

The Currency Loan was of a different character, coming under the head of “Government” or “administrative” loans. Practically the only loans previously falling within this category had been required to pay indemnities abroad and there was no necessity therefore that the lenders should exercise “control” over their expenditure. The Currency Loan, however, was to carry out a definite programme and not for general administrative purposes. The four Banking Groups now acting in harmony believed some form of supervision to be necessary, and it was thought that the “control” machinery devised for railway loans, could, with certain modifications be utilized for assuring the proper application of the borrowed funds under the Currency Reform Programme.

The Chinese had reluctantly agreed to various control provisions in Railway Loan Agreements, but they feared that to admit the principle of supervision over administrative expenditures would be to pave the way for foreign control over China’s general finances. An arrangement was finally made, however, whereby China submitted to the Groups her programme of Currency Reform for their acceptance, and agreed to expend the loan funds only in accordance therewith, to publish quarterly reports of disbursements made, and to engage a foreign expert to assist the Bureau of Currency Reform.

The loan has not been issued but it is open to question whether this “control,” in practice, would have prevented speculation, and insured the proper expenditure of loan funds, and the effective operation of the Currency Reform Programme.

Immediately following the outbreak at Wuchang, on October 11th, 1911, which marked the beginning of the revolution in China the representatives of the four banking groups in Peking were approached regarding a loan to the Imperial Government. The Manchus, however, seemed unable to cope with the rapidly developing revolt and the Groups were unwilling to advance funds to a government whose continued existence seemed problematical. Their Governments moreover decided to observe absolute neutrality as between the contending factions and refused to approve any loans to either side. The financial history of the Revolution has been ably told by Mr. George Bronson Rea in the Far Eastern Review and in this account those who are interested may read of the various negotiations, practically all of them unsuccessful, undertaken by both the Imperial and Republican authorities during this period.

“...the disturbances in Szechuan province in August and September last marked the beginning of the revolutionary movement. This is not the case except that the general unrest created thereby contributed to the rapid spread of anti-Manchu sentiment. The Szechuan agitation is said to have been directed against the “Nationalization” of Railways, and the Banking Groups therefore have been accused of being the indirect cause of the revolt. This again is not true. The agitation was not against Railway ” Nationalization “ which the most intelligent leaders of Chinese public opinion regarded as desirable, but against the manner in which it was carried into effect. Sheng Kung Pao, the Minister of Communication, upon the signature of the Hukuang Loan Agreement took steps to repurchase the rights of the Provincial Companies in accordance with the “Nationalization” plan. Incidentally, it is reported on the best authority, he bought up the major portion of some of the Provincial bonds and offered to redeem them at par. He did not acquire control of the Szechuan bonds and therefore offered only 80 per cent on the face value. Hence the riots.
The Prince Regent of China retired on December 6th, 1911, turning over the reins of government to Yuan Shih Kai, whom he had dismissed three years before at a time when he stood out, as he does today, as the only man capable of coping with China's domestic troubles and the difficulties by which she is threatened from abroad.

The Emperor abdicated on February 12, 1912, and on March 10th Yuan Shih Kai was inaugurated as provisional President of the Chinese Republic.

The present loan negotiations with the Chinese Government were commenced in the middle of February, when the acting Minister of Finance, His Excellency Chou-Tsu-Chi, approached the representatives of the so called "Four Groups" (i.e., British, German, French and American) at Peking, and asked for an immediate loan.

On February 26th, Mr. Tang-Shao-Yi, representing the Republican Authorities at Nanking, arrived in Peking for the purpose of arranging a Coalition Government. On the following day, at Mr. Tang's invitation, the representatives of the Four Groups discussed with him the question of the loan broached some days before.

Mr. Tang stated the immediate requirements of the Chinese Government, and requested the representatives to ask their Groups to finance the same. In addition he discussed the Chinese Revenues available as security for a large loan to re-organize the Chinese Administration, and to initiate a scheme of commercial and industrial development. He asked the representatives how much China could borrow on this security, and finally, himself suggested the figure of £60,000,000, which he wished the Banks to loan in five annual instalments of £12,000,000 each.

Pursuant to Mr. Tang's request for an immediate advance, the Groups on the following day paid in Shanghai the sum of Tael 2,000,000, to meet the urgent requirements of the Nanking authorities.

The four representatives had reported Mr. Tang's request to their principals in Europe and America. No reply had been received when on the night of February 29th a number of the Chinese Troops quartered in Peking mutinied, looted and burned portions of the city, and openly defied the authority of the Provisional Government. On the following day, March 1st, it was suggested to Mr. Tang that it would be desirable that he should make some statement to reassure the Groups who were considering his proposition, regarding the probable effect of the outbreak, and the ability of the Government to cope therewith.

Mr. Tang's explanation was unsatisfactory, and the burning and looting continued on the night of March 1st. On March 2nd, acting under instructions from Yuan-Shih-Kai, the acting Minister of Finance requested from the Four Groups an immediate advance of 1,015,000 Taels. He stated in his letter that the President appreciated that in view of the critical state of affairs in Peking, the Groups would not be prepared to lend this money without the authority of their Governments, and requested the representatives to secure the necessary sanction from their Ministers as soon as possible.

Though Mr. Tang in order to justify the signature of the "Belgian loan" subsequently stated that the Groups had refused to render assistance when approached after the mutiny of February 29th, no other requests for immediate advances other than that mentioned above was received by the Groups at this time.

The seriousness of the situation at this time is shown by the fact that on the same day Mr. Tang-Shao-Yi had addressed a note to the British Minister stating that he feared the Peking troops mutiny if not paid immediately, and that the funds in Shanghai might be dispersed by them.
Authorities would no longer be able to control the situation, and requesting the Diplomatic Corps to take steps to assist the Chinese in preserving order. Yuan-Shi-Kai later denied having authorized Mr. Tang to take this action.

On March 9th the necessary authority having been received from the Four Governments, the Groups advanced the sum requested under an exchange of letters, which

1. Assured to the Groups the firm option for furnishing the further monthly requirements of the Chinese Government for the months of March, April, May and June, and if necessary, July and August; and

2. In view of the assistance rendered the Chinese Government in advancing the sums mentioned above as well as in undertaking the contemplated advances for monthly requirements and maintaining Chinese credit on the markets of the world (by paying Chinese loan interest coupon charges which the Chinese Government itself had been unable to meet), the Chinese Government assured to the Groups the firm option on the Reorganization Loan (provided their terms were equally advantageous with those otherwise obtainable).

From the proceeds of this projected Reorganization Loan it was intended to redeem the Treasury Bills, which were to be issued to cover the advances.

So urgent were the needs of the Chinese Government, that the Four Groups did not at this time arrange the terms upon which they would discount these Bills, it being impossible to settle this point until after the Conference in Europe of the Four Groups, which had been called for March 12th.

The terms on which the Groups were prepared to undertake this business were not, however, communicated to the Chinese Authorities, for on the evening of the 14th the four representatives learned that an agreement had that morning been concluded with the so-called "Belgian Group" for a loan of £1,000,000 carrying an option for a further large loan.*

This transaction was completed at a time when the President and Mr. Tang knew that the representatives were hourly expecting a definite reply from the Four Groups to the proposals made by Mr. Tang on February 27th.

The signature of the "Belgian Loan" was virtually the first official act involving the new Administration's relations with foreigners. It was a clear breach of contract. The Groups, more especially the British, French and German, had since the outbreak of the Revolution in October, been advancing funds to pay interest charges on Chinese Loans which they had issued. They had done this to protect the public to which they had sold Chinese Bonds, and to protect the credit of China where they had very large vested interests.

Despite the chaotic conditions prevailing throughout the provinces, and the absence of any really effective authority in Peking the Groups with the support of their Governments had been ready to advance to China funds sufficient to put the Peking administration on its feet at a time when no public issue of Chinese Bonds was possible, in order to do their part in assisting the restoration of stable conditions.

The signature of the Belgian Loan, however, affected the security for the large loan which the Groups had been asked to undertake—and it carried no guarantee whatsoever that the funds furnished or to be furnished would be properly expended, it increased China's liabilities without insuring any increase in the effectiveness of her administration and instead of rehabilitating, it was calculated to prejudice, her credit.

*The Belgian loan was secured on the Peking-Kalgau R. R. the earnings of which together with the earnings of other "productive enterprises" controlled by the Board of Communications, had been pledged as security for the Anglo-French loan of 1908. The British and French Ministers successfully protested against the alienation of this security. The price paid by the Bankers for the Belgian loan was not as high as that which the Four Groups were ready to give—but there were no "control" provisions in the contract.
The "Belgian Loan" Contract had been drawn subject to ratification by the "Advisory Council" at Nanking.

Despite the protest made by the Four Group representatives on March 16th, Mr. Tang urged, and finally persuaded, the Council to ratify this agreement, on the ground that the Four Groups had refused to assist China after the outbreak of February 29th. There is no evidence that Mr. Tang at this time informed the Council of the assistance which the Groups had rendered, and were prepared to render, or of the existence of the letters of agreement of March 9th.

The British, German, French and American Ministers on March 25th formally protested against the conclusion of the "Belgian" loan. Mr. Tang Shao Yi, then Prime Minister in the newly organized Cabinet nevertheless attempted to secure further funds from the "Belgian" Group. This failing, the Chinese Government on April 15th replied to the Minister's protest describing the signature of the "Belgian" Loan—and the violation of the letters of agreement of March 9th, as a "misunderstanding" and requesting the Ministers to instruct the Group representatives to resume negotiations with the Premier on his return to Peking.

The Four Ministers refused to accept the explanation offered, and insisted that the Government should admit its breach of contract with the Four Groups.*

This condition was accepted and negotiations were resumed. During the next few weeks the Groups paid over further amounts, making the total sum advanced 12,100,000 taels, or approximately £1,800,000. Agreements, covering these later advances were signed on May 17th, and June 12th under which, after considerable difficulty, the Chinese had been persuaded to agree to the safeguards which the Groups considered essential to assure the application of the loan funds to the payment of troops and to the other purposes for which they were borrowed.

At the request of their respective governments the original four Groups with the approval of Yuan Shih Kai had agreed to admit banking interests designated by the Russian and Japanese Governments, to a participation in these transactions, and after protracted and most delicate negotiations an agreement was reached between the six Groups on June 20, 1912, in Paris, regarding the conditions upon which they were prepared jointly to undertake the proposed Reorganization Loan to China.

The Groups were presented with the problem of financing the reconstruction of China on conditions which would be attractive to the bond purchasing public despite the disorganized condition of that country. To appreciate the difficulties which they were obliged to take into consideration, it is necessary to summarize the situation existing at this time.

They had been requested by China to furnish roughly 10,000,000 Taels or £1,300,000 a month for six months and to provide other sums making the aggregate amount to be advanced 80,000,000 Taels or about £10,000,000.

It would have been impossible to issue a Chinese loan at this time except at a figure so low as to prejudice the quotations for Chinese bonds already on the market, in the hands of the public, not of the Groups. To furnish the sums immediately required therefore the Banks would have been obliged to discount, Treasury Bills, which they would have either had to hold themselves, or dispose of to a very limited clientele.

These advances were required to pay the army, to finance the disbandment of superfluous troops, and to meet the current expenses of the Government. The large loan was to be expended to redeem the Treasury Bills, to clear off arrears in China's indemnity and loan services, and to meet certain pressing outstanding obligations. Mr. Tang proposed to use the balance to make up the loss of likin, which he desired immediately to abolish, pending the consent of the Powers to an increase in the customs tariff. In addition he had certain vague

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*The "Belgian" Group included the Russo-American Bank which was later designated by the Russian Government to participate in the "Six Power" Syndicate. Under the Paris agreement of June 20th, 1912 the members of the "Belgian" Group were recognized by the combination as members of the "Russian" Group.
schemes for railway construction, afforestation, and the establishment of mills of various sorts.

For the advances and large loan requested the Chinese Government proposed to pledge the Salt Gabelle as security. The service of the Boxer Indemnity is a first charge on this revenue. It was estimated however that it now yields Taels 47,000,000 per annum—and could be increased to at least half as much again if honestly collected.*

The Chinese Government at this time was powerless to collect the taxes which it offered as security and was unable to meet indemnity and loan payments, to pay troops or to finance its current administrative expenses and its permanence was by no means assured.

During the course of the negotiations, from February to June the Chinese officials had shown little appreciation of the magnitude of their financial task and had evinced little ability in dealing effectively therewith.

The Groups nevertheless had advanced Taels 12,100,000 in order to enable the administration to meet its most urgent needs and to prevent the disorders and mutinies which it was feared would occur unless funds, which the Government could not secure from its own people, were obtained.

These advances had been made subject to certain conditions to insure their proper application to the purposes for which they were borrowed yet the Chinese officials charged with their expenditure had placed every obstacle in the way of a proper and efficient audit, to which they had agreed.

Patriotic Chinese, proud of their Republic and hopeful and confident of its future may regret the necessity of including such facts in this statement. These men, however, if they be fair minded, must admit that the Banking Groups, no matter

*Experience at Tientsin and Tsingtao has shown the enormous increase that might be obtained were this tax properly administered. In Tientsin a single station under foreign managed "Provisional Government" temporarily installed after the Boxer outbreak, collected in six months as much revenue as the entire district had yielded in a year. At Tsingtao the collections of a station placed under foreign direction were at once increased six-fold.

how friendly they might be to China, would not have been warranted in disregarding them.

Because of these facts the Groups were unwilling to undertake the business without the joint support of their respective Governments. Because of these facts, moreover, they deemed it possible to proceed with advances and to undertake the Reorganization Loan only on certain conditions which were briefly as follows:—

First, That the Groups should have the right to satisfy themselves as to purposes for which funds were required.

Second, That China should herself create a system of audit in which foreigners should be employed with powers not merely advisory, but also executive, so as to ensure the effective expenditure of funds borrowed for the purposes specified.

Third, That the salt taxes to be hypothecated for the service of this loan should be administered either by the existing Maritime Customs organization or by a separate Chinese service like the Customs, however, under foreign direction, thus safeguarding the proper administration of the security despite the possible continuation or recurrence of unsettled conditions in China.

Fourth, That the Groups should take the first series of the loan of £60,000,000, at a fixed price, and should be assured an option on the subsequent series at a price to be based on the market quotation of the first issue, thus giving China the benefit of any improvement in her credit.

Fifth, That to protect the quotation of bonds issued and to assure a successful marketing of subsequent series China should not borrow through other Groups until after the entire loan of £60,000,000 had been issued.*

Sixth, That for a period of five years China should appoint the Groups its Financial agents to assist the Administration in its work of Reorganization.

*In the contract for the so-called "Crisp" loan of £10,000,000, China agreed to a stipulation which virtually prevented her from borrowing, except through the Crisp syndicate, for the period of one year or until the loan had been issued in entirety.
These conditions were submitted to the Chinese Government and in reply the Group representatives in Peking were informed that it would be impossible for China to accept a loan on such terms. Negotiations, however, though interrupted, were not formally broken off, and from the end of June discussions were continued between the Chinese officials and the Group representatives, but without result.*

The difficulty was not a question of the price at which the Bankers should take the bonds. It was the question of "control." The Chinese particularly objected to placing the Salt Gabelle under the Maritime Customs, or any foreign directed service, to the creation of a proper audit department and to appointing the Groups Financial Agents.

It has become the fashion, particularly among officials, who like Tang Shao Yi, and Liang Tun Yen served for a short time in the Maritime Customs to criticise Sir Robert Hart and his administration. Mr. Drew will give you an account of the life and work of this man, one of the truest friends China ever had.

The younger men, however, always remember his splendid service—they do not realize that he did much to save their country, for them, from foreign aggression, and it galls them to admit that for years the Customs Service has been, and is today, with the exception of the Postal Service, also created by Sir Robert Hart, the only branch of their entire Government which can, if judged by Western standards, be termed efficient.

The suggestion that the Salt Gabelle should be put under the Maritime Customs therefore, was refused, nor would the Peking authorities agree to create a similar organization to undertake this work. Chinese and many foreign critics have pointed out that the Customs Service functions at the ports—and that it would therefore be unsuitable for the collection of internal revenue. The Postal Service also under foreign direction, however, has been successful in its work, conducted throughout China, while customs officials have shown great ability in dealing with likin collectorates and in solving customs problems in the interior of Manchuria.

The Groups have not insisted upon the exact form the proposed administration should take. They have, and do, believe that the salt gabelle does not constitute, and cannot be considered, an adequate security unless by placing these taxes under a Chinese Government Service—but with foreign direction, inspectors, and auditors,—an efficient and honest collection be assured.

In the present state of China when the Peking administration has by no means established its authority—when cabinets are formed and dissolved with kaleidoscopic rapidity, when revenues are not being collected, and when there are large bodies of armed men throughout the country, ready at any time to break into open revolt—the Groups felt that before engaging to undertake so large a loan as that requested, they should be able to be in a position to guide and advise China in her reorganization work, the success of which depends primarily on sound finance. It was for this reason that they asked to be appointed Financial Agents.

Many of the leading men in Peking have privately recognized the wisdom of the Group’s conditions and the advantages to be gained should China accept them. Officially, however, these gentlemen have not dared recommend their adoption, fearing that their political opponents might make any concession to the foreigner the excuse for stirring up an agitation which they would be powerless to quell.

Hoping to obtain less onerous terms the Minister of Finance in July last proposed that the Groups should continue advances to be redeemed from a loan of £10,000,000.

This sum, however, would have been scarcely sufficient to meet China’s immediate outstanding obligations. The safeguards which were suggested by the Chinese moreover were inadequate. A transaction of the character suggested would

* In a letter dated July 9th addressed to the Group representatives, the Minister of Finance stated that China could not agree to the Group’s terms and would be obliged to borrow elsewhere. Poor-payers were, however, reopened shortly afterward.
have increased China's debt when she was in default on existing loans without creating any machinery to enable her better to sustain it. The groups therefore were unable to negotiate on this basis. The officials then stated that as the Groups would not lend on "reasonable" terms they would be obliged to secure funds from their own people. The Group representatives and the foreign Ministers in Peking welcomed the suggestion, and urged them to make a "popular" loan. This was attempted but without success; the "people" contributed small sums, but not enough. The Government next approached certain commercial houses and secured small loans, in return for large contracts for arms and ammunition. Tramway concessions were offered in return for cash advances, and other expedients adopted to secure funds sufficient to meet the Governments running expenses, all of which while calculated to relieve a temporary necessity made no provision for the future and would therefore merely have increased the difficulties of an already almost hopeless financial problem.

Early in September it was reported that on August 30th the Chinese Minister in London had signed a loan agreement with Messrs. C. Birch Crisp & Co., of London. Enquiry addressed to the Minister of Finance in Peking evoked the information that he, the Minister of Finance, had had nothing to do with the conclusion of the London contract which had been arranged by his predecessor acting in an informal capacity. The Minister of Finance assured the representatives that China desired to deal with the Six Groups as the only combination capable of furnishing within the next few years the enormous sums which China would need to reorganize her administration and finance the industrial development upon which the Peking Government wished to embark. At the time this discussion took place funds advanced by Messrs. C. Birch Crisp & Co. had already been transferred to China and placed to the credit of the Chinese Government in a Tientsin bank. This fact became known to the representatives who brought it to the attention of the Minister of Finance. He reiterated his former declara-

tion that China desired to deal with the Six Groups and as late as September 23rd handed the representatives a statement of conditions which he informed them China would be ready to make the basis for the continuation of negotiations for the Reorganization Loan. These terms were not considered acceptable by the Group representatives. The Minister of Finance thereupon informed them that since they had refused the terms proposed by China he considered that the option which the Groups had held, had lapsed and that China was free to negotiate with other parties. The so-called "Crisp" loan was issued in London shortly afterward.

From the above facts it would seem that the Chinese Government was prepared to repudiate the contract signed with London bankers on August 30th, in case the Six Groups were willing to come to terms.

This incident, in connection with others mentioned above is not cited for the purpose of impugning the good faith of the Chinese Government. Those familiar with the difficulties with which the Provisional Government has been endeavoring to deal are not inclined to hold China too strictly to account for what her real friends will regard as mistaken and unfortunate, rather than reprehensible, efforts to solve her financial problem. At the same time, with all possible consideration for China and every sympathy for her officials in the performance of their onerous tasks, it must be recognized that such actions will, if continued, make it impossible to maintain Chinese credit.

It will be said perhaps that by concluding the so-called "Crisp loan," China demonstrated her ability to borrow in the markets of the world, under an agreement which contained no safeguards as to the proper expenditure of loan funds. This may be true, but the fact that China could in this case secure funds was due largely to public confidence in the stability of the Chinese Administration based on the willingness of the Six Power Group to advance funds to the Provisional Government even prior to the inauguration of the President, Yuan
Shih Kai, and the belief that the Six Groups would in the end come to an arrangement with Peking which would give value to all Chinese securities.

Many gentlemen in the United States have pointed out in discussing this subject that the American banking group in particular should remember the history of our own country and not be too exacting in its dealings with the Chinese Republic.

The comparison, however, is not justifiable for it should be remembered that when our Federal Government was first established there was no large public debt while the resources of the young American Republic were enormous. The funds secured from abroad during our revolution, and immediately following its conclusion, had been advanced by the French Government, not so much with the idea of assisting the struggling colonies as for the purpose of embarrassing Great Britain. Only when Alexander Hamilton had reorganized the finances of the country, securing the assumption by the Federal Government of the larger part of the debt of the states, and after he had put the administration of the Treasury Department on a sound basis, were the United States able to borrow from foreign bankers on satisfactory terms. The Ministry of Finance in Peking, however, is still operated on lines scarcely conformable to our ideas of a business administration, despite the efforts of able men like Dr. Chen Chin Tao, while the Republican Government has assumed the obligations of its Imperial predecessor for which the revenues of China are to a very large degree already hypothecated, and for the service of which they are at the present time insufficient.

Not long ago I happened to be present when the loan question was discussed by a distinguished gentleman who had just returned from the Far East. He had been greatly impressed by what the revolution had accomplished, was full of admiration for the Chinese people and confident of the bright future of the Republic. He felt that the Bankers were mistaken in demand-
do what they can for their country. At the same time American bankers would not be acting as true friends of China if they failed to look at the facts of the situation in the face. They would not be “playing for” the best future for China should they lend money on conditions which might satisfy the vanity of Chinese officialdom but which instead of assisting the establishment of a strong central Government would encourage improvident financial methods and lead inevitably to foreign intervention.

The present financial situation in China is set forth in an article in the “North China Herald” of Sept. 28th 1912—an abstract of which is given below:

“The obligations that China is bound to liquidate are as follows. First of all, Tls. 12,000,000 advanced by the Sextuple Group from February to July, on the distinct understanding that the Chinese Government would sign the loan with them, including this sum in the total amount for which the loan is signed. The Chinese Government gave the banks treasury bills, and at the exchange fixed the total works out at £1,750,000 sterling. Secondly, there are amounts due from the shipbuilding firms in England and the United States for works executed by them on orders given by the Manchu Government but completed during this year. In the list of their outstanding debts furnished by them to the Sextuple Group the Chinese Government have £700,000 against this item.

Thirdly, there are the Hupeh and Nanking loans of about £500,000 each given by the banks to the Viceroys of the two provinces on the authority of Peking during the Manchu regime. These sums have been overdue for some time, and as the new Government has undertaken responsibility for all the past obligations they must be paid the moment it obtains funds. Fourthly, there are two loans contracted at recent dates on the understanding that they would be repaid as soon as China signed the big loan. The Diederichsen loan of Mk. 5,000,000 and the Cartowitz loan of Tls. 6,000,000 come under this category. Part of these amounts was received in cash, although the major portion consisted of amounts due on arms and ammunition supplied by these firms during the revolution.

Fifthly, the Skoda loan contracted with Arnold, Karberg & Co. during the revolution, the moiety of which was received in cash and the rest in the shape of arms and ammunition, amounts to about £450,000. Sixthly, as the currency loan was floated by members of the Group, and as it is not likely to be floated by them if the present arrangements are continued, they will be entitled to demand repayment of the advance of £400,000 made to the Government last year in April 1913.

In the seventh place, the amounts due on indemnities, which have been outstanding since October last will work out at over £2,500,000. The total to be paid by China on this account works out roughly at £250,000 per month. Making due allowance for last year’s surplus from the Customs revenue and the accumulation of Native Customs revenue, which Dr. Morrison referred to recently, there would still be outstanding the amounts due from January this year.

Lastly seeing that the Chinese dropped the Anglo-Belgian syndicate loan after taking an advance of £1,250,000, the syndicate will not have the least hesitation in demanding immediate payment of the amount. Besides there are a number of small Japanese loans, and small German loans, other than those we have mentioned, mostly for arms supplied during the revolution—the date of payment of which is long overdue. Everybody has been anxiously waiting for the big loan, especially as no security has been given besides the bond of the Chinese authorities.

Further, it is necessary to state in this connection that the merchants, banks and other rich Chinese who helped the new Government, both during the struggle and after, now stand badly crippled from want of funds. They have been often told that their outstandings would be cleared as soon as the first loan with the foreigner was closed. Trade is badly in need of the funds spent on the revolution; and if a moiety of the debts of the Government is not paid even after a foreign loan becomes an actuality, the failure may give rise to acute discontent. The amount on this score is not available, but the lowest estimate puts it at about Tls. 20,000,000.

Let us suppose that the London Syndicate is able to float the whole of the £10,000,000* in October. The loan is expected to be floated at 5%, brokerage and other expenses incident on the flotation may be put at 3% per cent., and by the time the loan is floated, if at all successfully, China would have received and spent at least £150,000. The net receipts from the loan would therefore amount to £9,000,000. The total foreign indebtedness of China could not, at present, be reduced to £3,000,000. Thus she will have a residue of £3,000,000, which she will have to pay in equal instalments of £250,000 per month, with which to pay her unpaid troops and disband them, and begin setting the Republic in order.

If China refuses to pay all her outstanding debts at present except the indemnity instalments that have fallen in arrears—in order to save the Salt Gabelle from being taken over by the Powers—she will have fully £9,000,000 to pay her soldiers with and begin reforms at once—so it is suggested in some quarters. In the case of an individual such refusal would mean bankers...
rupture; in the case of a nation it would mean the utter ruination of its credit in the markets of the world. And China must necessarily borrow much more than £10,000,000. There is no disguising the fact that China has no security to offer—security in the proper sense of the word. Her performances in the past have not been such as to inspire confidence. And her hidden resources need an enormous amount of capital in order that any tangible result may be got out of them.

It may be remembered that in his speech in March before the Assembly at Nanking the then Premier, Mr. Tang Shao Yi, stated that £25,000,000, besides the revenue, would be absolutely needed within the next twelve months. What he said then was substantially correct, and remains true today. The interval has only slightly added to the total needs, as the soldiers are still being kept and paid from want of funds to pay and disband them—although in the interim a number of small loans and advances have all been received and spent. It is quite interesting to note the different items for which funds are needed although our list is not identical with that supplied to the Assembly by Mr. Tang Shao Yi.

If China wishes to preserve her credit as a Power, she must liquidate her pressing debts before beginning any constructive work. First and foremost is the foreign indebtedness to the tune of £29,000,000—the details of which we have mentioned above. Secondly, her merchants, bankers and gentry, who supplied funds to prosecute the revolution and carry on the new Government deserve better consideration than they have received; and the sums owing to them are estimated at about £10,000,000, or roughly £3,000,000. Thirdly, she must pay the troops, who are now eating their heads off, and disband the major portion of them. It was estimated that expenditure on this score would cost £8,000,000 some four months ago. A certain number of troops have been disbanded, but the cost of getting rid of the rest of them has not greatly been lessened, owing to the delay.

Fourthly, she will have to buy back the Republican Bonds, on which she has to pay interest almost half yearly at the rate of 8 per cent. per annum, while the bonds are continually depreciating. Sums received on account of the "so-called patriotic loan," while of no practical utility to her, are depleting the resources of the trade in the provinces. These suggestions are made with the view to enable China to start with a clean slate, if she wishes to proceed with the work of reorganization without encumbrances. Thus before she begins any construction work she stands to have to pay out £19,000,000.

Now as regards sums needed for construction work and reform. The basis of all reorganization in China is currency reform, and so long as the currency is what it is there is no hope of making headway of any kind. It may be remembered that in the currency loan arrangement of 1911, £7,000,000 was set apart for currency reform; and that amount does not err on the side of extravagance. Whatsoever may be the final decision in regard to the standard, there is no doubt that a considerable amount of silver would have to be purchased presently and coined; and one may rest assured that in working out the details in connection with bringing about a uniform currency throughout the length and breadth of the country, more funds may be needed later on.

Of equal importance is the immediate necessity for taking measures to minimize the effects of the famines and floods, which cause a perennial loss to the country and bring death and ruin to thousands, if not millions, year after year. Mr. Jameson's scheme of constructing dykes should be taken in hand immediately, and afforestation should be carried on simultaneously. An expenditure of £5,000,000 distributed during the next five years is not beyond the mark; and the loss averted during this period, judging by past experience, would be fully that amount. Of course, when a loan is arranged, it should be for the full amount, for the sooner the works are finished the more profitable they would be for the country. In so far as such expenditure would amply repay itself, it is hardly to be reckoned among China's debts. But it is a charge for which, in the first place, a large sum of ready money will be required.

The ideal of any loan to China at present should be to enable her to pay back the past and present borrowings. Of course, the basis of such an ideal are the untapped resources of China for taxation, the great industrial and agricultural possibilities of the land and the hidden resources of the country. But even to find these money is needed; to develop them much more. Development in this direction alone, under the aegis of a good government and a sound currency, would enable China to pay interest and principal of past, present and future debts. Expedients like those of the increase of the customs dues or the salt tax would prove only of temporary utility, and under certain conditions, might even do harm.

The currency loan of last year included provision for £3,000,000 for Manchurian industrial development. And thrice three millions sterling for the eighteen provinces for industrial development and administrative reform would only err on the side of economy. Of course, this programme does not take into account sums needed for railway construction in the country or private industrial enterprises. And in China's present financial state it would be ridiculous to dream of spending money for military or naval advancement. Thus, it would seem that if foreign loans should serve any beneficent purpose at all for China, a sum of £20,000,000 is necessary during the year ending, say, next June; and further amounts, into the details of which it is too early now to go, appear likely to be needed in the coming years.

This total of China's needs for the year is based on the sup-
expenditure. Mr. Tang said there would be a deficit of T-shirts 40,000,000 this year, the obvious deduction being, of course, that borrowings will have to be increased to this extent. Anyhow, there is no doubting that any syndicate proposing to lend money to China should be able to arrange for £40,000,000 during the next nine months, and be able to pay about £60,000,000 during the next three years. The original proposal of the Sextuple Group was arranged on this basis, and the total of £60,000,000 was agreed upon as necessary for the regeneration of the country.

Again it should not be forgotten that the annual payments on foreign loans by China will almost be trebled from 1916. The amortization of the railway loans starts from then, and the indemnity payments would then be more than double the present amounts. If China is not up and doing, with something in the way of reorganization she must be deeper in the mire than ever by 1916. At present everything in the way of reform needs large initial expenditure. To stop squeeze in the collection of revenue it is necessary to have good accounting, and officials with a salary which would place them above temptation. The land tax in China gives a ridiculously low yield; to increase it an effectual survey costing millions of taels is essential.

That the banks composing the Sextuple Group, with their respective Governments at their back, would be able to supply China with this large total with more facility than any number of other syndicates is beyond question. The Chinese themselves know it, and hence their anxiety to keep on good terms with the Group in spite of their latest action.

Apropos of the apparent success of the new loan we understand that already demands have been made upon Peking by several individuals and institutions in China. The funds of the Bank of China were drawn upon to further the cause of the revolution; and the Bank naturally requires money to carry on its ordinary business. This bank is the best of institutions of a similar kind in China and deserves the help of the Government at least to the extent of receiving back what it paid out. But then, how far will £10,000,000 go?*

Such is the situation as seen by the Shanghai business man. The Six Groups because of the support of their Governments, and because they believe that a loan properly safeguarded is the only means by which normal conditions can be restored in China, are ready to assist the Chinese Government, in dealing with the conditions described above. They are criticized, however, because they are unwilling to loan funds except on terms which the Chinese regard as humiliating.

It has frequently been stated moreover that one of the chief Chinese objections to the "Six Power" Group has been the fear of any combination in which Russia and Japan is represented. Those who are familiar with Far Eastern politics and who have considered their relation to European affairs, are aware that this grouping of the Powers is a safeguard rather than a menace to China's integrity. They will realize that if this combination be maintained and China be willing to co-operate therewith, she will be able better to protect herself against the selfish designs of individuals which even though they may not be prevented will certainly be restricted by the necessities of joint action.**

Those who have criticized the attitude of the Six Power Group have in a measure lost sight of some of the elementary functions of a banking house which handles foreign loans. They have forgotten that it is not the Bankers themselves who provide the money to finance a foreign loan, though they may for a time advance from their own resources certain preliminary payments. Bond issues, however, are sold to the public the bankers receiving their commission on the sale and the reputation of a house of issue like that of any other commercial establishment depends upon the quality of the commodity which it sells. Bankers would not be justified in requesting their clients to take bonds on a sentimental and not a business basis any more than the President of an insurance company would be warranted in loaning funds for which he was responsible to a personal friend regarding whose solvency he had no guarantee.

The Groups engaged in the present Chinese loan negotiations are institutions of the highest standing in their respective countries. The rupture in negotiations did not come because the Bankers attempted to obtain an unreasonable commission but because they felt they could not afford to place upon the market

*Had it not been for the agreement between the Six Powers to take no separate and individual action during the Revolution Japan would have sent an expedition to China to keep the Manchus on the Throne. She was prevented from taking this step by the representations of the British Government which insisted that nothing should be done to prejudice continued joint action by all the Great Powers.
a loan which they did not consider sound in the present state of China unless they obtained safeguards such as they have demanded, not to add to their own profits, but in the interest of the prospective investor.

Fair-minded observers of recent events in the Far East recognize that the American Banking Group has during the past three years demonstrated its friendship for China. The American bankers personally wish for the success of the Chinese Republic. As real friends of China, however, it would be just as reprehensible for them to offer for sale bonds secured from China on terms which they did not consider calculated to restore and increase her credit, as it would be for them to issue to the public securities which they did not feel assured would constitute a sound investment.

It has been stated by men in authority in Peking that they would rather sell their country bit by bit than submit to the terms asked by the Six Power Group. Concessions have been offered giving to foreigners the right to construct and operate railways for forty years in return for a cash down payment of 5,000,000 Taels. This indeed would be to sell the nation's birthright for a mess of pottage and to sow the dragon's teeth of financial bondage. Yet it is proposed by the very men who complain most bitterly of the conditions required by the Six Groups which are mild in comparison and which are calculated to build up a strong Central Government rather than create a nest of warring foreign interests which would cause China trouble and shame for years to come.

In these negotiations the banking groups have been charged with a very heavy responsibility. Their terms were submitted only after long and careful deliberation. China's difficulties were fully and sympathetically considered and the conditions required by the Groups were prepared in her interest as well as in the interest of the Groups and the prospective bondholders.

Recognizing, however, the peculiar difficulties of the present Peking Government the Groups have throughout been willing to consider any plan which the Chinese themselves might propose, calculated to free them from embarrassment, and at the same time carrying with it safeguards sufficient to make any loan based thereon a sound investment.

The Six Groups have been endeavoring to induce China to undertake real constructive work while the Peking authorities have either failed to realize the necessity thereof or have been unwilling to assume the responsibility of undertaking a practical and comprehensive scheme. In following this course these officials are China's worst enemies for the reckless financial policy of the past few months if continued will lead to that very intervention, which in refusing the Six Groups' terms, these gentlemen have been avowedly trying to avoid.

The Groups have not been attempting to force money, with humiliating conditions attached, on China. They have stated merely that they are willing, only upon certain conditions, to loan the money which China has requested them to furnish. The Groups do not insist that China borrow if their conditions are unacceptable. They do say that they will not issue Chinese bonds on terms which they regard as unsatisfactory. The "Six Power" Groups do not constitute a monopoly but they are not willing to undertake any loan unless assured that they will be entitled to furnish on sound conditions funds to complete the transactions, the initiation of which they finance, and that they shall have a clear market until the different loan series for which they contract are sold.

For the sake of the preservation of China's integrity and the commercial "open door" it is to be hoped that some mutually satisfactory understanding may be reached between China and the "Six Power" Group. It is to China's interest that this combination should be maintained, and it is to the interest of China as well as of the United States, that we should retain our present position therein. China's great problem to-day is that of finance. It is to her advantage that we are entitled to a practical voice in its solution, and it is to the advantage of American trade that the United States continue to be an active party in Chinese loan negotiations.
The Politics of Chinese Finance

ADDRESS

Delivered by

MR. WILLARD STRAIGHT

At the Dinner of the East Asiatic Society of Boston

Boston, Mass., May 2nd, 1913
THE POLITICS OF CHINESE FINANCE.

It is a privilege to be permitted to address the East Asiatic Society of Boston. You have an Eastern tradition. Your interest in China is based upon something more than a general desire to scrutinize world movements. It springs from associations inherited from those who first brought this country into touch with Far Cathay.

You will, I know be critical. I shall not attempt therefore to generalize concerning conditions in China, nor to prophesy regarding the future of the Young Republic but, if you will bear with me, shall discuss Far Eastern problems frankly in the light of my own experience in connection with loan negotiations carried on with China during the past four years. The question of American participation in the so-called "Six Power Loan," and the attitude of the Administration in Washington with regard thereto, have evoked such widespread interest throughout this country that I venture to hope you may deem my subject worthy of your consideration. The withdrawal of the American Group of bankers from China has been so recent, and my own relation with these matters so intimate, that you may feel it impossible for me to approach the question impersonally or to regard it with an adequate and proper perspective. I trust, however, that, while you may not concur in my views, you will at least admit my opinions to be based on actual business contact and not on theories as to what might, or ought, to be.

When Boston merchants maintained princely establishments at Shanghai, Canton and Hongkong, when the American flag was seen in every Chinese port and floated over the steamers...
which plied the Yangtze and the West River, there was perhaps no great need for what recently has been stigmatized as "Dollar Diplomacy," but when the Boston merchants withdrew from the East to devote their energies and the fortunes made in the China trade to the development of our own west, American interests in the Orient suffered—our stock went below par. In anticipation of the day when American merchants and manufacturers would again be obliged actively to enter the export trade, President Taft and his advisers conceived it to be the task of far-seeing statesmanship to accept the invitation of the Chinese Government and by obtaining an American interest in Chinese loans stake out not a territorial but a commercial claim for our future business in China. A banking group commanding confidence at home and respect abroad was the instrument essential to the success of this plan. The American people, however, if one is warranted in gauging their sentiments by the expressions of editorial writers throughout the country, could not conceive it possible that a group of Wall Street bankers should be willing to serve the Administration in carrying out its diplomatic policy. Our Government has too long been characterized as the creature of "big business," and to the popular mind any association of Government and bankers was repugnant because the majority of our fellow-citizens, or, at any rate, the most vociferous amongst them, seem to believe that the bankers, and not the Government, would control such a partnership. The countries of Europe have profited by the intelligent cooperation of diplomacy and finance, but with us "Dollar Diplomacy" has been made a term of reproach.

The members of the East Asiatic Society doubtless are familiar with the main facts in the chapter of American Far Eastern relations so recently closed. You will perhaps pardon me, however, if I recall to your memory certain transactions which must be considered in order adequately to appreciate the nature of the relations between President Taft's Administration and the American Group of bankers and the vital bearing of the loan negotiations on the recent history of China—Empire or Republic—as the case may be.

President Taft and President Wilson doubtless have been both inspired similarly by a desire to assist China and to promote the interests of legitimate American trade, yet while the one announced the formation of the American Group, the other has taken a position which rendered impossible the continuation of the American Group's interest in the "Six Power" or other Chinese loan negotiations. Mr. Taft hailed the entry of the American Government as a practical factor in Far Eastern politics. It seems not unlikely now that, for a time at least, the United States must remain an onlooker, and no longer participate actively in the world drama which is being played in Eastern Asia.

When Secretary of State John Hay enunciated his "open door" doctrine, following the seizure of Kiaochow by Germany, of Port Arthur by Russia, of Wei-hai-wei by Great Britain, and of Kwangchowwan by France, and when this doctrine was reaffirmed after the Boxer outbreak of 1900, no nation felt in a position overtly to stand aloof. In those days England and Germany looked askance at France and Russia. Japan and Russia growled at each other in Korea. The balance of world power was delicately adjusted. Mr. Hay's proposal, therefore, was welcomed not so much because the other nations desired to acquiesce therein, as because they feared the consequences of independent action.

This situation was altered radically by the Russo-Japanese War. England was allied with Japan, France with Russia. Ententes were arranged between England and France, and between France and Japan, while Russia and Japan soon adjusted their differences to make common cause in the very region where they had so recently faced each other on the battle field.

In Europe Germany was supported by Italy and Austria—the other members of the Triple Alliance—but while there was growing friction with Great Britain at home, German and
British financial and political interests continued to co-operate in the Far East. All of these powers had large vested interests in China and held portions of Chinese territory.

Inspired by the success of the Island Empire and encouraged by Japan's declared intention to restore Chinese sovereignty and to preserve the commercial "open door" in Manchuria, the Chinese immediately after the Treaty of Portsmouth, were inclined to accept the leadership of Japan. Events in Manchuria, however, soon made them feel that although the Japanese had driven Russia from Mukden, they were determined themselves to reap the fruits of their hard fought victories and that, however altruistic their pronouncements, they would not readily subordinate their own interests to those of China.

The situation in 1905 and 1907 is reviewed not for the purpose of reopening the discussion which was general at that time regarding Japan's relation to the Manchurian problem but to recall the conditions which prompted China to request American assistance.

It should be remembered that it was this request which formed the basis for the organization of the American banking group.

The "open door" theory, to which all the powers had subscribed, was being tested in the laboratory of Manchurian politics.

The Chinese realized that they could prevent the absorption of Manchuria by either of these powers, while nominally adhering to Mr. Hay's policy, in reality were determined to permit neither the reassertion of Chinese authority nor the introduction of a foreign investment in Manchuria and Mongolia to threaten the dominant position to which they felt themselves entitled by their sacrifices in the Russo-Japanese War.

In the summer of 1907 the Chinese Government requested an American capitalist* to undertake a Manchurian loan of $200,000,000. Owing to the panic which occurred in the autumn of that year no active steps were taken until the summer of 1908, when a memorandum of agreement was signed by Tang Shao Yi, then Governor of Mukden, and the American Consul-General in that city. This memorandum, with the approval of Mr. Root, then Secretary of State, was referred to a New York banking firm. Nominally to thank the United States Government for the remission of a portion of the Boxer Indemnity, but actually for the purpose of concluding this loan, Mr. Tang Shao Yi came to the United States as Special Ambassador, in the autumn of 1908. While in Washington he proposed to the Secretary of State a much more ambitious project, a loan of $300,000,000, in the negotiation of which he desired American bankers to assume the leadership but in which the bankers of other nations also were to participate.

Early in January, 1909, following the death of the Emperor Kuang Hsi and of the great Empress Dowager, Yuan Shih Kai, who had been directing China's foreign policy and who had sent Mr. Tang to the United States, was driven from power by the intrigues of his enemies. Tang Shao Yi was recalled and the negotiations were abandoned.

In the spring of 1909, British, French and German banking groups were negotiating a loan for the construction of the Hukuang Railways. Under notes exchanged in 1903 and 1904 by the Chinese Foreign Office and the American Legation at Peking, American capital was guaranteed an interest in this loan if China should borrow from abroad.

* The late Mr. H. Harriman.
At the suggestion of the Administration, the bankers to whom Mr. Tang's plan had been referred organized the American Group to reopen the negotiations for the Manchurian Loan when expedient and to undertake the participation in the Hukuang Loan to which American capital was entitled. The objects of the Administration in securing the assistance of this banking group were set forth in President Taft's message to Congress of December 7th, 1909, which reads in part as follows:

"By the Treaty of 1903 China has undertaken the abolition of Liikin with a moderate and proportionate raising of the customs tariff along with currency reform. These reforms were of manifest advantage to foreign commerce as well as to the interests of China, this Government is endeavoring to facilitate these measures and the needful acquiescence of the treaty Powers. When it appeared that Chinese Liikin revenues were to be hypothecated to foreign bankers in connection with a great railway project, it was obvious that the Governments whose nationals held this loan would have a certain direct interest in the question of the carrying out by China of the reforms in question. Because this railroad loan represented a practical and real application of the open door policy through cooperation with China by interested Powers as well as because of its relations to the reforms referred to above, the Administration deemed American participation to be of great national interest. Happily, when it was as a matter of broad policy urgent that this opportunity should not be lost, the indispensable Instrumentality presented itself when a group of American bankers, of international reputation and great resources, agreed at once to share in the loan upon precisely such terms as this Government should approve. The chief of those terms was that American railway material should be upon an exact equality with that of the other nationals joining in the loan in the placing of orders for this whole railroad system. After months of negotiation the equal participation of Americans seems at last assured. It is gratifying that Americans will thus take their share in this extension of these great highways of trade, and to believe that such activities will give a real impetus to our commerce and will prove a practical corollary to our historic policy in the Far East."

The Group sent its representative to China and shortly afterward, jointly with Messrs. Pauling & Company, a firm of English contractors, concluded with the Viceroy of Manchuria a preliminary agreement for the financing and construction of a railway from Chinehou, on the Gulf of Pechili, to Aigun, on the Amur River. This agreement, together with the memorandum drawn up by Mr. E. H. Harriman with Marquis Ito in 1905, and the informal negotiations for the sale of the Chinese Eastern Railway, conducted since 1906 by the Russian Government with American bankers, formed the basis for the famous Knox Manchurian neutralization proposals, which were blocked effectively by Russia and Japan.

The Chinese were greatly concerned at the failure of Mr. Knox's plan and regarded the Chinehou-Aigun Railway scheme as affording their only chance to save Manchuria. Under pressure from Tokyo and St. Petersburg, the British Government, however, refused to interest itself on behalf of Messrs. Pauling & Company. Peking, nevertheless, still hoped that the American Government would actively support the construction of the line, and that the American Group would finance the various industrial enterprises which it was proposed to inaugurate in connection therewith.

The American Government could not have encouraged China to proceed with the construction of the railway in the face of the Russian and Japanese protest. The transaction might have been profitable for the American bankers and had it been pressed doubtless would have involved the United States in nothing more serious than an extended diplomatic correspondence. Both Russia and Japan, however, were in a position severely to punish China had she, with American support, disregarded their mandate. The American people, would not have fought Russia or Japan, or both, to preserve the "open door" in Manchuria. As against these powers, therefore, the United States would have been powerless to interfere on China's behalf and the State Department and the American Group in the interest of China, but to the bitter disappointment of the Peking Government, were obliged to do nothing.

In the summer of 1910 the Chinese evolved a fresh plan. By the provisions of our Treaty of 1903 with China the American Government was pledged to assist Chinese currency reform.
At the invitation of the Chinese Government in 1903-4, Dr. J. W. Jenks had made an exhaustive study of currency conditions in China and submitted valuable recommendations which if adopted would have given China an effective monetary system. Certain high officials in Peking, referring to this interest of our Government in this subject, through the American Minister, requested the State Department to offer to American bankers a loan for Currency Reform. The Department referred the matter to the banking group already formed for Chinese business. At about this time the Viceroy of Manchuria also opened negotiations with the American Group for a provincial loan. As has been not infrequently the case, the Chinese attempted to play off one banking group against the other, and simultaneously approached the British, French and German Groups, who were associated together for undertaking Chinese loans. The American bankers had a claim to the proposed transaction under the memorandum of agreement of August 12th, 1908. The other groups also had a claim under an agreement signed in November of the same year. Each party in good faith believed that it had a preferential right to the loan. Therefore they adjusted their differences and they had agreed to undertake the business jointly when the Viceroy signed a contract with a gentleman who claimed to represent a New York syndicate. The Peking Government, however, refused to approve this transaction and decided to merge the Manchurian with the Currency Reform loan under a single agreement.

British, French and German political and financial interests in China were far greater than those of the United States. These interests would be vitally affected by currency reform. The experience of the preceding year with the Manchurian Railway scheme had demonstrated it to be impossible for the American Government alone, through the American Group, effectively to support China in Manchuria. The American Government felt, therefore, that neither currency reform nor Manchurian development could be undertaken success-
During these stormy days both the Republican and the Imperial authorities made frequent attempts to borrow funds abroad. Certain small sums were secured but acting in harmony the six great governments refused to approve loans by their nationals to either of the contending factions. Had this not been done it is possible that the lives of foreigners residing in the interior might have been sacrificed. Because of this neutral attitude foreign property was damaged only as the unavoidable result of military operations and not because of any anti-foreign feeling.

When the Republican and Imperial delegates met in Shanghai at the end of December, 1911, the Six Ministers in Peking, with the approval of their respective governments, urged both Plenipotentiaries to come to an early settlement in the interest of humanity and of general foreign trade.

This was the first formal act of the Six Power combination. The position of the American Government was set forth in a note addressed by Mr. Knox to the German Ambassador, on February 3rd, 1912, in which he stated——

"It is, therefore, evident to this Government that all the Powers have up to the present, by common consent, not only refrained from independent action and from intervening in China's internal affairs, but have acted in full accord with their mutual assurances that they would respect its integrity and sovereignty."

When the Manchus had finally abdicated, naming Yuan Shih Kai as the executor of their much involved estate, it was apparent that the work of reconstruction could not be undertaken unless funds were immediately available. No money was to be obtained from Chinese sources. Many taxes had been abolished or suspended, and it was impossible to collect most of those which were still in force.

During the Revolution the Republican authorities had maintained themselves largely by forced levies or by subscriptions received from Chinese residing abroad, while the Peking officials, and the army under their control, had received nothing save the few millions of taels extracted from the Palace treasure.

The two factions having adjusted their differences it was imperative that the coalition Government obtain funds at once.

On February 26th, 1912, the representatives of the British, French, German and American Groups in Peking, who had been invited to meet the Chinese authorities agreed immediately to advance 200,000 taels in Shanghai to forestall a threatened mutiny by the troops at Nanking. Arrangements were made also for a further advance in Peking.

On this occasion Tang Shao Yi, who later became the first Premier of the Chinese Provisional Republic proposed that China borrow from these Groups the sum of £60,000,000 to be utilized in general administrative reorganization. The Group representatives agreed to refer this matter to their principals.

This marked the commencement of the negotiations for the much discussed "Six-Power Loan."

The British, French, German and American Governments recognized that a large foreign loan was necessary to put the Peking Government on its feet and to enable it to establish its authority throughout the country. They believed joint action in China by the great powers would constitute the most effective guarantee for the stability of the young Republic. The four banking groups therefore were informed that their respective governments desired Russian and Japanese interests to co-operate in any loan which might be undertaken. The Group representatives in Peking were instructed to ascertain the position of the Chinese Government and in response to their enquiries were assured that the President, Yuan Shih Kai, would welcome Russian and Japanese participation.

Owing to various complications, into the details of which it is not necessary to enter, the arrangements for co-operation between the six banking groups were not concluded until the following June.

During the preceding months the British, French, German
and American Groups had made advances aggregating $9,000,000, against treasury bills, to finance the urgent requirements of the Chinese Government and to prevent the chaos which it was feared might ensue if these funds were not made available.

The terms upon which the Six Groups were willing to loan the £60,000,000 requested by China were submitted by the Groups in June 1912 and were rejected by the Chinese authorities. Negotiations, however, were continued, although interrupted from time to time for various reasons.

At the end of January 1913, the Chinese were prepared to sign a contract embodying all the essential features of the conditions originally presented by the banking groups.

The terms of the draft loan agreement were approved by the six governments, who, in addition thereto, insisted that the foreigners to be employed should be engaged under contracts which would assure them sufficient power effectively to perform their duties.

The banking details had been settled. These supposedly final discussions had been undertaken on the understanding that China would engage foreigners under satisfactory contracts. Despite this fact, however, on the night before the agreement was to be signed, the Chinese in an informal manner advised the Legations that they proposed to engage a Dane, an Italian and a German, for the various positions created under the loan agreement, giving only vague, verbal assurances that these men would be granted adequate powers and saying nothing definite regarding the terms of their contracts.

The French Minister, acting with his Russian colleague, declined to accept the Chinese nominations. They demanded that officials of the nationalities of the bankers making the loan should be appointed and refused to permit signature of the loan agreement.

A deadlock ensued. The American, British, German and Japanese Governments were willing to accept the officials named by China and deplored the introduction of fresh political considerations in an already almost hopelessly complicated situation. Their councils, however, did not prevail. France and Russia were firm and since these powers insisted that appointments be made on national lines, Germany demanded that a German be named chief of the Salt Gabelle.

It was not until a month later that the six governments adjusted their differences and agreed that instead of accepting the Chinese appointments (i.e. a Dane as Inspector General of the Salt Gabelle, an Italian for the Audit Department and a German for the Loan Bureau) an Englishman should be appointed as Inspector-General of the Salt Gabelle, a German to the Loan Bureau and a Frenchman and a Russian, with joint power, to the Audit Department, while a German was also to be appointed Assistant Inspector-General of the Salt Gabelle.

Both the United States and Japan desiring the early conclusion of the loan agreement while reserving the right to future claims refrained from insisting that positions be given to their nationals.

Acting once more in harmony the Six Legations and the representatives of the Six Groups approached the Chinese who refused, however, to accept the solution agreed upon.

It was not a question whether China should or should not appoint foreign officials. It was a question merely as to who should be appointed.

This was the situation on March 4th, when President Taft was succeeded by President Wilson.

The American Group had entered upon Chinese loan negotiations at the instance of the Department of State and had taken each successive step with its approval and under its direction. From a financial standpoint the business had been unattractive. The cost of representation in Peking had been heavy, the cable charges enormous and the possible remuneration by no means commensurate with the time and money expended.

The American bankers, nevertheless, were willing to main-
tain their position in these negotiations so long as they could assist the government in its diplomatic policy, provided of course there seemed a reasonable prospect that at some future time they would receive a return to justify, if not to compensate them for, their efforts.

This position was explained to Mr. Bryan in an interview suggested by him.

The Administration's attitude was clearly set forth in the announcement which the President made to the Press on March 18th as follows:—

"We are informed that at the request of the last administration a certain group of American bankers undertook to participate in the loan now desired by the government of China (approximately $150,000,000). Our government wished American bankers to participate along with the bankers of other nations, because it desires that the good will of the United States toward China should be exhibited in this practical way; that American capital should have access to that great country, and that the United States should be in a position to share with other powers any political responsibilities that might be associated with the development of the foreign relations of China in connection with her industrial and commercial enterprises. The present administration has been asked by this group of bankers whether it would also request them to participate in the loan. The representatives of the bankers through whom the administration was approached declared that they would continue to seek their share of the loan under the proposed agreements only if expressly requested to do so by the government. The administration has declined to make such request because it did not approve the conditions of the loan or the implications of responsibility on its own part which it was plainly told would be involved in the request.

The conditions of the loan seem to us to touch very nearly the administrative independence of China itself; and this administration does not feel that it ought even by implication to be a party to those conditions. The responsibility on its part which would be implied in requesting the bankers to undertake the loan might conceivably go the length in some unhappy contingency of forcible interference in the financial and even the political affairs of that great oriental state, just now awakening to a consciousness of its power and of its obligations to its people. The conditions include not only the pledging of particular taxes, some of them antiquated and burdensome, to secure the loan, but also the administration of those taxes by foreign agents. The responsibility on the

part of our government implied in the encouragement of a loan thus secured and administered, is plain enough and obvious to the principles upon which the government of our people rests.

The government of the United States is not only willing but earnestly desirous of aiding the great Chinese people in every way that is consistent with their untrammeled development and its own inmemorial principles. The awakening of the people of China to a consciousness of their possibilities under free government is the most significant if not the most momentous event of our generation. With this movement and aspiration the American people are in profound sympathy. They certainly wish to participate and participate very generously in opening to the Chinese and to the use of the world, the almost untouched and perhaps unrivelled resources of China.

The government of the United States is earnestly desirous of promoting the most extended and intimate trade relationships between this country and the Chinese republic.

The present administration will urge and support the legislative measures necessary to give to American merchants, manufacturers, contractors and engineers the banking and other financial facilities which they now lack and without which they are at a serious disadvantage as compared with their industrial and commercial rivals. This is its duty. This is the main material interest of its citizens in the development of China. Our interests are those of the open door—a door of friendship and mutual advantage. This is the only door we care to enter."

The President's action was heartily endorsed by newspapers throughout the country. During the preceding months when the loan negotiations had dragged wearily on, Mr. Taft's administration and the American bankers had been subjected to severe journalistic criticism. It had been charged that the "Six Power" Group was forcing China to borrow enormous sums which she did not require, that the bankers were endeavoring to secure a monopoly of China's loan business for thirty years to come; that the terms demanded by the Groups affronted China's national dignity, interfered with her administrative independence and threatened her territorial integrity; that in order to obtain their security, the bankers were fastening upon the Chinese people an iniquitous and antiquated tax, and that through their machinations they had obliged their respective governments to withhold recognition of the Chinese
republic until the loan had been concluded. The American Government and the American Group moreover, in addition to their equal share in this general denunciation, were accorded particular attention as being the vernal tools of European diplomacy.

Yet the Chinese themselves had asked for $300,000,000 (£ 60,000,000) a figure which later was reduced to $125,000,000. Those who are familiar with China's financial position recognize that even this sum will not be sufficient to pay off obligations already due, to reorganize the machinery of government and to inaugurate the industrial development which is essential alike to the well being of the Chinese people and the welfare of foreign trade.

The governments did not wish to intervene in China in the interests of their bondholders. They did not wish to seize Chinese territory to compensate them for China's failure to pay the interest on her foreign debt. They appreciated that China's credit would suffer and that the borrowing power upon which she must rely for years to come would be impaired unless her outstanding and overdue obligations were at once paid off. They recognized, moreover, that in China, as in any other country, there can be no effective government unless there be intelligent and honest financial administration. This the six governments and the six groups desired to create.

The loan conditions stigmatized as derogatory to China's sovereign rights were in reality those calculated to uphold the authority of the Peking Government and to bring about that administrative centralization which is essential to China's national existence.

During the recent revolution the Chinese Maritime Customs Service, which since its establishment has been under foreign direction, collected its revenues without interference by either the Imperial or Republican factions. Inspired by this example the governments and the groups desired to place the salt gabelle under a similar administration, that there might be no possibility of default and therefore no necessity for intervention despite the continuation or recurrence of unsettled conditions.

It has been estimated by experts, moreover, that if the salt administration be reorganized as is contemplated the quality of the salt will be improved, the price thereof to the people lowered, and the returns to the government increased two-fold.

The bankers attempted to secure no monopoly in China. They desired merely to take the necessary and usual precaution of insisting that before loaning money to an admittedly weak and embryonic government they should be assured, First, that the money loaned would be effectively spent in accordance with a general reconstruction programme; Second, that they should not enable China to incur fresh obligations without at the same time making sure that she could meet those already existing, as well as to sustain the proposed increase in her burden of indebtedness. Third, that they should have a clear market for the sale of the bonds which they contracted to issue (i.e., that no other loan should be placed on the market until these bonds had been sold), and, Fourth, that they should not risk committing themselves to the initial stages of reorganization work unless guaranteed in advance a preferential right for financing its completion.

These particular provisions of the loan contract applied to loans for administrative purposes. No attempt was made by the "Six Power" Group to secure to themselves the right to issue the industrial loans which certainly will be required so soon as political conditions in China become more settled.

You, Gentlemen, are familiar with financial operations and appreciate the ordinary procedure in connection with the issue of a loan. You realize that bankers who underwrite a loan do so in the expectation of being able to sell the bonds and that the public buys from houses in which it has confidence. You know therefore that of necessity it is the policy, as well as the duty, of bankers of reputation to contract for, and to offer for sale, only such loans as they believe to be sound.

The newspapers and the general public have criticized the six governments and the banking groups for refusing to lend
money except on terms to which at first the Chinese objected (and to which now they have agreed). Yet such critics themselves would be the last to subscribe to a loan based on nothing more than hope in the ultimate solvency of the borrower. Furthermore, if the governments and the banking groups had agreed to the terms proposed by the Chinese, if the loan funds had been wasted and no steps taken toward administrative reform, such critics would have been the first to assail the governments for permitting, and the bankers for concluding, a transaction which encouraged corruption in China and failed to protect the bond purchasing public in Europe and in the United States. Had the loan been issued, moreover, and had the bankers been content to secure their flotation profits taking no steps to protect the quotation of the bonds from being prejudiced by subsequent irresponsible issues, they would have been charged also with exploiting Chinese credit and the investing public for their own selfish ends.

Much has been said and written in this country about the failure of the powers to recognize the Chinese Republic. The banking groups have been accused of forcing their governments to withhold recognition until the Reorganization Loan was concluded. The bankers, however, have proved their practical friendship for China by their readiness to loan money to a Provisional Government. Recognition would have facilitated the sale of Chinese bonds. The American bankers have withdrawn from China, and yet though the American Government in the middle of March announced its intention to extend immediate recognition it was found impossible to welcome the Sister Republic into the family of nations until the 2nd of May because the Chinese themselves despite the formal opening of their new Parliament in Peking were unable to adjust their mutual jealousies sufficiently even to permit the election of Parliamentary officers.

The American Government and the American Group were accused of being parties to European aggression in China, largely because the attitude of the French and Russian Governments seemed to give color to the allegations that China was being coerced. It is not necessary here to discuss whether their action was consonant with our own peculiar political theories. In justice, however, it should be recognized that even if these two Powers may have been a little inclined to disregard the embarrassment of the Peking authorities the chief charge that can be made against them is not that they were arrogant but that they might have been more generous.

French industry and thrift, as doubtless you know, have made Paris the greatest bond market of the world. Recognizing this fact the French Government has utilized intelligently the investing power of the French public as a national asset. No foreign loan can be quoted on the Paris Bourse without the permission of the Ministry of Foreign Affairs, as well as of the Ministry of Finance. No quotation is granted unless by giving its consent the French Government in some way can further the political or commercial interests of France. Experience has shown that although foreign loans may be issued in Berlin, London, Brussels, Amsterdam, or New York, as well as in Paris, a large number of the bonds, especially from Berlin and New York, and in some cases even from London, eventually find their way to France. The French Government, therefore, having little confidence in the stability of the Chinese Republic has felt obliged to protect the interests of its own nationals in connection with the so-called "Six Power Loan" to China.

Russia, on the other hand, although not a lending nation is vitally interested in China's credit. In 189, when it was necessary for the Chinese Government to borrow £16,000,000, in Paris to meet the Japanese War Indemnity, the Russian Government guaranteed the loan. Under notes exchanged with the Russian Minister in Peking at that time, the Chinese Government promised that if foreigners were ever engaged by China in connection with her financial administration Russian interests would be protected by the appointment of a Russian official.

The Boxer Indemnity constitutes the first charge on the salt
revenues which China now has pledged as security for the Reorganization Loan. Twenty-eight per cent of the total indemnity is due to Russia.

While some observers, therefore, may see evidence of an ulterior political purpose, in St. Petersburg's insistence that a Russian be appointed by China in connection with the Reorganization Loan the position taken by the Russian Government is by no means unwarranted by the actual conditions.

On December 31, 1912 the Chinese Government had obligations due at home and abroad aggregating about $51,000,000. Between January and June, 1913 further amounts totalling $36,500,000 became due. The terms of some of these obligations have been extended but even the most considerate creditors cannot be expected indefinitely to postpone their demand for settlement.

Repeated attempts to induce the Chinese people themselves to subscribe to so-called "patriotic" loans have been dismally unsuccessful. China has been obliged to secure funds from abroad. Even the semblance of a central government could not longer have been maintained had not this money been forthcoming for already the process of disintegration had set in. It had been hoped that the so-called "Six Power Loan" would furnish the needed funds on conditions which would assist in the establishment of a strong and centralized authority in Peking. As party to this transaction, through the American Group, the American Government would have been able to exert its friendly influence on China's behalf.

There seems to have been a feeling amongst some Chinese, however, that once the American Government had withdrawn from the Six Power combination China would be able to secure the needed funds in the United States and perhaps in Europe through the instrumentality of an American syndicate not identified with the so-called "Six Power Group."

But the American public is not as yet accustomed to foreign government securities. A share in a loan undertaken by an international syndicate, in which American bankers partici-
Chinese that Thibetans or Mongolians submit to a "so-called" Republic, nominally deriving its mandate from the consent of the governed. Manchuria, which is populated largely by the Chinese, perhaps does not fall within the same category.

The Mongolians, it is generally conceded, would rather be ruled by Russia. They regard the Chinese much as the American Indian must have regarded our own forefathers. The Thibetans for the same reason would rather have Great Britain as an over-lord, and even in Manchuria where there are but few Manchus remaining the Chinese settlers have found the Japanese administration more progressive and more intelligent than their own.

These facts are called to your attention, not for the purpose of condoning the action of any of the three Powers mentioned, but as a not unnatural explanation thereof, particularly in view of the fact that no matter how great our sympathy for China may be, it is impossible not to admit that the present Chinese Government has given ample technical justification for the action of Russia, Great Britain and Japan.

Your main interest and the interest of all true friends of China I assume is in the development of the Chinese people themselves, the inhabitants of the eighteen provinces, and not in the question of whether or no they are able to maintain what has never been more than a shadowy sovereignty over these outlying territories.

It is the development of the Chinese people that President Taft's Administration endeavored to assure, and in this task I believe the American Group was of very material assistance. No matter how great our own good will toward China may be, this development will be impossible unless the other great powers, whose actual interests in China are far more extensive than our own, can be induced to co-operate in assisting the young Republic.

American influence in China, thanks very largely to the activity of the American missions, and to the fact that so many
Whatever the alleged purposes of other members of this combination may be, there are some who, like ourselves, wished to help China develop into a strong and self-sustaining nation. As long as we were willing to work with their groups we could have counted upon the cooperation of these powers in China's behalf, even though the support rendered might not always have been as forceful as we might have wished. Despite the fact that these powers may share our hope for China's progress, however, they might be forced, owing to the exigencies of European politics, to oppose us in case we attempted to act alone.

President Wilson's Administration has served notice on the European powers that the United States will independently pursue a policy of friendship toward China and the American Group has withdrawn from the "Six Power Loan" negotiations and from any further participation in Chinese business.

The action of the American Government it is asserted was approved in China. Time will show, however, whether the acclamation by which President Wilson's declaration is reported to have been greeted, may not be followed by criticism of the United States, when it is discovered that our friendly professions have been of little practical assistance in China's present difficulties, when assistance must be practical to be of value.

We will not fight on China's behalf—and in concluding a loan with the five groups, President Yuan Shih Kai at least, apparently realized that there was little possibility of securing funds in the United States. The newly assembled Parliament apparently had refused to elect Yuan Shih Kai President until he had concluded the foreign loan which even his enemies admitted to be essential. Parliament, however, refused also to approve the only terms upon which the foreign bankers were willing to advance funds. China had to have money and Yuan had the courage to assume the responsibility of signature.

Thus China, has been forced to borrow upon terms* which President Wilson disapproved and from bankers of the nations in whose policy of joint action the American Government found it impossible to concur.

Many intelligent people have asserted that the United States having withdrawn entirely from the so-called international "concert" in China, as a disinterested party would be able to intervene with the European powers on China's behalf more successfully than before.

This admirable hope may be realized. It must be admitted, however, that it would not be strange if the governments with whom we have refused longer to keep company should hesitate to welcome our well meant but perhaps not altogether practical advice. The dispute with Great Britain regarding the Panama Canal Toll question is still unsettled. Our relations with St. Petersburg since the Russo-Japanese War have not been happy. They were not bettered by the manner in which the Manchurian neutralization proposals were put forward nor by the energy, no matter how well directed, of the American ex-Treasurer-General in Persia, while the abrogation of our commercial treaty and the attitude of the American press on the Jewish passport question have not made the Russian Government particularly anxious to accept our counsel especially since the interests involved are theirs rather than our own. At the present time, moreover, despite our refusal to tolerate any discrimination between American citizens of whatever race by any foreign government we find the people of California demanding anti-Japanese legislation, which the Federal Government condemns and which it is making every effort to prevent.

No longer able to justify representations on China's behalf, by our equal interest in financing China's administrative reorganization the American Government therefore is not in a happy position, either on moral grounds or by an appeal to the sanctity of treaty obligations to champion China's cause with Great Britain, Russia and Japan, the nations most concerned in China's future.

* Note: It had been agreed in January last that the "Six Power" loan of $125,000,000 should pay 5½% interest per annum, the Chinese Government receiving 90% for the bonds. It is now stated that the "Five Power" loan for the same sum (255,000,000) will bear 5% interest per annum, the Chinese Government receiving 84 for the bonds. It is understood that there are practically no other changes in the loan terms.
Some of those who have heartily approved President Wilson's declaration as a manifestation of American friendship for the Chinese Republic have asserted that the policy inaugurated thereby would greatly benefit American trade with China. It is to be feared, however, that wishes, not knowledge, have fathered this thought.

The sale of Standard oil, of American cigarettes, of Singer sewing machines, and of cotton piece goods, may not be materially affected, although well informed merchants feel that this trade would have been benefited by the extension of American investment. The profits of industrial undertakings in China, however, go to the manufacturers of those nations whose bankers are interested therein. Experience has shown that American railway material will not obtain fair consideration on lines whose construction is financed by British or German capital. Electric lighting plants, water works, manufacturing installations, all require machinery and countless accessories which quite rightly will be ordered from Great Britain from Germany or Belgium unless American bankers can be induced to enter this field.

The United States, furthermore, unfortunately will have no share in assisting Chinese currency reform—a problem in which our government in the past has been greatly interested, and to which Dr. J. W. Jenks has given so much labor. The negotiations for this loan were undertaken under the leadership of the American bankers but are now wholly in the hands of the British, French and German Groups.

It is perhaps un-American for the government to request any particular banking group to undertake foreign business and thus even indirectly to guarantee a degree of diplomatic support which such a request might imply. At the same time it is doubtful if the United States has as yet developed to the point where, from merely a business point of view, American bankers will find it desirable (except at the instance of the Government), to embark on any very large operations in a country whose political future is as uncertain as is that of China.

Even though the United States has withdrawn from the Six Power combination the American people undoubtedly desire to assist China. Through our schools and colleges, and through the efforts of the American educators who are working in the Far East, we have rendered, and doubtless we will continue to render, a great service of which we all may well be proud. Such moral guidance may be fruitful of more ultimate benefit to China than the more practical financial aid supplied by others. This question is open to argument.

We must look, nevertheless, to Great Britain, France, Germany, Russia and Japan, whose bankers have concluded the "Five-Power Loan," to furnish the means essential to China's administrative reform and it is to be hoped that the continued joint action of these powers may constitute in the future, as it has during the two years just passed, a guarantee for the integrity of China's territory sufficiently effective to permit the unhampered fruition of the intellectual and moral seed which it is claimed we have sown, and are sowing.

Our trade with China may suffer or it may increase with the general development of that country. It will not at any rate be fostered by our assumption of any share in the task of establishing an effective government in Peking. If we do profit by the re-establishment of stable conditions in China we shall profit by the efforts of others and because they have braved risks with which we refused actively and positively to deal.

We are a young people and it is too early, perhaps, for us seriously and intelligently to undertake the extension of our foreign trade. We do not apparently as a nation as yet appreciate as fully as others the weight of treaty obligations and the necessity for making our national practice conform to our international professions and we may not seem sometimes to be able to co-operate with other nations unless it suits our convenience to do so.

Even while we were parties to the "Four-Power" and to the "Six-Power" combinations, our associates, rightly or wrongly, not infrequently felt that we were inconsiderate and
that we did not always proceed with either the grace or the regard for the susceptibilities and rights of others which facilitates the maintenance of cordial diplomatic relations. It may be impossible for a democracy such as ours to inaugurate a constructive foreign policy. It may be that it would be unwise for us to attempt to do more than to live and let live and that we should not assume any position which would commit us to act jointly with powers to whose policies we might take exception. It is certainly better that we should not attempt a constructive foreign policy than that we should try and fail because of the indifference or the lack of information of the American people. We will fail, and persistently fail, until we realize that in the intercourse of nations good manners are essential as they are in the daily contact of individuals, and until we understand that we cannot expect great consideration from others so long as the mass of our people are ready to subordinate our international interests to the exigencies of domestic politics or the whims of domestic prejudice. It may be as well therefore that the United States has withdrawn from the Chinese loan negotiations.

The Foreign Offices of Europe are protagonists in a world struggle for political influence because the European governments desire to assure to their nationals their proper share in the world's commercial opportunity. Great Britain by diplomacy is endeavoring to conserve that which has been won by the enterprise of British manufacturers, merchants and bankers. German diplomacy, in co-operation with German industry and finance is striving to extend the trade secured by the foresight of the government and the government-directed energy of German business men. Our own merchants and bankers, unlike their English cousins, however, have been too busy at home very actively as yet to interest themselves in foreign fields. President Taft attempted to profit by the German, not the British, example, but our traditions are English not Prussian and apparently we believe that it is the function of government to protect and not to promote.

Therefore, although we have refused to assume certain political responsibilities abroad, and although we may have sacrificed certain possible commercial advantages, we have at least resumed a position which seems to be more in harmony with the wishes of the American people. Whether the American people are far-seeing and whether the course which they approve will be beneficial to them is a question which time will answer and regarding which you, Gentlemen, must judge.
FOREIGN TRADE
AND FOREIGN LOANS

Address prepared by

WILLARD STRAIGHT
President, American Adale Association

For the
National Foreign Trade Convention
Washington, D.C., May 27th and 28th, 1914

NEW YORK
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FOREIGN TRADE AND FOREIGN LOANS.

The United States is rapidly becoming an industrial as well as an agricultural country. For the first time since the Civil War destroyed our merchant marine and the construction of the great transcontinental railroads demanded our concentrated energy, we are actively interesting ourselves in the extension of our export trade, in the hope that we may penetrate, or create, new and more capacious markets.

For the successful accomplishment of this purpose we need a credit machinery which will adequately finance the manufacture and distribution of our products and which will "carry" these goods until they are paid for by the purchasers.

This financing of the transition from the producer to the consumer is, in the case of ordinary commercial transactions, handled automatically as a matter of banking routine. The purchaser may settle at once or arrange for sixty or ninety days,—or perhaps six months,—credit from the merchant, and the merchant, in turn, is either "carried" by his bankers or by the manufacturer who would, in the latter case, also be obliged to rely upon the bank for the necessary accommodation. When the purchaser, however, desires credit for a period of from five to sixty years, it is no longer an ordinary banking transaction; and it becomes necessary for him to obtain funds by the sale, on the
market, of stocks or bonds rather than by discounting commercial paper.

In other words, the purchaser, instead of obtaining credit from the merchant, the manufacturer or the banker, through the banker as his agent, borrows from the investing public.

Most of the countries which are now rapidly developing their resources and which cannot themselves finance such development, must secure money in this way. If we expect to realize the full possibilities of our export trade, we must, by our readiness to purchase foreign bond issues, be able to extend to foreign purchasers the accommodation which they now obtain in the markets of our competitors.

This, roughly, is the problem of the foreign loan and foreign trade. Its satisfactory solution, which is of vital interest to our merchants and manufacturers, depends primarily upon the attitude of the American investors who, while they may not directly benefit by the increased sale of particular American commodities will, in addition to the return on their investment, share in the ensuing general prosperity.

This paper is especially concerned with the direct bearing of foreign loans on our export trade. It is impossible adequately to treat this subject, however, without analyzing the general aspects of international finance.

We must distinguish between foreign securities purchased solely as an investment and foreign loans which, in addition to their investment value, bring to the lender certain collateral advantages. Under the first classification should be included, for example, railway bonds or stocks, issued in the United States, but purchased in Europe for investment or for speculative purposes. In the same category would fall bonds issued by the Russian, Spanish or other Governments, which, though politically and financially independent, require for their development larger amounts than they themselves are able to supply.

Foreign holders of such bonds or stocks do not attempt to share in the management of the American railway corporation and are powerless to control the action of the Russian, Spanish or other Government, whose needs they have financed. Such loans, therefore, are judged according to their investment value.

Under the second classification would fall, loans issued on behalf of a foreign government or corporation in the markets of the bankers who negotiate the loan. These may be roughly classified as follows:

1. Loans secured upon revenues which are collected under the supervision of the lenders, as in the case of certain loans to Greece, Turkey, Egypt, China, Nicaragua and Santo Domingo.
2. Loans, the proceeds of which are expended under the supervision of the lenders, as in the case of certain loans to Turkey, China and Egypt.
3. Loans, the proceeds of which are utilized to purchase goods manufactured by the lender, as in the case of certain loans to Russia and Spain, to various of the South American Republics, to Turkey and to China.

Loans of the foregoing character, besides the return to the actual subscriber therto, assure certain advantages to the Government or industry of the lending nation, which are shared directly or indirectly by the investing public.

France, Great Britain, Germany, the United States, Belgium, Switzerland and Holland are the chief lending nations. Switzerland and Holland are concerned primarily with investing their surplus capital. The British, German, and Belgian—even the Russian and Japanese—and particularly the French, Governments, however, have recognized the value of their investing power as a political instrument in the great diplomatic struggle in which all are engaged to secure markets for their foreign trade.

The great European nations are so well prepared for war that none dare to fight, except under the most extreme provocation, as was proved by their success in not becoming embroiled in the Balkan war. They have therefore evolved a system of co-operative international finance, under which they maintain stable conditions, favorable to trade development, and secure an equality of commercial opportunity for their nationals, in the countries whose
political independence has been impaired by financial debauchery. Thus in Egypt and Turkey the foreign debt is administered by commissions, representing the English, German, French, Russian, Austrian and Italian bankers, acting under the direction of their respective governments. Thanks to a similar arrangement which is still in force, Greek credit was re-established in 1908, and although there is no foreign debt commission, practically the same relation now exists between China and the lending powers.

A highly efficient mechanism of economic production has only a potential value. The aggressive strength of a nation depends on its political and financial stability, and its international position upon its investing power and the disposition of its government effectively to represent its citizens or subjects and to assist in the extension of their trade.

The great lending nations recognize both these facts. They utilize their investing power as a national asset. By building up the weaker nation through financial reorganization and the development of its resources, they create for themselves a financial and political influence which they convert to their commercial advantage. In this task Government, bankers, merchants and manufacturers, supported by the investing public, which the Government represents, and of which the bankers, merchants and manufacturers are an integral part, co-operate for the common good.

The political and commercial importance of foreign loans, if not most clearly appreciated, is at least most effectively utilized by the French Government, which counts upon the absorbing power of the French investor as a factor more potent even than the French Army or Navy, in the maintenance of the diplomatic prestige of France and in the extension of French foreign trade. No foreign loan can be quoted on the Paris Bourse without the approval of the Minister of Foreign Affairs as well as the Minister of Finance.

In Germany, although the Government does not formally sanction a foreign loan before a quotation is granted, the great bankers work in close co-operation with the German Foreign Office; and no loan of which the Government does not approve is apt to be listed on the Berlin, Hamburg or Frankfort Stock Exchange.

In England, while the Foreign Office encourages and supports foreign loans, there have been frequent instances in which foreign issues have been listed on the Stock Exchange despite governmental opposition.

The United States became a world power on the conclusion of the war with Spain. We have only recently developed an investment capacity, the potentialities of which we do not appreciate, although we have already, without evolving any general policy, attempted to utilize it both for the maintenance of order and for the extension of our trade.

The first instance, as far as the author is aware, in which the American Government took official cognizance of the political importance of foreign loans, was under the Platt Amendment, which provides that the Cuban Government shall not increase its indebtedness until it has first satisfied the American Government that such increase will not, by creating an excessive charge upon the Cuban revenues, prejudice the financial stability of that Republic. In making the stipulation, the American Government desired to preclude foreign financial domination and to safeguard the credit of the Cuban Republic, in order that the people of the United States, as well as the Cubans, might benefit by the development of the resources of the Island.

In the case of Santo Domingo, our Government assumed much the same position as that taken by the European Powers with respect to Turkey and Egypt, and latterly with respect to China. The finances of the Dominican Republic were reorganized and its foreign debt consolidated by means of an American loan, and the collection of the revenues hypothecated as security therefor was placed under American supervision. While similar arrangements were proposed, but not consummated, with Honduras, they were successfully effected with Nicaragua.

Corrupt Governments of the countries bordering the Caribbean Sea have, in times past, sold their national
birthright to foreign concessionaires. They themselves were not able, or apparently willing, honestly to administer their finances and, unable to borrow for their development on ordinary "financial" terms, they were obliged to give additional inducements, which have threatened to impair their sovereign rights. When they defaulted on their interest payments, their European creditors have in comparatively few instances attempted to collect their debts by force. Yet these debtor nations have not escaped the penalty of improvidence, for their credit cannot be restored until they meet their obligations. This situation has become increasingly embarrassing to the United States.

Dr. Henry Jones Ford, in a paper entitled "Disorderly States," in the Atlantic Monthly for May, points out that President Wilson, in his speech before the Southern Commercial Congress at Mobile, has supplemented the "Monroe" by the "Wilson," Doctrine. The former was aimed at military or territorial aggression. The latter serves notice on those who would attempt to dominate American States by financial means. President Wilson anticipated the day when, through the beneficent influence of the United States, the weaker South and Central American States would be enabled to borrow on their national credit and no longer be obliged to grant concessions. These nations derive practically their entire income from their customs duties. Possession of the customs-houses, therefore, is the aim of each recurrent revolution. President Wilson's object can only be attained by placing these collectories under foreign supervision, as has already been done in Santo Domingo and Nicaragua. Such action would assure a regular revenue amply sufficient to meet the service of the loans which these republics now need. Without such security, except in the case of railways which the lenders could control, neither European nor American bankers will loan money to these countries on ordinary financial terms. The profit on investment must be proportionate to the risk involved.

These nations, however, must not be permitted to utilize the Monroe Doctrine to protect themselves from the consequences of financial profligacy. We cannot refuse to permit foreign Governments to collect the debts due their subjects, unless we ourselves are willing to insure their payment. If we insist that the European countries shall not intervene, the United States must assume a corresponding responsibility. If we object to the enforcement of the mortgage, we must act as receivers ourselves, and must either by Congressional enactment guarantee the foreign debt of these countries, or by diplomatic arrangements and by utilizing the services of American bankers, bring about financial reorganization by the establishment of reliable customs collectories.

If the first of these alternatives were adopted, the United States Government, in case of default, would be obliged either itself to pay the debts of the recalcitrant republics, or by intervention to force them to meet their obligations. If the second, the chance of default would be minimized if not entirely avoided by assuring in advance a sufficient and safe revenue.

If we desire, therefore, to avoid complications with the European powers and develop our own export and import trade in the Caribbean Sea, we must, by means of foreign loans, establish ourselves as the guardians of the financial stability as well as the territorial integrity of some of our southern neighbors.

In China, the Administration of President Taft attempted a task of a somewhat more ambitious character. The balance of power in the Far East, to which China owed and still owes her continued existence as a nation, has for some years, and is now, largely maintained by the nice adjustment of the financial and commercial, and therefore political, interests of the great powers. It is to the advantage of all that none should exercise a dominating influence. It is to their mutual interest to maintain the "open door" and share in the general Chinese trade, rather than by the seizure of territory to endeavor to monopolize the commerce of any particular region. President Taft desired to assist in the maintenance of the "open door," by securing for the United States a voice in this council of nations, the weight of whose influence depends primarily
upon the extent of their material interest. He wished also to gain for American manufacturers a share in the profits of China's industrial development. He, therefore, induced a group of American bankers to establish an organization in China with a view to securing for this country a participation in Chinese loans. It was hoped that, owing to the approval of the Government and the reputation of the bankers concerned, an American investment in China might be created, and American influence be established upon a sound economic basis, as well as upon the friendship and goodwill which had been gained by the work of American missionaries and educators. The time for this undertaking, however, was not yet ripe. The Taft Administration was accused of supporting an American banking monopoly and of co-operating with European financiers in the exploitation of China. With the apparent hearty approval of the American public, President Wilson denounced the policy which had been adopted by his predecessor.

Foreign bonds have never been a popular investment in this country. It was hoped that a market for this class of security might gradually have been created. The action of the Administration, with respect to the Chinese Reorganization Loan made this task more difficult, and developments in the Mexican situation have not encouraged the investor to take an interest in foreign loans. Because of the circumstances above set forth, as well as because of the generally unsatisfactory market conditions, American bankers have recently been obliged to refuse to undertake a number of South American and Chinese loans, the issue of which, in this country, would have strengthened the influence of our Government in the borrowing countries, and the proceeds of some of which would have been directly expended in the purchase of American materials. This then is the situation by which we are confronted.

Our Government is stable; our credit is good; we can finance our domestic needs, and are able to obtain from the European markets much of the fluid capital which we require. We are in a position analogous to that of the prosperous merchant who, while borrowing from his banker to extend his plant and to finance his business, employs his surplus in advertising and in developing new markets. Germany, whose situation is similar to our own, while obtaining commercial accommodation in London or Paris, has utilized its investing power to increase German political influence and German trade throughout the world.

We ourselves have reached a point where we must be less introspective and seriously consider the possibilities of developing our trade in a similar manner. This, doubtless, will be admitted. It remains to devise means by which this purpose can be accomplished. Merchants and manufacturers blame the bankers for lack of enterprise. The bankers are inclined to blame the Government, and the Government, in turn, looks to the banker, the merchant and the manufacturer to take the initiative.

Under present conditions, if the market is good, American bankers will doubtless from time to time be ready, by attempting to sell foreign securities, to aid our merchants and manufacturers.

The Department of Commerce is specifically charged by Congress to encourage foreign commerce, and our Diplomatic and Consular officials show commendable zeal in their efforts to aid the development of our export trade. Such undertakings, therefore, would doubtless receive official approval and assistance. In the present state of public opinion, however, any administration may be attacked if it utilizes the power of the Government for the profit of private interests, no matter what indirect advantage might accrue to the country as a whole.

There are those who would even urge the separation of business and politics. The one is the vitals, the other the brain of the nation. Attempted segregation will result in disaster. In this country we have, perhaps, in times past, suffered from indigestion. There are those who claim that we are now afflicted by brainstorm. Neither condition is salutary. We pride ourselves on being a practical people, tempered by idealism. If this estimate is just we
should have the intelligence to recognize, and the imagination constructively to deal with, facts.

Governments to-day, although some are still autocratic, are no longer purely personal. International relations are concerned, not with the conflicting ambitions of sovereigns, but with the economic development of nations. Contemporary struggles are for markets in which to sell—rather than for territory to exploit—between bankers, merchants and manufacturers, and not between the armed forces which are now maintained as a guarantee against war, rather than as instruments of aggression. International trade and finance, therefore, are the focal points of international politics, just as our own business life, upon which we all depend for our well-being, furnishes us with our most important domestic problems.

We recognize that the prosperity of the nation depends upon the business success of the individuals who form its component parts: the capitalist seeking investment, the merchant seeking trade and the laboring man who will benefit by the increased demand for the fruits of his labor. Our Government concerns itself with adjusting the domestic affairs of its citizens, and it should actively exert itself in conserving and extending their interests abroad.

There should be effective co-operation between the Government, the bankers, the merchants, the manufacturers and the public. Such concerted action is particularly essential in matters affecting our international position. We should aim to develop public opinion to approve the use of our national investing power for the extension of our trade. This would enable the Government to adopt a definite policy and to declare that proper diplomatic support would be given to promoters and investors in foreign loans, the terms of which had been submitted to and approved by the Departments of State and Commerce.

It might be objected that in enunciating such a policy the Government would pledge itself to use the Army and Navy to extract interest payments due individual American investors.

Such a contention, however, is scarcely justified. Just as debtors' prisons have been abolished in civilized countries, so international opinion deprecates the collection of debts by military pressure. Private contracts are enforced by the courts, and international differences, thanks to the increasing recognition of the economic waste of war, are now generally adjusted by diplomacy and arbitration. The creditor nations employ their lending power to develop the resources and strengthen the credit of their clients. It is no longer considered sound finance to debauch a weaker Government by encouraging it to borrow; to create a mortgage which will ultimately be foreclosed by the seizure of territory. The British, German and French Governments insist that their bankers demand certain loan conditions, not because they desire to extend their political control, but because through assuring financial stability they hope to avoid the necessity of intervention. Debtor nations, therefore, increasingly realize that they must maintain their credit if they desire to expend borrowed funds free from the supervision of the lender. They are aware also that repudiation of their debts, or failure to meet obligations when due, will prevent them from obtaining funds on "financial" terms, not in one only, but in all the money markets of the world. The world's lending capacity depends upon the investing power of the creditor nations, not upon the accumulations of a few individuals. Money is highly sensitive: active in times of peace, timorous in the face of any form of military activity. It is becoming increasingly evident, therefore, that because of its international character and its democratic foundation, world-finance must be regarded as a guarantee of world-peace and commercial development, rather than the means by which the stronger are enabled to exploit the weaker nations.

The Government of the United States is each year being drawn farther into the vortex of world politics. As a nation we are seemingly not yet conscious that the very development which has resulted from our irresistible energy and restless ambition imposes upon us greatly increased
responsibilities to ourselves and to the nations with whom we are obliged by mutual interest to deal.

We have hitherto stood somewhat aloof, but this is no longer possible. Our enterprise has carried our interests beyond the seas. The present tariff, as President Wilson has stated, will stimulate our commercial and industrial genius by forcing us to meet the keen test of world competition. The Government, therefore, should co-ordinate the foreign trade activities of the nation. American diplomacy should stand sponsor for those whose resources and character guarantee the honorable performance of their obligations. Our export trade has been constantly increasing because the American merchant and manufacturer give "a dollar's worth of service with a dollar's worth of goods." This should assure to them the assistance of our Government in extending their activities. Such assistance should now be forthcoming in connection with the development of our foreign trade by means of foreign loans.
FOREIGN RELATIONS AND OVERSEA TRADE

Address before

The Southern Commercial Congress
Muskogee, Oklahoma, April 30th, 1915

by

WILLARD STRAIGHT,
representing the
National Foreign Trade Council

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As good Americans and businessmen, you will agree that we wish to preserve friendly relations with all the world and increase our foreign trade. Taking this for granted, how may we best realize our desires? Having once determined what you want, you set about to get it. The most effective method, you will admit, is to study your problem, anticipate probable and possible difficulties, and make your plans accordingly. You take stock of your own abilities, remedy your deficiencies where you can, and with preparations complete embark upon your enterprise. This, Gentlemen, is my text.

I have already expressed to Dr. Owens, your genial and able Managing Director, and through him to your Governing Board, my appreciation of their invitation to be present on this occasion. They and you have done me great honor in permitting me to address you. It is a privilege to be here, and an opportunity. History is in the making, Gentlemen, and the mills of the Gods are not only grinding exceedingly small, but exceeding fast at the present time. Our position in world affairs may be very largely determined by the course which we now follow. We have reached the period in which, as Bismarck prophesied many years ago, we are to undergo the real test of the American Democracy. Our broad lands are rapidly being filled. The period of exploitation is past. The age upon which we are entering will be one of conserva-
tion, of co-operation, of the international division of labor.
The various elements in our national life must be co-ordinated
to serve a common and national end. Our exports of
raw material in normal times no longer wholly suffice to
pay for our imports from abroad. Our domestic consump-
tion of foodstuffs and other raw products grows larger each
year, and we are in consequence increasingly interested in the
selling of our manufactured goods to maintain our trade
balance. A trade opportunity brings with it a diplomatic re.
ponsibility. The extension of this foreign trade, which we so
urgently require, is in no small measure dependent upon the
conduct of our foreign relations. I shall, therefore, if you
will permit me, call to your attention certain facts—not upon
the assumption that you are unfamiliar therewith, but in the
hope that an attempt to show the interaction of diplomacy
and foreign trade may be of interest.

The progress of the world has been marked by the discovery
and co-ordination of forces whose existence and mutual bearing
had been previously unsuspected. Just as Science has demon-
sstrated synthetic relationships of which we had been uncon-
scious, so the war which is now devastating Europe has made us
suddenly aware that we are not after all isolated from the rest
of the world, or by any means independent of each other.
You gentlemen of the South who saw a bumper cotton crop
held up by the closure of your European markets, have been
made very keenly alive to this situation. The Eastern bankers
who relied upon your annual shipments to meet the drain
of funds caused by tourists expenditure in Europe and interest
falling due on American securities held abroad, moreover,
found themselves greatly embarrassed by your—which has
also been their—predicament. The war, in fact, has X-rayed
the body politic, and shown us the delicately adjusted,
closely articulated commercial and financial structure which
sustains the vastly diversified business of our country.

Our premises then rest on the following facts: We wish
to, because we must, develop our foreign trade. This develop-
ment to be permanently successful must be accompanied by
a more general understanding of the importance of foreign
relations. Like our overseas trade, our diplomatic policy there-
fore affects no one section of the country and no one phase of
our national life, but is directly or indirectly the concern of
the whole country and all the people. With this statement
I believe you will agree. That being the case what are we
going to do about it?

Our attention at the present time, insofar as it is not con-
fined to our own immediate affairs, is very largely concen-
trated on the trenches in Western Europe, on the battlefields
of East Prussia, on the operations in the Dardanelles, and on
the diplomatic correspondence which our Government has
been exchanging with the various belligerents. This is natural.
The true significance of these events, however, lies not in their
present military interest, but in the probable effect of the
forces now in conflict, and of the forces which this war has
called into being, upon the political and economic future. The
clash has been long inevitable, and its result for some years at
least, we hope, will be decisive. It is this result consecrated
on a hundred battlefields—not the battles themselves, that
will affect the United States. Our commercial genius and our
statesmanship therefore must understand the present and
the past in order intelligently to anticipate the future.

The struggles which marked the close of the eighteenth and
the beginning of the nineteenth centuries were the military
climax of a ferment which bred our own and the French
Revolution, and which found renewed expression in the events
of 1830 and 1848. Despite the period of reaction which im-
mediately followed the Congress of Vienna, the Napoleonic wars
had sealed the fate of absolute monarchy and marked the begin-
ing of constitutional government in Central Europe. We are
now witnessing a continuation of the same conflict, which is asold
as history and will persist when we are gone. It is in its present
manifestation an issue between a paternalism of which militar-
ism is but a phase, and democracy; between two conceptions of
the State as the master or as the servant of the people. For us it is vitally important to observe that Democracy to meet Paternalism is adopting of its own volition the centralized national organization which Paternalism has imposed. Both England and France, like Germany, are no longer armed nations, but nations in arms. Every interest in German national life has been co-ordinated under Government control. It is the remarkable efficiency of this administrative machinery which has enabled her to stand the crucial test so well. The military and naval establishments are but one portion of a complex system which enables the State to gather copper from the village kitchens, administer the grain supply, order the conservation of potato-peelings and the slaughter of pigs which might otherwise consume the cereal needed for the food of the people.

To-day the French and British democracies are themselves constructing similar mechanisms, not as yet so elaborate, but effective in meeting each situation as it may arise. Railway and steamship lines are in effect under Government control. A series of measures, brilliant alike in conception and execution, have not only enabled the British banking system to withstand the sudden shock of war, but have kept the London discount market open for financing Great Britain's foreign trade. War loans have been issued in England and France, as well as Germany, to an amount which almost staggers the imagination, and arrangements have been made between the Finance Ministers of Great Britain, Russia and France for a joint policy by which the three great Allied Governments will meet their own problems and jointly assist in financing some of their weaker fellows. The British Treasury supervises the London, the French Government the Paris, Stock Exchange. In order that the nation's financial resources may be conserved for the prosecution of the war, no new foreign loans may be issued in London without the special authorization of the British Treasury. The French Government has for some years exercised a similar power. Besides extending their control over finance and transportation, the European Governments have in many cases actually assumed, or been empowered to assume, the direction of the manufacture of goods required for the war. A system is being developed which is practically the organization of labor into a national industrial reserve quite as important as the military reserves which guard lines of communication instead of actually being engaged on the firing line. And now further to increase national efficiency the sale of vodka and absinthe has been forbidden in Russia and France, and prohibition in absolute or modified form is advocated in Great Britain.

These steps towards the socialization of the State—not State Socialism—one once taken are not likely to be retraced. The value of co-operative effort will be conclusively demonstrated and will be as valuable in the readjustment which will follow the war as it is essential to its successful prosecution.

When the war is over there may, perhaps, be a period of political reaction and of financial and industrial depression throughout Europe. Industry must absorb again the men who are now serving in the field. German foreign trade will be disorganized. The Russian market which has been vitally important will, it is said, be closed as far as possible to German goods. Great Britain's world wide commerce, which has depended largely upon the ability of the London market to finance the foreign consumer, may not flourish as before, because—for a time at least—capital will be required at home and may not be available for foreign development. Yet this dislocation may not be attended by results as serious as some suppose, because the output of the factories will be required in no small measure to make up for the wastage of the war. The whole world, moreover—commercial and financial at least—has been involved in the present crisis. Where all are affected there is a greater likelihood that some common measures will be found gradually, and with a minimum of hardship, to meet new conditions. Therefore, while numberless individuals and lo-
calities may be impoverished, it would seem likely that the world as a whole, though it will suffer, will do so because developments which would have been undertaken will not now be attempted, rather than because of the actual destruction that has taken place.

From the American point of view the most important result of the war will be not the possible temporary financial, commercial and industrial embarrassment in Europe, but the impetus which has been given to more effective national organization in Great Britain and France, as well as in Germany. There will be a new Russia, a consolidated Italy, disciplined and alert States in the Balkans and Scandinavia, and Japan self-confident and self-conscious in the fulfillment of her Imperial destiny.

These are the facts by which we will be confronted and with which we must be prepared to deal. What is our position?

Following the outbreak of hostilities in Europe in August last, we ourselves to a certain extent learned the value and necessity of cooperation.

Luckily for us, the Federal Reserve Board had been appointed before the crisis came. These gentlemen promptly mobilized the banking interests of the country. A syndicate took care of the New York City debt. The so-called gold and cotton "pools" were formed to pay what we owed abroad and to look after the interests of the South. Then, as if by magic, thanks to our enormous exports, the situation was reversed. Where eight months ago it was estimated that we owed Europe three hundred millions of dollars in immediate maturities, it is claimed that, without considering the debit against us because of foreign holdings of American securities, we now have something like six hundred millions due us from the other side. The dislocation of the European exchanges, moratoria, and the urgent necessities of our merchants and our customers, have enabled us, under the provisions of the Federal Reserve Act in a few months to develop a discount market which, under ordinary circumstances, would have taken us a much longer period to acquire. Through this channel we are financing shipments of goods to and from the United States. Our access to European capital has been cut off, but reserves heretofore unavailable, have been released and we are easily absorbing such American securities as Europe wishes to sell.

At the same time, in order to stabilize exchange we are stimulating and facilitating our export trade by granting credits to Europe to pay for goods purchased in this country. For the first time in our history we are through these very necessary operations establishing a market for foreign loans. This education of our public, should make it possible for our bankers later to undertake transactions which, by encouraging development particularly in South America, and perhaps in Russia, will create new markets for American goods. Thus our investors in addition to securing a satisfactory interest return will be utilizing American money for the benefit of American industry.

These recent developments afford an assurance that what has heretofore been the most serious obstacle to the extension of our foreign trade, is now in a fair way to being overcome. We have been accustomed to finance our production. We are now learning to finance the distribution of our goods through the "acceptance" and sale of Bills of Exchange, and the public, by the purchase of foreign securities, is playing its part in granting the credits which our customers require.

The perfection of our selling methods abroad, however, is still a matter demanding careful attention. The President, in his recent address before the United States Chamber of Commerce at Washington, discussed the manner in which our manufacturers might combine in selling organizations for the promotion of their export business. The inhibition placed upon the development of foreign trade by the Sherman Law and the Clayton Bill must be removed if American industry in the
future is successfully to compete with the foreign combinations, which have been and will be developed. This is a problem for the new Federal Trade Commission to solve.

There is also the question of transportation. The Government Shipping Bill was suggested to meet a temporary aggravation of a situation which has long existed. I shall not venture an opinion as to whether or not it would have been successful. One thing, however, is sure. Transportation is a commodity like any other. In our industry we have by a protective tariff assured a certain standard of living to the American workman, and even under the high cost imposed by our navigation laws we have been able to operate vessels in the coastwise trade by reserving it exclusively for American shipping. But this is impossible in foreign trade where the business of selling transportation is highly competitive. We may be able, despite our high labor costs, to market our manufactured goods abroad because the efficiency of our workmen and the labor-saving devices which we use enable us to keep down the cost of production. But in shipping not only is there no labor-saving machinery, but our navigation laws make it necessary for American ships to carry larger crews than are required to man foreign vessels. If we wish to transport our goods under the American, rather than the British or the German, the Dutch or the Norwegian, flag, we must be prepared to furnish transportation at competitive prices. This can be done in one of two ways: either by permitting American shipowners to purchase and operate vessels on the same basis as their competitors as to the cost of construction and labor charges; or by empowering the Government to bear the difference between the cost of ships and labor in the open world market and the cost thereof under our own tariff and navigation laws. Whether the Government meets this cost by subsidy or by itself buying or building ships involves the question of public or private ownership, not the charge upon the taxpayer. The difference is in name, not in substance, for subsidy—like Government ownership—means that the public pays the charges which are imposed in the interest of labor. The only difference lies in the fact that a subsidy might encourage investment in a business which has not heretofore promised any interest return, except where, as has frequently been done, American owned ships are operated under foreign flags. If the American people desire a merchant marine and desire at the same time to insist that there should be American officers and that the crews should have certain accommodations, certain food, and be in sufficient numbers to man a certain number of lifeboats, the American people will have to pay—otherwise the business will be done under flags other than our own.

The financing of production and distribution, selling organization and transportation are the principal direct factors in the development of our foreign trade. They immediately concern the merchant and the manufacturer, the farmer, the banker and the shipper, as well as the laboring man, but under our form of administration they are all more or less dependent upon Government action or subject in some measure to Government control. The conduct of our international relations, however, is essentially a Governmental function. It is in reality the promotion of our overseas commerce in the most comprehensive sense, and may be, and is, performed in numerous ways, the variety and the importance of all of which are not sufficiently appreciated.

One of the most striking results of the European war already apparent has been the strengthening of the ties between the United Kingdom and her Colonies. Imperial preference was first discussed after the bonds of Empire had been knit close by the strain of the South African war. It would seem not at all improbable, therefore, that this matter would again be taken up with renewed vigor. Aside from sentimental and political considerations the fact that wages in England have already been increased—and are unlikely to be greatly reduced—and that industry must be assured its profits, will afford an added argument for some form of Imperial British protective tariff;
while the present financial co-operation of England, France and Russia, moreover, may also later form the basis for a customs understanding.

We have regarded the tariff primarily as a source of revenue and as a safeguard and stimulant for American production. We have a Reciprocity Treaty with Cuba, and once discussed a similar agreement with Canada. The provisions of the Underwood-Simmons Act contemplate the negotiation of trade agreements subject to the approval of Congress. But few of us, save when startled by threatened reprisals, have been alive to the possibilities of our tariff and our treaty-making power as diplomatic instruments in the development of our foreign trade. There are certain favors which we can grant and certain things which we ourselves need. The negotiation of reciprocal arrangements should also be facilitated and the institution of reprisals made possible. The creation of a Tariff Board composed of representatives of the Departments of State, the Treasury, Commerce, Justice, and Labor, empowered to deal with these matters may be considered to be necessary in the interests of American commerce.

We are generally familiar with the effective work performed by our Consular officers, and the ability and enthusiasm which the Secretary of Commerce—Mr. W. C. Redfield—and his assistants have shown in the task of extending American trade. The important functions and the very real services of our Embassies and Legations, however, are apparently not always so clearly appreciated or understood. It is too often supposed that diplomacy has no very direct relation with, or bearing upon, the humdrum affairs of business life. In the minds of some a diplomat is a gentleman in a top hat who makes himself pleasant to ladies at tea parties. There are, it is true, countless matters of routine from the visiting or issue of passports to the presentation of ladies at Court. Yet even these details are important, for they, equally with matters of seemingly far greater moment, affect our position abroad. The work is definite and technical, and requires trained intelligence, tact and wide knowledge of business and politics. Diplomacy is not an abstract science or system of philosophy, it is really a Court of Equity in international affairs and our foreign relations are but the aggregate of questions in one way or another arising from our overseas commerce. We may not approve of armed intervention in the affairs of another nation to enforce American claims. Such drastic action, on our part, however, is unnecessary save in certain cases, fortunately extremely rare, where general conditions rather than particular interests demand the restoration of law and order. All legitimate American interests abroad whether they be those of the missionary, or the investor, the merchant or the ranchman, are entitled to diplomatic protection and support. Unless such protection and support are assured, foreign enterprise becomes a speculation and not an investment. It will attract gamblers, not sound business men, for the confidence which security begets is the basis of all honest trade. For this protection we look to the Department of State and our Embassies, Legations and Consular establishments. They it is who must safeguard our interests in foreign lands, and adjust questions which may arise between citizens of our country and the Government of another, or between another Government and our own in the development of national policies.

We in this country, unfortunately, have been too prone to look upon our foreign relations as a sort of football which we might kick about to suit the whims of domestic politics. It is not so many years ago that even Fourth of July orator twisted the lion's tail for the edification of his auditors. Our isolation made us not only confident, but unmannersly, in what we considered to be our immunity. We have been inclined to disregard the facts of our history. For this inaccurate teaching and mistaken patriotism have been largely responsible. But surely true patriotism does not consist in playing the ostrich, but in
recognizing, in order to deal with, even disagreeable facts. Otherwise progress becomes impossible.

One hundred years ago we were part of the European system. American independence was but a collateral—though tremendously important—result of the wars which preceded the French Revolution. We passed unscathed through the Napoleonic Era, and emerged essentially uninjured from the War of 1812—not because of our inherent strength, but because England, France and Spain were more vitally concerned elsewhere. In the enunciation of the Monroe Doctrine, which we like to consider particularly our own, we were encouraged by a British Minister, Canning. He sought, not so much to safeguard American liberty as to assure to British merchants opportunities for South American trade by preserving that region from the domination of the Holy Alliance. In China, in Africa, in India, South America and Russia, American merchants played their part in the adventurous trading of the first half of the nineteenth century. But these men, like our statesmen of that time, were largely guided, or at least affected, by the influences which dominated or agitated Europe. In these days our oversea commerce was essential to the life of the nation and our diplomacy was correspondingly important. During the Civil War the clipper ships, famous the world over, were driven from the seas. After 1865 we concentrated our energies upon reconstruction in the South and the opening of the West, severing our more intimate relation with the Continental system and entering upon a period of incubation when we gave little heed to our foreign trade and during which our diplomacy was provincial. In this, as in the preceding stage of our national development, we were secure from outside interference—not so much because of our ability to resist aggression, as because of our geographical position and the pre-occupation of the Powers across the Atlantic. Even in 1896 at the time of the Venezuelan boundary dispute, Lord Salisbury anticipated the coming struggle with Germany and was unwilling to clash with the United States. So later, when Germany endeavored to form a coalition of the Powers to support Spain, Great Britain refused to participate and held the field clear while we occupied Cuba and Porto Rico and defeated the Spanish fleet at Manila Bay. It would be humiliating to feel that we could not, if called upon to do so, defend the Monroe Doctrine against all comers; but the fact remains that we have been able to develop this, practically the only positive principle in our foreign policy, chiefly thanks to the exigencies of European politics. The Monroe Doctrine, like the “open door” in China, has been accepted lest any interference therewith disturb the delicately adjusted European “Balance of Power.”

This “Balance of Power” which has in the past afforded us our protection may, when this war is over, be unbalanced for sometime to come—for one side or the other will probably emerge victorious. The spirit of nationality in Europe will be emphasized. Like the United States after the Civil War, when we induced England to pay the Alabama claims—and suggested that the forces of Napoleon III leave Mexico—the nations which have fought may be more, rather than less belligerent: they may be less tolerant of argument and more prone to action. The strengthening of democracy should be a guarantee for the preservation of peace, but it will be a peace in which our friends across the water will be active and aggressive, rather than charitable and considerate.

Following the cessation of hostilities in Europe there will be a readjustment in world affairs unparalleled in history. The future of Europe, of Asia, and Africa will be settled for some time to come and it is inconceivable that the Americans will not be intimately affected by, if indeed they are not included within the scope of, this forthcoming international congress.

During the past few months the Administration in Washington has shown tact, judgment and sound common sense in its efforts to protect our neutral commerce from belligerent interference. It has been inevitable, however, that in the process we have, by the very correctness of our position, provoked bitter criticism in the European press and amongst
the peoples at war. We have made demands which they have considered unreasonable and which they may not readily forget.

We are apt sometimes to be blind to the inconsistencies in our own policy, but that does not by any means make them invisible to others, who perhaps may be quite as unconscious of the beam in their own eye as we are of the mote in ours. Imagine for an instant what our view would be in case American lives and property were sacrificed in, say, China, and if Japan in refusing to allow us to secure satisfaction from the Chinese Government, was unwilling herself to take action. As we would have others do to us, so must we do to them. Therefore, instead of being too vociferous in our denunciation of those whom we feel are restricting our foreign business, it might be well for us to remember that during the past few years British, French and German property has been destroyed in Hayti, Santo Domingo and Mexico. Under the Monroe Doctrine we assumed a benevolent guardianship over the affairs of this hemisphere. We have been granted a comparatively free hand to deal with these questions because European rivalries have been so delicately balanced that no power dared risk dispersing its strength in an American adventure. On the conclusion of hostilities, however, this situation will no longer exist. We may take it for granted that we too shall then be asked for an accounting. We shall either have to fulfill or forego the responsibilities which we have in the eyes of the world at least, assumed for the behavior of our Southern neighbors.

You may feel, perhaps, that in raising this point I have departed from my subject and entered upon a discussion of a domestic question wholly unconnected with our foreign trade or our general foreign relations. If so I cannot agree with you. It is impossible to separate such matters into watertight compartments. When we demand that Russia modify her domestic policy regarding the Jews to recognize American passports carried by our Jewish citizens, we cannot expect Japan and China cheerfully to acquiesce in our exclusion of their subjects under the American immigration Laws. We cannot impose our will upon another nation in Persia and expect consideration and hearty co-operation in settling a dispute in Peru. We cannot isolate problems in diplomacy and at our discretion say that we will arbitrate this one and settle that one as we may deem desirable. We cannot eat our cake and have it.

This subject is referred to not with any desire to criticize the Administration in Washington, which inherited and did not create the Mexican problem. If we have shirked what our critics consider to be our obvious duties, it has not been so much the fault of President Wilson or Mr. Bryan as it has of the American people whom they represent. We are a Democracy. The very nature of diplomacy requires constructive and far-sighted leadership. But with us in the last analysis it must conform to the will of our people, and our foreign policy will be intelligent and effective or otherwise according to the public understanding or ignorance of its relation to our national life.

It is, therefore, imperative that as a nation we should now, while we have yet time, set our house in order. If we would avoid embarrassments for the future, or assume fresh responsibilities, our present obligations must be recognized.

It is foolish, moreover, for us now to talk complacently of capturing British and German trade, because Europe is at war, and because the Monroe Doctrine is supposed to give some sort of a hypnotic claim to the profits of South American commerce. We hear that the trade of the world will be ours; that we shall supplant London as the world's credit center. But we should remember that much of the business upon which we are now engaged is directly attributable to the war, and may be greatly diminished by its conclusion. We should not, therefore, be lulled to a happy sleep by siren songs. We cannot sit down and wait for good things to continue to drop, like ripe apples, into our lap. Once the war is over it will not be long before Europe, commercially and industrially
better organized than before, will aggressively undertake to recoup itself for its losses by extending and developing its foreign trade. Interruption in European exports has made it possible to introduce American goods where heretofore they have been denied a fair trial, but any advantages which we may now gain will be temporary, rather than permanent in character, unless we are able firmly to establish ourselves in the markets which, for the time being, are opened.

Our ability to meet the test will depend upon the quality and prices of our goods, upon the facilities for financing their distribution and upon the efficiency of our selling methods. The activities of our merchants and manufacturers however must be encouraged by an intelligent, alert, and responsible diplomacy, maintaining increasingly cordial relations with the rest of the world with which we desire to do business.

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

To sell goods abroad it is necessary to understand and satisfy a foreign market. To cultivate friendly diplomatic relations it is essential to appreciate and sympathize with the ideals and aspirations of a nation other than our own. Diplomacy, like trade, is largely a matter of square dealing, in apprehending and adjusting differences, as well as common interests—in recognizing, not in dodging, facts. Foreign trade and diplomacy, after all, are like most other human relations. The twin keys to success therein are courtesy and common sense.

As Southerners and as businessmen, you are endowed with the one, and know the value of the other. The future is before us. We wish to share the profits of the world’s trade, and creditably to bear our responsibilities in the world’s affairs. To realize these aspirations for this democracy of ours we must have confidence in one another, understand the fundamental identity of our interests and co-operate for a common end. The essential thing is to see our problem clearly and, to realize its bearing upon every phase of our national life.

Once we can do this, you know and I know that we shall succeed.
mistake. Great Britain will be confronted with some of the gravest problems with which it has ever been faced. With wisdom, sagacity and foresight we shall go through it, but let us think about it in time, and lay down our plans accordingly.

I should like to commend to our leaders in finance and industry Lloyd George's appeal to think about it in time and lay down our plans for facing the reaction that is certain to follow this present abnormal activity in our industries and commerce. We are becoming more and more dependent for the full employment of our plants upon the stability and permanency of the demand for our manufactured products from the neutral markets of the world, and the surest way to establish such permanency is through liberal investments of our capital in South and Central American enterprises.

GOVERNMENTAL POLICY AND TRADE RELATIONS WITH THE FAR EAST

WILLARD STRAIGHT

The chairman has referred to the war in Europe. A few days ago I heard someone remark that whether the Allies or the Central European powers were victorious, it would be German organization that would win the war. That seems obvious. It might, nevertheless, be well to consider for a moment the implications of this statement. We have seen the operation of a wonderful national machine in Germany, and, at the same time, we have witnessed efforts in England and France and Russia to organize on a national scale not only the military and naval, but the industrial forces which those powers must bring to bear to combat the German system. It is true that British and French finance was at the very outset of the war subjected to a governmental control which up to that time had never been contemplated. Yet it took some time for the British and the French democracies to realize that they must, if they would be successful, attempt in some way to secure a unity and concentration of effort in industry and agriculture as well.

Discussion of this point may seem a far cry from the subject which has been assigned to me today. I do not think so. You are familiar with the fact that early in our history it was the policy of the American government to further its trade relations, particularly with the nations of the Far East. Various gentlemen traveled in American men-of-war to negotiate treaties with Korea, with China and Siam. Commodore Perry succeeded in establishing an understanding with Japan, which resulted in the conclusion of our first treaty of commerce with that country. I do not suppose that those gentlemen even dreamed of the term which was later applied to that form of

1 Read at the meeting of the Academy of Political Science, November 18, 1915.
governmental activity—“dollar diplomacy.” As a matter of fact, they were engaged much more than Mr. Taft's administration in an effort, by direct governmental intervention, to establish trade relations with the nations of the East. It was, of course, their object at that time to pave the way for the establishment of the commercial relations of that period. At that time international commerce was in reality barter. Vessels carried goods from the United States, which they exchanged for other goods. These were again exchanged, until the merchant adventurers returned to Boston or Salem or New York with a handsome profit on the voyage.

It was only when the element of finance was injected into the situation, when it became necessary for the government, through a financial instrument, to assist in the establishment of trade relations, that criticism was provoked. That criticism was due, it seems to me, primarily to a misunderstanding of the functions of finance in the development of trade, and a lack of appreciation of the proper functions of the government as regards both commerce and finance. In considering these subjects, and our relations with the Far East, we are again confronted with the fact that it was the effectiveness of German organization which made it necessary for our government to develop the much-criticized “dollar diplomacy.” The German occupation of Tsingtau in 1897 precipitated the international scramble which eventually resulted in the formation of what was at one time known as the “Six-Power” group which was denounced by President Wilson shortly after he entered the White House.

The Germans first appreciated the value of national organization for trade development. This policy was imposed upon them by the necessity of their position. When the German Empire was organized after the Franco-Prussian war, German merchants found the markets of the world occupied very largely by their British competitors. British trade had been built up in more or less haphazard manner, thanks to the adventurous disposition of British merchants, also in a large measure to the lack of opportunity in the British Isles and to the ability of the London market to finance certain foreign loans. There was no real organization, however, in British overseas trade. The Germans, in order to enter world markets, analyzed their situation and developed a scheme by which their commercial and financial interests could be operated in connection with the agencies of the government.

German competition in China became serious when Germany seized Tsingtau. German merchants, it is true, had traded in Hongkong, Shanghai and elsewhere, but the occupation of that port, the determination of Germany to extend its influence through the province of Shantung, brought a new element into the situation. The other powers promptly followed Germany's example, established naval bases on Chinese soil, and secured from the Chinese government concessions for railways to run through certain areas, which they delimited as their spheres of influence. This scramble by the foreign powers was largely responsible for the growth of unrest in China which culminated in the Boxer outbreak of 1900. In the expedition of the Allied forces to Peking, and immediately thereafter in the settlement of that trouble, there was introduced for the first time an element of international co-operation, the necessity for which had been foreseen by Secretary Hay when he enunciated his “open door” policy.

The various powers had originally subscribed to that doctrine not so much because they were actuated by any particularly altruistic motives, as because Secretary Hay's formula happened at that time to meet their peculiar needs. They recognized that it would be impossible for them to occupy by military force and to hold without an expense entirely out of proportion to the benefit to be derived, any portion of China. They had, therefore, determined upon this policy of finding spheres of influence. But even with these spheres of influence they had found that their interests were not developing as they might wish. The Chinese government was weak, and endeavored to protect itself by setting one power against another, with the resulting friction between the powers, which culminated in the Russo-Japanese war. Following the struggle, it became necessary to effect a new readjustment.

The powers which had at first established spheres of influ-
The construction of railways were the manufacturers who secured the orders for all the railway material. As railways were built under British, German, French and Belgian engineers, a market was created for other goods which were introduced into China by these engineers and with which the Chinese became acquainted for the first time.

It had long been the policy of the American government to assist China in her own development. It was that friendship for China which had inspired Secretary Hay's "open door" policy. It would be incorrect, however, to say that that policy was entirely altruistic. Certainly it was in no small measure prompted by the belief that that friendship for China was a matter of fact, the function of the government is not, and cannot be, that of a collecting agency. It is true that from time to time it may be necessary to invoke official assistance in inducing some foreign government to live up to a contract with an American firm or corporation, but in the main, and as regards the Far East—and in the Far East, China is really the only country concerned—it should be the function of our government to assure to American enterprise an equality of opportunity. That equality of opportunity in China can be obtained, no matter what the government may do, only if it is possible to induce American bankers to finance Chinese enterprises.

The modern conception of the banker is very different from that which was generally held a few years ago. Opinion even in this country is rapidly changing. We have recently seen an issue of five hundreds of millions of bonds by the English and French governments, not to secure money which those governments could use for their own purposes in England or France, but to finance the purchases which they had made in this country.

It is exactly this function which it is necessary that the bankers should perform for American industry if American industry is to have its share of the Chinese trade. It is not essential, as so many people have asserted, that our governments should guarantee the bonds that our bankers are to take, but it is essential that the governments should co-operate with our banking and commercial interests in order to see that they secure an equality of opportunity and are not hampered by the political activity of their commercial rivals.

The situation in China is somewhat different from that which existed some six years ago, and the problem before this country is the same and requires the same remedy.
It exists in South America. The relation as between commerce and finance is the same, but the function of the government in China is more important than in South America. In South and Central America, with one or two exceptions, the governments are stable and are not subject to or driven by outside influences. In China, on the other hand, the government is, and has been, weak. There is constant pressure on all sides. One legation insists that a certain contract should be concluded with this person, another demands that the contract should be concluded with that firm. In many cases the contract is awarded to the people whose diplomatic representatives have brought the strongest influences to bear. The situation is unfortunate. It would be much better for all concerned if the Chinese government were not so weak, if it could withstand demands of this sort and consider proposals submitted on their commercial merit alone. But facts are facts, and must be taken into consideration if progress is to be made.

It was the aim of Mr. Hay's "open door" policy, and it was the aim of Secretary Knox in furthering negotiations which resulted in the establishment of the "Six-Power" group, to create international co-operation in China as distinct from conflicting national interests. It was believed that such co-operation would be beneficial to China, that it would give China an opportunity to work out her own salvation, and that it would assist in the development of China's foreign trade. In the long run, it might be as well for the Chinese people if their government were subordinated to some other, but as the world develops it becomes more and more unlikely that any people will be willing to live permanently under alien control, and for that reason I feel that it is necessary, if China is to progress, to revive that idea of international co-operation which has for the time being been abandoned. It may be impossible to do anything, to take any steps along this line, until the war in Europe is over. But it seems to me that the time is not far distant when the American government may have a great opportunity to reassert the policy enunciated by Secretary Hay, and continued by Secretary Knox in an effort to bring this about.
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The developments of the past year have brought to people in this country a more intelligent appreciation of the necessity for the co-operation between government and commerce and finance. The manufacturers and the bankers must work hand in hand. The manufacturers cannot sell their goods unless the bankers are able to sell their loans, and the bankers will not be able to sell their loans because there will be no public to buy the loans unless the manufacturers in turn are prosperous.

It is impossible to divide public and private credit into water-tight compartments. It is impossible to regard the problem of the manufacturers without considering the problem of finance. It is impossible to regard the problem of finance without considering the problems created by industry. As the government is the representative of all interests, as it is only through the government that all interests can really co-operate, the general prosperity of the country and the strength of the government depend upon the development of commerce and industry and finance. It is essential, if we are to develop our commercial relations with the Far East, that we should have a just appreciation of the important bearing of American diplomacy on those commercial relations.
THE RELATION OF PUBLIC FINANCE TO PRIVATE CREDIT

Address prepared by
WILLARD STRAIGHT

For the
Second Pan-American Scientific Congress


NEW YORK
1915
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The economist or the student of finance, in discussing the theory of credits, must necessarily analyze the interaction of gold reserves, of inflation and depreciation, and the effect of favorable or adverse balances of trade. Deferring to your superior knowledge of these most interesting and important matters, I shall not attempt to deal therewith. I shall, if I may, ask you to approach the general subject from a somewhat different angle, and to regard private credit as the national basis upon which any constructive international commercial and financial development must depend.

In the past, we in the United States unfortunately have been accustomed too generally to consider credit problems not on their intrinsic merits but from partisan points of view. Thanks to our enormous resources, we have been able to borrow freely, and on easy terms, from Europe. Our own capital, therefore, inevitably has been attracted by quick returns, and we have been influenced by reasons of immediate expediency rather than guided by a clear conception of the ultimate goal. In consequence, we were long blind to the necessity of evolving a well-balanced, consistent and progressive national financial policy, designed to correlate and galvanize into effective cooperation the agricultural, industrial
and commercial activities from whose cumulative power such a policy should derive its momentum. Our failure to appreciate the importance of creating adequate credit machinery cost us dearly. We persistently disregarded the bitter experience of recurring panics, and were long deaf to the recommendations of men who, like the late Senator Aldrich and Mr. Paul Warburg, urged the organization of a banking system which would enable us to mobilize our reserves and to utilize to the fullest extent our credit resources.

In the twenty years preceding our Civil War, the United States had traded in every sea. Foreign commerce in those days was largely a question of barter. The intricate problems of international finance, which are now so absorbing, were unheard of, and the development of markets by judicious investment was virtually unknown. Great Britain, Germany and France later discovered that bankers held the golden key to overseas trade. We, however, were busily engaged in borrowing abroad and ourselves had no surplus funds for foreign investment. We exported raw materials and imported manufactured goods. Following the Spanish war, however, American industry, through the great combinations, became organized in units sufficiently powerful to enable it to enter the export trade. Our manufacturers soon realized that unless American bankers would finance their foreign customers, they could not compete with British and German industry. An American banking group was organized for China, and loans to South and Central American Republics were considered. A certain stage of what might be termed economic saturation having been reached within our own boundaries, we began to look abroad. Just as the development of our eastern seaboard enabled the merchants of the early fifties to hold their own in the trading competition of the period, so the general standard throughout our country just prior to the European war had brought our bankers and manufacturers to the point where increasing production and accumulating capital at home and the ability to borrow on low terms in London and Paris, made them anxious to enter the financial-commercial struggle for trade with the as yet undeveloped corners of the earth. The Federal Reserve Act, by releasing reserves, added tremendously to our credit resources and promised to give a fresh impetus to our desire for trade expansion. Before the efficacy of this new machinery could be tested, however, it was subjected to the sudden strain of war.

The American Republics were differently affected by this world wide crisis. We, who have been able to sell largely to Europe have been enriched. The countries which have depended upon European capital for their development have been obliged to postpone many important works. But all of us shall be wise indeed if by closely observing the manner in which the nations now at war deal with the problems to which this crisis has given rise, we are able to profit by their example and to avoid the consequences of their mistakes.

At the outset, Germany alone was prepared. Not only her armies, but her financial and industrial resources were at once mobilized. In France and in Great Britain, the magnitude of the task and the necessity for correlating every form of national activity in the supreme struggle for victory was not at once realized. But coincident with military and naval endeavor, the importance of conserving national credit was recognized from the outset. The German problem of war finance has been simplified by Germany's inability to import goods from abroad. The question of at present providing gold exchange has consequently been one of subordinate importance. Great Britain and France, on the other hand, have been obliged to purchase vast quantities of material, and their financial measures will repay the most careful study. Early steps were taken by these two governments to assure the continuance of business as nearly as possible along normal lines. In England, bill brokers and foreign ex-
change houses, as well as manufacturers and merchants engaged in overseas trade, were given special guarantees by the Government. Proceeds of the war loans were utilized in a manner calculated to assure uninterrupted and profitable business, in order that the proceeds thereof might be subject to yet further calls. When the London Stock Exchange was opened early in the present year, it was announced that no new foreign issues might be made without the permission of the Chancellor of the Exchequer. The financial resources of Great Britain were to be conserved for the prosecution of the war. Pressure was brought to bear upon British investors to induce them to sell their holdings of American securities in order that they might invest in the British war loans. Only recently the Government has taken steps to mobilize American obligations held in Great Britain, to be utilized under Government direction to maintain exchange between London and New York. In France, through the cooperation of some of the large private banking houses, French investors were induced to deposit their holdings of American issues to provide the basis for a credit which was negotiated in this country. In both England and France, every effort was made to issue war loans in a form which would attract the small investor. In other words, European financial policies have been calculated to insure the national organization of credit to provide means for continuing the war not only by financing military operations, but by granting extraordinary facilities to conserve financial, industrial and commercial resources to the fullest extent possible. Such synchronization of effort — cooperation on such a scale — is without precedent. For us in the United States at least, it would, in the absence of special legislation, be impossible. Yet we too have widened our financial outlook and engaged in operations which two years ago we would have considered fantastic. In the Autumn of 1914, our most pressing problem, the stabilization of exchange by the settlement of our immediate debt to Europe, required the united energy of the newly organized Federal Reserve Board and the bankers who loyally stepped into the breach. Within six months after the commencement of hostilities, however, we were busily engaged in this country in devising ways and means by which we might assist Europe to pay for our goods which were being purchased in increasing volume. We bought back from Europe great quantities of our securities. A series of minor credit operations culminated in the flotation of the great Allied loan. The success of the war loans in Great Britain, France and Germany depended upon the credit of the countless private individuals who subscribed their savings to support mobilized and correlated military, financial, industrial and commercial activities. In making a public offering of the Anglo-French loan in this country, the American bankers were performing a function analogous to that of the Governments in Europe. By mobilizing our private capital, they were endeavoring to create a public credit to finance the great export trade from which our present prosperity has been derived. This transaction was almost as important to this country as a whole as it was to the powers now at war. Every individual who has invested in the European credits which have been negotiated here, has stimulated American industry by facilitating the export of American goods and, by acquiring a private investment, has performed a public service.

Prior to the outbreak of the war in Europe, there had been intimate commercial relations between the American nations. The trade between this country and our sister republics farther to the South, however, had not been developed. There was a long established British and French investment in the Argentine, in Brazil, in Uruguay, in Chile and Peru, and the dealings between South and North America were largely conducted through London and Paris. The relationship was triangular — imports into the United States from South America were heavily in excess of
our exports—and our debit balance was settled in Pounds Sterling. The declaration of moratoria, the dislocation of credit machinery, the interruption of shipping, affected the entire American continent. Canada only was at war. The neutral nations, finding the old channels of trade suddenly blocked, looked to each other. We set to work to examine our mutual needs, and endeavored to find means by which we might be of mutual assistance. Steps were taken to handle exchange direct between New York and the other American financial centers. Branches of the National City Bank were opened to provide facilities which had not theretofore existed. Informal discussions between diplomats and representatives of American business developed into the Pan-American Financial Conference held last Spring under the auspices of our Secretary of the Treasury. Pan-Americanism, which too long had been a pleasant after dinner phrase gradually assumed practical significance, as it was realized more generally throughout both continents that an increasing intimacy would be mutually beneficial.

It is difficult to generalize. Each nation has problems peculiarly its own, which must be given separate consideration, and regarded in the light of particular needs. It is, nevertheless, possible to state that in almost every case, the republics to the South require capital for their development, while the United States is seeking more extensive markets for its manufactured goods.

By reason of our present great and increasing prosperity, and the restrictions which the necessity for reconstruction will impose upon the European bankers who have hitherto financed development enterprises throughout the world, it would seem inevitable that those who are seeking capital must, for a time at least, largely depend upon the accommodation which they may be able to secure in this country. Fortunately, with the increase of our investing power, there has come a rapidly growing appreciation of the fact that this power, constituting as it does a national asset, should be utilized for national ends. The resources which we will have at our command will undoubtedly in some measure be available for the rehabilitation of European industry after the war. It will be to our selfish interest to assist insofar as we consistently can in the restoration of normal financial, and commercial conditions throughout the world. In order that American industry, upon which our prosperity so largely depends, may benefit by the use of our lending power, however, it must be a primary feature of our policy, as far as possible, to utilize our available capital in co-operation with the borrowers to create and assure a market for American goods. But the readiness of American bankers to undertake to offer foreign securities will necessarily depend upon the credit of the prospective borrower, and upon the return to be derived from the purchase of the securities offered. The credit of certain of our sister republics in South and Central America is unquestioned, but the development of others, equally rich in resources, has in the past been hampered by political disturbance. They have afforded fields for speculation, rather than for investment, and foreign capital has too frequently allied itself with one political party or another for illicit mutual gain rather than to secure a legitimate profit for public work well done. It has often been urged that our own government should in some way guarantee or assure the safety of foreign investments undertaken by its nationals. Our State Department may use its good offices to secure the enforcement of a just contract entered into in good faith, but it cannot, and should not, act as a collecting agency. It is in the interest of those who desire to borrow, nations as well as individuals, to maintain their credit in order that they may secure necessary financial assistance on reasonable terms. To assure public is to safeguard private credit. Where private credit is unquestioned, national borrowing power is secure.

The European war has given to the American Republics a new bond of mutual dependence. Politically we are closer than ever
before. In our mutual necessity, there is a need, and at the same time, an opportunity for much more intimate commercial and financial co-operation. You require capital while we in turn must try to stimulate the exchange of products between this country and our sister republics to the South. In order that we may sell our goods to you, we must enable you to produce more which we in turn can purchase. We are beginning to realize that we must furnish capital to our customers if we would market our goods. We must maintain a relationship which, in being mutually profitable, will bring a better mutual understanding of our aspirations and ideals. Such a relationship can be established if those who would secure financial assistance offer conditions which will attract our investment, and if we in turn are willing to grant the credits which will enable you to purchase in this country the articles which you require. Both lender and borrower must mobilize private credit, the borrower in order that he may borrow advantageously for the development of his resources; the lender, in order that he may lend intelligently for the extension of his national trade. Private credit is the ultimate basis of international finance, and we are just entering upon an era where public finance will play an increasingly important part as the most powerful instrument of constructive domestic, as well as foreign, national policy.
THE TARIFF IN ITS RELATION TO FOREIGN TRADE

Address prepared by

WILLARD STRAIGHT
Chairman, Committee on Foreign Trade Aspects of Tariff.
National Foreign Trade Council.

for the

Annual Convention of the
National Implement and Vehicle Manufacturers’ Association
of the United States
Atlantic City, October 20, 1916

NEW YORK
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Speech before the National Implement and Vehicle Manufacturers' Association of the United States.

In honoring me with an invitation to be present on this occasion, your President suggested that I address you on "Foreign Trade." The subject is a large one. As practical business men, you would, I am sure, prefer that I discuss particular aspects of this question rather than deal with broader generalities. You know your own business. I do not. You do a large export trade and desire still further to increase your sales abroad. Your Association, as I understand it, was organized to help your members by creating a medium through which, if necessary, you could take joint action. Each firm or Corporation must manufacture and market its own product. These are your day to day problems. By giving expression to your common desires, through your Association, however, you are able to influence the general conditions under which you all are conducting your individual affairs. It is right and proper that associations such as yours should endeavor to secure legislation which they believe to be beneficial to your own interests, and beneficial to the country as a whole. I propose, therefore, to deal with two specific matters in which I believe you should be interested and with regard to which I trust your Association may see its way clear to take definite and immediate action.

We have reached a period during which the policies which will make or mar the economic future of this country must be determined. In this democracy of ours, it seems that the most intelligent initiative in the formulation of such policies must be taken
not by those who are in politics, but by associations of business men such as your own.

I shall ask you, therefore, to consider the importance of the Tariff, not as a high tariff or a low tariff, a protective tariff or a tariff for revenue only. As to these functions of the tariff you have doubtless your own opinions I shall ask you to consider the tariff in its collateral aspect as an instrument, whatever be its underlying principle, to be utilized in securing for American products fair and equivalent treatment in the markets of the world.

I shall ask you also to consider the urgent necessity of securing legislative authorization for co-operation by our exporters, in order that having secured access to foreign markets, they may be in a position successfully to compete with our commercial rivals.

The European War is the overshadowing fact in the world today. We have ceased to speculate as to the immediate reasons for the war and thinking people, for sometime past, have been concerning themselves with its probable results. Its fundamental causes were economic. Its results will be economic. Military necessity has already caused a startling transformation in the financial and industrial structures of the belligerent countries.

Two years ago people prophesied that Europe would be crushed for a decade at least. Although it is obvious that the period of reconstruction will be difficult, it is equally obvious that the centralization of authority, and the coordination of finance, industry and transportation, have created economic machinery which will deal as effectively with the problems of readjustment as they have with the conduct of the war.

The warring governments have done more than establish their control over finance, industry and transportation, within their own borders. They have mobilized their economic, as they have their military forces, and the members of each of the belligerent groups are now cooperating to an extent heretofore unknown and almost inconceivable. These Powers, associated by their common determination to crush their enemies are now discussing economic alliances for the future. It is proposed that they establish preferential arrangements amongst themselves and that they jointly deal with their trade with neutral nations. Confronted by the necessity for recouping their losses these Powers are devising means by which they can assure, and derive the greatest possible profit from, their commercial expansion after the war.

The United States has been enriched during the past two years, first, because of our huge sales to Europe, and second, because we have found less active European competition in neutral markets. The United States will be Europe's greatest competitor after the war. Production in this country has been stimulated. As our gold reserves accumulate, we are witnessing a period of rising prices, which will be further enhanced by labor's increasing demands for higher pay. With the cessation of the abnormal demand for munitions and foodstuffs which will inevitably follow the conclusion of peace, we shall under any circumstances be obliged to pass through a difficult period of readjustment. To meet this situation it is essential that we maintain as far as possible our export trade as an outlet for our surplus products. If, in addition, Europe is able, under a system of preferential tariffs, to discriminate against us in non-European markets, our whole economic structure will be menaced.

In meeting this situation two facts are in our favor. Despite the contemplated arrangements between the two groups of Allies, and their possible reciprocal understandings with other countries not now at war, Europe must continue to make considerable purchases in this country. More than that, after the war, with our prevailing high prices, Europe, in order to find an outlet for her products, will seek access to this market. Our purchasing power is our first line of economic defense. We must utilize this purchasing power to protect our producers and our exporters against discrimination by the Economic Alliances now being organized in Europe. We must be on guard against possible preferential arrangements between the members of these Alliances, and between these two groups and other countries not now at war, in order that our manufacturers may
be able to compete with European manufacturers on a basis of equality throughout the world.

By capitalising our purchasing power, we must protect our domestic producers against the unrestricted importation of foreign goods and assure our export markets. To accomplish these two results we must have a flexible trading tariff. Once our markets are assured, our manufacturers must be able to meet organised competition and organized buying by equally effective combinations amongst themselves.

Approximately three-fourths of our total normal foreign trade is conducted with the countries now at war and their colonies. Sweeping changes of tariff, navigation or financial policy on the part of either group of allies, such as are now contemplated, may seriously affect the domestic prosperity of the United States, in which foreign trade is a vital element.

Will either the Entente or Central Economic Alliance continue to grant what really amounts to most-favored-nation treatment to the products of the United States? In other words, assuming the adoption of a tariff (for revenue and protection) in the United Kingdom, will the United Kingdom, France and Russia give the United States the same tariff treatment that they extend to each other and to their colonies, receiving in return no more favorable treatment than the United States accords German and Austrian products? Or will they make an exclusive concession under the American tariff the price of a favorable entry into their own markets? The same query applies to an economic alliance of the Central Powers. It is apparent that with a tariff the United Kingdom will be in a strong position to claim concessions in neutral markets in return for continued free or favorable admission to the vast market of the British Isles. Latin-American countries enjoying free trade in the United Kingdom now have, as with the United States, little or nothing to gain from negotiation. If the British Government, and other European Governments, however, demand preference for the entry of their manufactures into Latin-American countries as the price of favorable treatment of Latin-American products, a serious obstacle will confront the ambition of the United States more largely to supply Latin-American needs in manufactured merchandise.

The European need of cheap foodstuffs and raw materials is a possible deterrent to the tariff taxation necessarily the basis for such reciprocity overtures.

Although the European Governments, except the British, maintain tariff systems with ample machinery for negotiation of special commercial treaties, inter-European tariff relations were stabilized, prior to the war, by British free-trade and the most-favored-nation provision of the Treaty of Frankfort which ended the Franco-Prussian war.

No country, therefore, had reason to discriminate against the products of the British Isles, which offered the world's greatest free market. Neither France nor Germany could extend any tariff concession to a third that they did not accord to each other. Germany, however, had given notice of revision of all commercial treaties in 1917. The Treaty of Frankfort was abrogated by war and the terms of the Entente Economic Alliance forbid renewal of its most-favored-nation provision. British free trade is menaced by advocacy of a United Kingdom tariff for revenue, or protection, or both; and while certain free traders oppose the Paris economic resolutions as a step away from British fiscal policy since the repeal of the Corn Laws, others, hitherto no less conspicuous in devotion to the doctrine of Cobden, have declared that new conditions require new remedies.

A United Kingdom tariff would give what is now the world's greatest free market a basis, first, for the preferential treatment of colonial and allied products, and secondly, for the negotiation of preferential tariff agreements with non-British countries.

The other Entente Allies, moreover, all maintaining tariffs, are free from the restraints of their former commercial treaties with Germany, and Austria-Hungary, and in a position to offer concessions to those countries with which they desire to extend their trade. Similarly, the Central Powers have a greater liberty of negotiation than before the war. All European nations, therefore,
will, with peace, have a large market to offer, and may be expected to yield it only for opportunities to extend, or protect from discrimination, their foreign trade. The United States is normally the best customer of the United Kingdom and is one of the most profitable markets for France, Germany, and all the other belligerents.

Immediately the war ends, a period of commercial treaty adjustment will begin. More treaty making will be in progress in the five years after the declaration of peace than in any similar period of the world's history. The most-favored-nation relation which the European Governments have permitted the United States to enjoy, despite frequent American tariff changes and the extension of American tariff preferences to Cuba and to the colonies acquired from Spain, may not easily escape jeopardy. Many of the treaties between the United States and European Governments are ancient, with obsolete phraseology out of tune with modern expression of a new treaty system.

Even with no European disposition to discriminate, certain changes in these treaties will be inevitable if only to bring their provisions into harmony with the new agreements.

This renders highly important the United States treaty-making power. Their parliamentary system gives European Governments a superior efficiency in treaty making as compared with the United States, where the treaties are negotiated by the Executive, subject to the ratification of the Senate by a two-thirds vote. With us also, agreements affecting the revenues, must obtain the approval of the House of Representatives. The necessity of a two-thirds Senate vote for ratification requires that treaties be so drawn as to command general approval, a difficult task which can be accomplished only by the most careful consultation of public opinion prior to negotiation, the most skillful handling of the American case in the exchanges and convincing presentation of the facts to the public in order to command sentiment in favor of ratification and maintenance of the treaty obligation afterward.

The Dingley Act provided that the President might negotiate reciprocity treaties for the encouragement of American foreign commerce. He did so. The Senate declined to act upon them. The history of commercial treaties in the United States is marked by frequent senatorial disregard of the recommendations of the State Department.

The State Department now lacks, but should immediately provide, skilled resources for study of the entire treaty situation. The education of American public opinion upon treaty legislation is necessary.

The present United States tariff, approved October 3, 1913, ten months before the European war, was styled by its advocates "a competitive tariff", but the schedules were adjusted more along the lines of domestic than foreign policy. It replaced a maximum and minimum tariff, the minimum rates of which were extended to all nations which did not unduly discriminate against products of the United States. The maximum schedule added 25% ad valorem to all duties and was frankly a retaliatory weapon to be used against undue discrimination. The maximum schedule was never put into effect, although the possibility of its employment enabled the United States to obtain the removal of certain threatened discriminations. It was generally regarded as a dangerous weapon in that it could only be used against all the dutiable products of a discriminating nation, possibly involving a dislocation of commercial intercourse, more serious to the United States than a continuance of the discrimination.

The Underwood-Simmons tariff abandoned the retaliatory system, and consists of a single schedule. Paragraph A of Section IV provides:

"For the purpose of readjusting the present duties on importations into the United States, and at the same time to encourage the export trade of this country, the President of the United States is authorized and empowered to negotiate trade agreements with foreign nations, wherein mutual concessions are made looking forward toward freer trade relations and further reciprocal expansion of trade and commerce; Provided, however, that such trade agreements, before becoming operative, shall be submitted to the Congress of the United States for ratification or rejection."
No commercial agreements have been negotiated thereunder. Whether they would have been attempted save for the war it is impossible to say, but many familiar with foreign trade feel that the tariff is practically barren of trading margin. The duties on manufactures were placed as low as seemed advisable, even to radical tariff revisionists, and so many natural products, foodstuffs and raw materials were free listed that upwards of 60% of the total value of all imports now enter the United States duty free; 95% of the value of imports from South America are on the free list and with the exception of Cuba, the same proportion of imports from Central America and the West Indies; while 90% of the imports from Africa, 97% of those from Oceania, and 79% of those from Asia pass our customs houses without yielding a cent of duty.

The countries in these rapidly developing parts of the world have little to gain from negotiation with the United States, and since Europe is also a heavy customer and a source of capital, are doubly disinclined to accord the United States concessions not equally extended to Europe.

Present public discussion of the tariff in this country deals almost entirely with its domestic aspect. Little is heard of its administrative character, whether it should be a maximum and minimum, a general and conventional, a reciprocity or bargaining tariff.

Despite all the tariff talk the approaching election will not supply a verdict on one of the most important phases of this problem, namely, the method of dealing with the preferential arrangements among other nations, which may discriminate against the foreign trade of the United States. That commerce normally valued at nearly five million dollars is a vital element in our domestic prosperity for one man in every ten, daily is engaged in some activity made necessary by foreign trade. Employment, both of labor and of capital, will be favorably or adversely affected by the extension or curtailment of this trade. The economic policies which are developing as a result of the European war make it imperative that we consider the potentialities of the tariff. Yet public knowledge of tariff technicalities is so slight that the result of an election can be accepted as an expression of national opinion as to the utilization of the tariff as an instrument to encourage or protect our foreign trade. That must remain a question of policy which Congress is urged to consider. But without disrespect it may fairly be said that only a small number of senators and representatives have given detailed attention to the problem.

Congress has, however, created the United States Tariff Commission to meet a well-nigh unanimous demand for a more scientific investigation of Tariff questions and it is encouraging that this body is to come into existence at the precise moment when foreign trade problems, affecting our tariff policy, are arising in every quarter of the globe.

Section 704 of the Revenue Bill, approved September 8, 1916, provides:

"That the Commission shall have power to investigate the tariff relations between the United States and foreign countries, commercial treaties, preferential provisions, economic alliances, the effect of export bounties and preferential transportation, rates. The volume of imports compared with domestic production, consumption and conditions, causes and effects relating to competition of foreign industries with those of the United States including dumping and cost of production."

The six members of the Tariff Commission have not yet been appointed by the President. The provisions of the Revenue Bill creating the Commission limit its authority to reporting to Congress on the first Monday in December of each year or to the President, the Ways and Means Committee of the House and the Finance Committee of the Senate, whenever requested. The Commission shall make investigations when requested by any or all of these authorities. In creating this Commission, Congress has relinquished nothing of its power to fix tariff rates. The Commission is confined to the gathering of information. The determination of the Tariff policy, that is, whether it shall be a high or low protective tariff or a revenue tariff, remains with Congress, presumably to be decided by the expression of the people at the polls.

It will be one of the duties of the Tariff Commission, therefore,
to consider the effect of foreign tariff changes upon the United States and the policies necessary to meet them. Its success will largely depend upon the completeness and accuracy of information obtainable from the business of the United States and other countries.

That the personnel of any tariff commission should be highly qualified goes without saying, but it is doubly true at a time when Congress on the basis of the Commission's reports of analyzed and digested facts, should anticipate possible discriminations against American commerce. The best minds of Europe are shaping economic policies to be given effect after the war, and the United States government should be no less diligent. The reduction of the salaries of the Tariff Commissioners below those of members of other government commissions is a blow at the efficiency of the Commission and should be remedied.

The relation of the Tariff to foreign trade, regardless of whether the tariff be hereafter adjusted on the high or low protective or the revenue plane has been given the earnest attention of the National Foreign Trade Council, a body of fifty manufacturers, merchants, railroad and steamship men, farmers, bankers, created by the First National Foreign Trade Convention held at Washington in May 1914, for the continuing investigation of the problems of overseas commerce. By publishing and widely distributing its reports, and holding annually a convention to which are invited all commercial industrial organizations, corporations, firms and individuals, interested in export and import trade, the Council endeavors to encourage the development of a sound national foreign trade policy. It performs no function for the individual business of its members for they stand as general representatives, upon the Council, of their various lines of industry.

At the Third Annual Meeting of the Council in New York, on September 21 last, the importance of utilizing the tariff to encourage foreign trade and to protect it from discrimination was recognized in the following resolution, which was unanimously adopted:

\[\text{WHEREAS, the United States offers, normally, a steadily increasing market for the products of countries which require a foreign supply of articles which are produced in the United States and its possessions, and}
\]
\[\text{WHEREAS, the extension of the foreign trade of the United States, as a safeguard against domestic depression largely depends upon a favorable tariff treatment of American exports and their freedom from foreign discrimination in favor of like products of competing nations, and}
\]
\[\text{WHEREAS, as a result of the European war European Economic Alliances have been formed and are proposed, which by establishing tariff preferences among their members, would discriminate against neutrals, and}
\]
\[\text{WHEREAS, approximately three-fourths of normal American foreign trade is with the belligerents, whose commercial treaties regulating tariff relations will be revised after the war, and cannot escape the effect of far-reaching changes of tariff policy on their part, especially since all European governments, except the British, maintain tariffs devised for concessions or retaliation in the interest of foreign trade and a possibility exists of the establishment of a tariff in the United Kingdom affording a basis for preferential agreements with markets whose needs the United States desires more largely to share, and}
\]
\[\text{WHEREAS, American labor and producers are entitled to every resource of government policy necessary to preserve and extend their share of foreign markets in return for the market here afforded foreign products; therefore, be it}
\]
\[\text{RESOLVED, THAT THE NATIONAL FOREIGN TRADE COUNCIL bring urgently to the attention of the President, the Congress and the Tariff Commission, when organized, the necessity that the American tariff system, whatever be its underlying principle, shall possess adequate resources for the encouragement of the foreign trade of the United States by commercial treaties or agreements or executive concessions within defined limits and its protection from undue discrimination in the markets of the world. And be it further}
\]
\[\text{RESOLVED, THAT THE NATIONAL FOREIGN TRADE COUNCIL continues its investigation of the effect of European Economic Alliances upon the foreign commerce of the United States, and related subjects, with a view of placing its findings before the United States Tariff Commission when organized, or before the President or Congress, as may be deemed expedient, and}
that the Council co-operate with other organizations in the interest of a better public understanding of the foreign trade aspect of the tariff problem.

You will observe that this is a strictly non-partisan declaration, for it is applicable to any tariff system "whatever be its underlying principle."

It is possible that the European Economic Alliances may not be given the extreme expression now being discussed. Their complete operation may be found impractical. Whether this be the case or not, the whole international structure of commercial treaties must be reconstituted. In these negotiations we shall be obliged to take part, and in order that we may secure advantages for American trade and even to maintain our present equality of opportunity, it is necessary that we should be in a position to give concessions for concessions or possibly in extreme cases to retaliate, but never to our own disadvantage, against undue discrimination. The wisest general revision of the tariff cannot be expected to foresee all the contingencies which will arise in a world wide commercial readjustment. Therein lies the peculiar value, at this time, of the tariff commission, provided always its personnel is equal to the problems by which it will be confronted. But it is essential to the success of the commission that the business public, including labor, should study the situation. It will be necessary for associations such as your own to consider these questions, and to place before the tariff commission all possible information and to urge that legislation found necessary in the interest of our foreign trade as well as a greater domestic commerce shall be enacted. The matter is urgent and we shall be culpable if we fail to recognize the handwriting on the wall.

Just prior to the war, when industry languished, labor was idle and machinery stood still. A steady increase of foreign trade beginning in 1908, had been arrested. Exports in 1914 had fallen below 1913, but imports had increased. Natural commodities predominated in the exports and finished manufactures represented the enterprise of a comparatively small number of industries. The recent enactment of the Underwood tariff Bill had turned the eyes of many producers to foreign markets. Slack demand at home prompted investigation of opportunities abroad, for both those already embarked in export trade and those desirous of beginning, found across their path the obstacle of European government-encouraged combinations enabled by co-operation to eliminate destructive competition, reduce the cost and increase the efficiency of foreign selling.

The natural tendency of American exporters was to resort to similar tactics but here they found themselves hobbled by doubt as to the legality of such co-operative effort under the American anti-trust laws. Legal opinion from bench and counsel, presented a welter of conflict. The average business man declined to take any chance of prosecution. Bankers declined to finance combinations, the legality of which was open to question. Manufactures, devised by American inventive skill and fabricated by American labor, well adapted to foreign needs remained unexported because the cost of introduction to the over-sea consumer was too great for the individual company, and co-operative effort on the European plan legally too hazardous.

Meanwhile, leagues of foreign buyers skillfully playing one group of American producers against another were obtaining the products of American fields, forests and mines at less than domestic prices.

Foreign manufacturers thus obtained American raw materials more cheaply than American manufacturers, a telling advantage in the ultimate contest to market the finished merchandise. The American producers thus exploited dared not co-operate. An inestimable advantage rested with Europe.

The war brought us great prosperity. In 1913 the per capita foreign trade of England was $497, of Germany $679, and of the United States only $44. In 1916 it is estimated that that of the United States will be $63 or $58 without ammunition and firearms. Our foreign trade has increased, however, because our European competitors were otherwise engaged, not because we ourselves had developed an intelligent foreign trade policy.
Abnormal conditions having prevailed for nearly two years dangers for many Americans are in danger of relying upon them as permanent.

After the war, with return of confidence, in Europe there will be a demand for materials for immediate reconstruction of devastated districts and a revival of development enterprises. Programmes for capturing world markets more ambitious than any heretofore contemplated are being considered.

Europe will create cartels and trade associations of producers, manufacturers, exporters and bankers reinforced by the backing of the State, and, unless the discussions with which industrial Europe now vibrates shall fail, supplemented by economic, to succeed present military alliances.

The liberty which rivals and customers of American exporters have enjoyed to co-operate has produced highly organized foreign purchasing and selling organizations, which will constitute the apex of a wedge forced by mobilized financial, industrial, transportation, and government resources into foreign markets.

The need of unquestioned right to co-operate is shared by two main classes of American exports. In the normal year of 1913, the United States exported $2,448,000,000 worth of products which, from the standpoint of the effect of organized foreign competition may be divided as follows:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw and partly manufactured</td>
<td>$1,676,000,000</td>
</tr>
<tr>
<td>Manufactured products</td>
<td>$772,000,000</td>
</tr>
</tbody>
</table>

or about 68 per cent raw, and 32 per cent manufactured.

Since Europe's existence in the industrial world largely depends upon importation of raw materials and re-exportation of a considerable portion of them in far more valuable finished manufactured form, European co-operation is used as a two-edged sword to cut the American prices of raw and partly manufactured products and to under-sell or otherwise defeat American export manufacturers. It is significant that of the $772,000,000 of manufactured exports in 1913, $430,000,000 or nearly sixty per cent are included in the three classifications: "Agricultural implements," "Mineral Oil," and "iron and steel," the three lines of industry built up by large corporations based upon the principle of co-operation and possessing capital, resources and ability to withstand initial losses comparable to the cartels and co-operative selling organizations of Europe. But this advantage of organization for foreign trade is not enjoyed by many industries of moderate size whose administration and labor require a foreign outlet.

Since the American wage scale is the highest in the world and even the inroads of war upon the artisan class are unlikely to raise the European scale to its level, our foreign trade labors under an initial disadvantage which can be offset only by greater efficiency in manufacture and distribution. The legal doubt which retards formation of co-operative foreign selling organizations is a bar to the achievement of the efficiency attained by European rivals.

In exportation of manufactures, whether competing or non-competing, co-operation will permit:

- Maintenance of highly organized export service at a minimum cost to participants, employment of American advantages in advertising, technical demonstration and "follow-up" methods.
- Improved credit information and financing of foreign sales, more advantageous traffic contracts through greater and regular tonnage, superior facilities for customs brokerage and warehousing.
- Assumption, by the co-operative organization, of credit extension which manufacturers dependent upon a quick turnover of capital, are unable to provide.
- Survival of initial losses, fatal to an individual company which are sometimes incurred before American goods gain a foothold.
- Division of foreign business upon an agreed basis adapted to the mutual interest of all participants from the standpoint of sustained labor employment, and ability to produce at a price to meet foreign competition.
- Co-operation among competitors in a given line will permit retention of the highest talent for foreign representation. This is necessary for engineering products, the sale of which is often
related to development projects by governments or large financial interests. The maintenance abroad of representatives with wide technical experiences, initiative and commanding personality, is beyond the means of any save the largest corporations and is not justified by the volume of business available to a single company dividing the field with others. Co-operating competitors could reduce the over-head and increase the efficiency of export sales by division of orders so that each competitor will fill only those orders he is best fitted to execute in the quickest time at the lowest cost.

American manufacturers in the same line frequently engage in destructive competition for foreign construction contracts. Where elaborate plans must be submitted, the expense spells loss for those who fail and decreases the profit of the successful. Bidders on railway and power projects sometimes spend $100,000 in preparation of bids. Other advantages of co-operation are improved distribution of comparatively small articles manufactured by different factories, none of which may be in sufficient demand to warrant the establishment of individual selling agencies and all of which must meet with keen foreign competition in one form or another; and improved handling of articles of constant consumption sold at low prices and at small profit on which service and ability to handle promptly and regularly are of prime necessity. Again, orders too large for a single factory promptly to fill can be effectively handled by a cooperative organization representing a number of competitors.

Joint effort by manufacturers and merchants in kindred but not competing lines would permit the following economic advantages:

- Development of "full lines" as, for instance, axes, hammers, carpenters' tools, and building hardware or (as has been successfully tried) paper, type, printing presses, machinery, ink, stationery, other printing supplies. A first-class salesman can be a specialist in all articles of a kindred line. Arriving, for instance, at Bahia, Brazil, he will discover in a day that no demand exists for printing presses, but can employ time, while waiting for the next ship, in selling paper, type, or ink. Experienced foreign traders attach the greatest importance to the handling of full lines, one article sells another, and salesmen are kept constantly employed, a more direct representation by able selling forces than individual companies can afford.

- The right of co-operation should be sufficiently unrestricted to permit whatever organization is required, in good faith, to forward export trade.

- National interests no less than the welfare of certain industries and the labor thereupon dependent require that the right to co-operation equally extend to competing and non-competing lines without regard to extent of operation or capital and that the organization of co-operative effort possess no compulsory features as to participants not characteristic of the formation of the ordinary corporation, except that for filing essential information with the Federal Trade Commission.

- For the protection of individual American exporters from possible oppression at the hands of a more formidable co-operative export organization, the Federal Trade Commission has recommended that the laws against unfair competition be extended to the export trade.

- The Webb Bill, which provides for co-operation for the export trade, passed the lower House of Congress during the session just closed. This measure should be placed with certain amendments upon the statute books as soon as possible.

- But although co-operative sales organizations will enable us more effectively to distribute our products and to meet competition abroad, the creation of such selling machinery does not solve our problem. Our exporters, whether they be able to combine or not, must be protected against discrimination in the markets in which they desire to trade. This result may best be assured by the utilization of the tariff as an instrument to safeguard and develop our foreign trade.
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江蘇 Chiang Su. Kiangsu.

原文 Yuan ² hên ³, 當初 Tien.

所不順 80 zui ⁴ lin ⁴, nothing like you right. X

舊居停 Chi ⁴ chi ⁴ têng ², Patern.

候補道 Hê ⁴ hiê ⁴ tê ⁴, System Taicai.

薦薦 Chi ³ chê ⁴, recommendation.

親生 Chi ³ liê ⁴, In virtue of our ignorance.

諸事掣肘 Chi ⁴ chi ⁴ chê ⁴ chê ³, obstacles in way.

咬疊 Jao ³ chiê ⁴, Weschell.

再往下混 Sai wâng ³ hê ⁴ kien ⁴, Go on.
作頌
Tea cakes I'll bring to you.

時常的犯
Shuǐ chén tiān wàn. Always trouble me.

清閒
Chíyí liǎn, 轻闲 leisure.

虛度歲月
Shuí tiān shuí yě, 浪费岁月.

脣頭
Yíshē di tóu, 脣头.

當是
Yíng shì, 思念.

避難
Bì nán, 避难.

相得
Xiāng dé, 相得.

不得勁
Bú dé jìng, 不得劲.

立刻
Lì kě, 立刻.

別致
Bié zhì, 别致.

上瘾
Shàng yǐng, 上瘾.

精神
Chíng shén, 精神.

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往下 Wang, hei. "Waiting hereu."

可氣 Ko āh. "Irritating."

夥同一氣 Huó, tīng, kēhj. "Confused with others."

腳下 Chiō, hia. "Now."

引薦 Yin, chieh. "Introducer. Here appointed."

可贏了 Ko, ying², lao. "To win. No such luck."

賭帳 Tw, chang. "Gambling debt."

不是人行 Bu, chēh, jin⁴. "To woman. No such luck."

設局詐騙 Shē, chēh, sian⁴. "Conspiracy to defraud."

回進去了 Hēi², chēh, chēh. "He was shown by the side."

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驚恐  Ching' Kung
火把  Huo\(^3\) pau\(^3\)
艙板  Taung\(^3\) pau\(^3\)
幸虧  Hsing\(^3\) Kwei
拋着  Chia\(^3\) cho
時令  Shi\(^2\) ling\(^4\)
搭着  Tia' Pao\(^1\)  Tran: the idea of two wayfulness.
同著  Tung\(^2\) cho.

先伯  Haien\(^2\) au.
甘肅  Kan' Sun\(^4\).
走岔了道  Tso\(^3\) ching\(^4\) ta't\(^4\).
掌燈的時候  Ching' t'ing\(^3\) ti shih\(^2\) hou\(^4\).
瞎走  Naia' Tso\(^3\) so'blindly.
到快定更了  Tso\(^4\) kuei\(^4\) ting\(^4\) ching\(^4\) dou.
臨街  Lin\(^2\) chia'  looking out the street.
冷冷清清  Leng\(^3\) lang\(^3\) ching\(^4\) ching\(^4\) blank and
directed.
賊眉鼠眼 1 pei² mei² shui³ yu¹. Mice-and-rats eyes.
犯疑  fau¹ i². Suspicious.
不住的拿眼睛瞧  bu³ chu¹ ti² mei² yu¹ ching³ chiao². Keeps looking.
茅房  mao³ hang². W.C.
從今以後  chung¹ chin¹ i³ shou⁴. From now on.
改邪歸正  gai³ xie² gui² zi². Return to normal.
黑店  hei³ yan⁴. Robber inn.
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悼念

Chien'lin

致命

Pao'

遗辞

Mei
gong

流落

Liu

念其

Hien

设法

She

另打

Ling
ta

精力

 Wei
無賴子  wu² lei⁴ tzu¹  runaway.
冷血的  leng³ hsü³ ti⁵  heartless.
被任  chie¹ chie²  to be taken.
對給你  tui³ kei³ hi³  to give to you.
糧食店  liang² shih² tien⁴  grain dealers.
見個情  chie¹ ko³ ching²  to see a person.
還不還  hai² jen³ chi³  pay back.
立刻  li¹ ke³  at once.
吵翻  chia³ fan³  to dispute.
勸開  chue¹ ke¹  intervene.

巡檢街門  hsin² chie¹ yan³  deputy magistrate's home.
村莊  tain⁴ chang⁴  village.
見證  chie¹ ching⁴  a witness.
認了是詐詐  jen⁴ la⁴ chie¹  it was a mistake.
狡詐  chiao³ chi³  treacherous.
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犯疑 [Fan⁴ i²] Very suspicious.

打茶囪 [Tsu³ cho¹ wei²] Kneading dough.

放印子為生 [fang⁴ yin³ tsu¹ wei² sheng¹] To make a living by printing stamps.

一開門子的氣 [yi¹ kui³ me³ tui³ chi⁴] The first impression or atmosphere.

瞪着倆眼睛 [deng⁴ zhe³ lei³ yu³ chi⁴] Looking with both eyes wide open.

禮貌 [li³ me³] Mannerly.

嘴巴 [tsai³ tsa¹] Mouth, lips.
女皮裡

HHHH

修飾

打早尖

吊死

件作

往日無仇近日無冤

叫他招定了

白說不招

日記

經紀

Put out in order

Eating breakfast. Edgy

Commits suicide by hanging

Examiners

Wang jih wu chiu

Afflict cerebral hemorrhage to make him suffer

It was all in vain.
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好在 Hao" T'ao". A good thing.

没落子 hui² luo⁴ tsu. Without means. hopeless not.

盤算 Pau" suan¹. Turned the matter over in his mind.

當老公 chang² lou³ kung¹. Became a husband.

不通 chung¹ tung¹. Story needs explanation.

挑字眼儿 t'iu" yen³ y'een³. Insufficiently critical.

諸事 chu" shih¹. Instruct him in all matters.

指教 chie² chie¹. Instructed him.

傳旨 chuen¹ chie². His majesty's order.

御膳 yu" shan. Imperial dinner.

喝呼 ho¹ hun². Creed out. Refine.

大宴羣臣 ta¹ yen² chie¹ chen². Court banquet.

假比 chie³ hi³. For example.

護衛 hui² wei². Escort.

御林軍 yu" lin² chie¹. Imperial guard.

恍然大悟 huang² yen² ta" wu². All at a sudden.

it all flashed on him.

幸福 hui² bu⁴. Happy.

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自愧才短 低遜了事。

謙府重任 心不自在。

年遠去 當代現今。

強健 動機勃勃。

叨擾 多謝盛情。

在家說 估計現今。

故交 還好。

賞賜 予之。

於心不安 無法安睡。

不成敬意 意思敬意。

先敬大人一盤 聖會敬意。

可負不起 真意。

恭敬不如從命 當代現今。

周旋 發願。

依實 健康。
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IV. 贡献 Huan Chichi Han

III. 聖體康泰 Cheng' ti ³ heng' t'ai ². The health.

III. 聖駕安康 Cheng' chieh' an' heng ³. And yours?

心領 Hsin' ling ³.

福庇 Fu ² hù ³. Under your protection.

新聞 Hsin' wen ²: News.

候乘 Hou ch'eng ². Leave while you want.

出現 K'ùn' chen ³. Historical monuments.

關係現在國政的事情 K'uai' k'ai' kuo' t'ai ³ kuo ³ cheng ⁴ ti ³ phu² ch'eng ⁴.

如此緊急 Fu ² tu² chieh' ch'i ². Hasten this instruction.

久延 Chieh' yen ². Longer.

帶領  Tāi lǐng 3. Escort, To take.

護照  Huò zhào 4. Escort.

盤桓  Pán huán 2. Stay awhile, cheat a bit.

禁行  Jīn xíng 2. Debarred.

俱已  Jū yǐ 3. All.

何時啟程  Hé shí qǐ chéng 2. chi 3 chi 2.  We leave you to begin your journey.

巳初  Sì chū 3. 9 o'clock.

掃榻以待  Suǒ tà yǐ dài 1. Make bed for you, for your revelation.

托咐  Tòu fù 1.  To be a favor.

只管吩咐  zhī guǎn fēn fù 1.  You have only to minister.

尚欠歷練  Shǎng quàn lì liàn 2. Writing in experience.

尚欠歷練  Shǎng quàn lì liàn 2. Writing in experience.
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風聞 Feng1 wén2. Word of mouth.
有意滋事 "yì4 " tī1 shì4. Intended to make trouble.
設法彈壓 "shè4 fǎ4 " tán1 yā4. To take measures with force.
免生事端 miǎn3 shēng1 shì4 duàn4. To prevent disturbance.
陪客說話 "péi1 kè4 " shuō3 huà4. Attending to visitors.
科房 "kē1 fáng2. Office.
滿口應允 "mǎn3 kǒu3 " yīng4 yǔn3. Make promises.

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[Text in Chinese and English]

- 被 (bei) 1. suffered.
- 船户 (chuan² hui³) 1. ship master.
- 行走之間 (heng² tou³ chui³ chuen¹) 2. while she was under way.
- 爭論 (cheng³ lin⁴) 1. what ought to be done.
- 各執一詞 (ke³ chi¹ i¹ jui²) 1. each is different.
- 割酌可否 (cheu¹ cho² ko³ tou³) 1. under a thing.
- 暫且就要告辭 (cheu⁴ chiu¹ yao³ jao³ tou³) 1. must bid goodbye for the present.
- 光臨敬署 (keng⁴ lien³ jen³ shue³) 1. The honor of your visit.
- 水腳 (shui² choi³) 3. Fright. (sometimes)
- 措辦 (tsou¹ jen⁴) 1. To get together.
- 住址 (choi³ chiu²) 3. address.
- 未免設疑 (wei⁴ min³ she³ jui²) 1. credit kept being a little cautious.
- 確難照辦 (che³ ren³ choi³ tou³) 1. Unable to do so requested.
- 若以公事而論 (ro³ i² keng⁴ shue³ oh² lien³) 1. efficiency. (if necessary)
- 私交情 (che² choi³ jing²) 2. private regard.
光· impedes
是
措辨
住址
函致
未免设疑
扣留
函复
碍难照辨

着落 chè lòu. to miss to face.
知会 chì huì. to inform officially.
通融办理 tōng róng biàn lǐ. One or a favor.
俱是 chì chī. But was simply.
函致 hán zhì. To write to.
扣留 kòu liú. Temporarily detain.
函复 hán fù. A reply.
通融办理
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以為何如？

聘請

家私變價款外

一律贈賂各無異議

實有不解

因何

審訊之時

頗沾他的光，

寬嚴

斷令

諭服甘結

並未十分勉強

斗膽

判斷

似乎不甚公平

不妨明言

依我愚見

且恐

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幸免之詞 being "nice guy" 他. Thinks it a lucky escape.
似乎不公 "see you" which they were, not entitled to.
與此無涉 "no one cares" nothing to do with this case.
鶯無因此案而牽涉伊等私情之理 "there was & "The am. a.
或 "cherry" she'd told "she'd kill li", no right to involve
the private transactions as bearing on this case.
設若 "she go" suppose you instance.
希圖 "hai tuo" To aim at. with a view to.
置身事外 "all that did "to keep themselves clean."
方為公允 "fang wei hung jin" in the interests of justice.
據理而論 "chi li" to be true. trusted on that rule.
賀喜 "Hao xi" To offer congratulations.

總來得假 "Zong lai de jia" No time to myself.

秋審 "Chiu shen" Autumn Assay.

駿放 "Jun fang" To be presented to the Committee of Scrutiny.

老兄如此大概是要首敘的 "Lao xiong ci rui大致 shi shou sui" Not certain to your heart.

with your interest see it will be long before you're transferred

那不對指望 "Na bu wei chao" That is more time is limited.

再有諸英之慶 "Zai you zhu zhi qing" Be seen this

<br>
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有何見教。Have seen your note.
茫然。At sea... or a loss what to do.
安葬。To make funeral arrangements.
經承。Chief. (Chief.
到務。On your arrival at the customs.
囑咐。Chuih. To tell, to instruct.
造化。Suih. Some fortune.
萬無一失。Wan wu yeh shih. Certain to be so ship.
鷂鷯。Ching hun gis. M. ike a bird that's
deen list - afraid of the gun.
Wang's house. Have a visit.

A Chinese man is always busy. 2. 10. to 70.

Ching's house. Piece of attention.

Ching's house. Piece of attention.

Shang's house. One of the distinguished hosts.

Ji. A distinguished host.

Inspecting Fu. To invite, to bring.

Chung's house. An invitation.

Chung's house. One of the distinguished hosts.

To inspect. To be in a situation. Particularly

Ji. An official, an important.

Ssu. An intimate friend.

Ssu. An intimate friend.

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

指教 Chih chiu 4  advice; help

遊幕 jen shih 4 begin as a Secretary

曾就 tsung chiu 4 to have completed an active

刑席 hsiang hsieh 4 bea Secretary

因案去任 jen i chiu 4 going to certain proceedings; left his post

執意邀請 chih yeh ping 4 press an inviting; insist

誼不容辭 jia jen shih 4 could not refuse

國史館 Kuo shih kuan 4 State Historiographical Office

議致 hsia 4 formally invited
The Willard Straight Papers at Cornell University
遊玩 *yú wán* (Be in a Tiffany's)

詩會 *shī huì* (Literary Club)

每週逢星期三 *měi zhōu féng xīng qī sān* (How many times do you visit a month? Notice the *fēng* in the sentence)

下榻 *xià tà* (Sleep a. Out of at)

增光 *zēng guāng* (an additional distinction)

不長於作文 *bù zhǎng yú zuò wén* (not good at writing poetry)

無須介意 *wú xū jiè yì* (Do not bother yourself)

同席吃飯各自錢 *tóng xí chī fàn gè zì qián* (We will pay together)

會首 *huì shǒu* (Club President)

絕頂 *jué diǎn* (top)

佩服 *pèi fu* (much impressed)

粗知大概 *cū zhī gāng dài* (Rough and general)

毫無差別 *háo wú chā bié* (no slightest difference)

奉承 *fěng chéng* (Rationale)

罕見 *hǎn jiàn* (Seldom seen. Rare)

互相討論 *xiāng xù děng lùn* (Discussion together)

進益 *jìn yì* (Advantage)

揀發到此 *jiān fā dào cǐ* (Train for a written)

寶眷 *bǎo juàn* (Family of well person)
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有何吩咐 "wèi hǎi fēn"? I can do for you?

索取此款 "sōng qǔ" the "fēn kuǎi". Drawn to you for the sum.

撤訴 "chā suō" legal proceedings?

莫逆之交 "mò nì zhī jiāo" An unbreakable friendship.

停利歸本 "tíng lì guī běn" Step wisdom and return the principle.

如數歸還 "rú shù guī huán" Return the whole amount.

拖欠 "qū cháng" in arrears.

一面承諾 "yī miàn chéng nuò" Personally responsible.

通曉 "tōng xiǎo" languages.

游歷 "yóu lì" a pleasant trip.

此公 "cǐ gōng" your friend.

結為文字之交 "jié wéi zhì zì zhī jiāo" Instructed literary friendship.

最相契厚 "zuì xiāng qì hòu" And became a very close and lasting.

跡跡茫茫 "yì yì máng máng" last sight of me another.

似不必拘此形迹 "sì bù bì jū cǐ xíng jì" Such etiquette is not necessary.

幾步 "jǐ bù" is the immediate vicinity.

远 "yuǎn" far away etc.
The Graduate's Wooing

Chapter V.

Chapter, sheh yon. Short-sighted.

Sheh yon. Short-sighted.

Chau.

Sheh yon. Short-sighted.

Chau.

Sheh yon. Short-sighted.

Chau.

Sheh yon. Short-sighted.

Chau.

Sheh yon. Short-sighted.

Chau.

Sheh yon. Short-sighted.

Chau.
The Graduate's Wooing

Chapter V

出言不遜, chaoyanfu'sun. Using string language.

糟糕, zao kao. A mess. Used of a disastrous combination of circumstances.

遭殃, zao yang. So much with misfortune or mishap.

根基, keji. Foundation. Basis.

受賄賂, shou huai. To accept bribes.

鳏寡孤獨, guan gua huai di. Age, lonely, widows, orphans, etc.

勒掙, lezheng. To beg. To ask for charity.

假公濟私, jia kong zhi sui. Sum the public interests to his own account.

The Graduate's Wooing

Chapter V

雷霆, lei ting. The emperor's anger.

從地振野, cong de zhen ye. Spreading. To person, so, to.

誰也, shi ye. No one.

全家都敗盡, quan jia dou bai jin. Whole family utterly ruined.

天理昭彰, tianli zhaocang. The manifestation, shin hao. No in the slightest degree, fuai shuang is not incorrect.

昭彰, zhaocang. The phenomenon, justice of Heaven.

古僕, gu servant. Master and servant.

手足, shou zhu. Relations between sisters or brothers.
The Graduate's Woring

Chapter VI.

麻利 'ma li'. Strangely.

Chapter VII.

新诗 'xin shi'. songs from the present, to escape from life.

和露 'he ai'. friendly and flowing, constant.

情投意合 'qing tou yi he'. suit each other perfectly.

调度 'shu liu'. managing a management of troops.

'fatigued tired'.

The Graduate's Woring

Chapter VIII.

威武 'wei wu'. inspiring.

翠蓝 'tsui lan'. kingfisher blue.

平凡 'pa fan'. uncommon.

寄居 'chi chui'. take up temporary quarters.

逍遥快乐 'xiao yao kai luo'. without a care, happy circumstances.

痛悼 'tong dao'. profound comfort.

走遍 'zou bian'. go all around.

施主 'shi zhu'. The benefactor, used by priests in addressing their friends.
The Graduate's Wooing

Chapter IX

The cha'in was respected, benzofe.


烟熏火燎[烟熏] You have been burnt with smoke, and
searched by fire.

黑. sooty.

蔡化重修. Ma hao chung hui. So big subordinations for the
affair of a singhale.

my to hire, hua to change, chung, afresh.

hei. to rafinh.

割著. Hua'cho. Run a risk.
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Chapter XII.

She Graduates Wearing

Gutile shui. Careful, attention.

Gutile kuei ching. Suicide not to be.

Gutile we shuo. Mourned.

Gutile shiu. Mourned.

Gutile shiu. Mourned.

She Graduates Wearing

Chen shui. Careful, attention.

Chen ching. Suicide not to be.

Chen wu shuo. Mourned.

Chen wu. Mourned.

Chen wu shiu. Mourned.

Chen wu shiu. Mourned.

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Gutile shiu. Mourned.

Gutile shiu. Mourned.
22. insinuations, expressions.
23. "the festival of all spirits.
24. "strange thing.
25. awoken by a voice.
26. to good wishes.
27. false reports.
28. "a return of favor.
29. "his ancestral hall, also a brother.
30. "the empress, empressess.
行狀 Hoang chuan: a biogrophy & an autobiography
風 "chung" To wind.
白馬過隙 pao chi' kuo shei: D-purpose "as a white horse becomes thin."
陰陽似箭 keung ye' si chien: Time flies.
一瞥眼兒 chiu\(^3\) ye' h\(\check{\text{i}}\) glimps. glimpse.
瞬息之間 hou\(\check{\text{i}}\) hou\(\check{\text{i}}\) ch"in': In an ego.
一起親近 chiu\(\check{\text{i}}\) k"i\(\check{\text{h}}\) near. at first.
起初 chi' chi': At first, in the beginning.
盡忙著甚麼 ching chiu\(\check{\text{i}}\) chiu\(\check{\text{i}}\) shen m\(\check{\text{o}}\): What are you
收了標掛 k\(\check{\text{a}}\) la bo\(\check{\text{i}}\): Finish, end.
傳染 chuen\(^2\) jun\(^2\): The spread of a disease.
融洽 jung\(^2\) chi': Mutual understanding. To blend.
融和 jung\(^2\) ho\(^2\): To understand, unity.
另一經 liong\(^4\) ch"ing': That another matter.
溫泉 wen\(^3\) chun\(^2\): Hot Springs.
訪事人 p"ung\(^3\) sh\(\check{\text{i}}\) jun\(^2\): A reporter correspondent.
謠傳 yo\(^2\) chuen\(^2\): Rumour, tale.
打扮 ta\(^3\) pan\(^2\): To dress, give life to suit as a Christian-sided person.
死於非命 sui\(^2\) ye' fei\(^2\) ming\(^4\): To die fortunately.
"Entry to mess just fast."
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難以為主 "wei 3 chao 3 chu 3 " Difficult to find a husband.

窮善富不愛 "chung 2 hsin 2 fu 4 " pu 4 " ai 4 ".

連盟 "lin 2 meng 2 " an alliance. A treaty.

降( expulsion) "chung 4 san 1 chi 3 tie 3 " yang 1 " ro" degraded.

勒索膏費 "ke 4 so 1 sheng 9 ku 3 " fee 2. i.e. squeeze.

功勞 "kung 4 lao 2 " rank. meritorious services.

升降, 調, 

業精於勤而荒於嬉 "ye 4 " ching 1 " ju 2 " sheng 9 " ji 4 " jue 3 " huang 1 " ji 3 " xi 3 ".

The essence is success is diligent - business shall be neglected for pleasure.

財東 "fa 1 ting 1 "

東家 "dong 1 jia 1 "

抵銷 "si 3 hsin 1 " to commute as assurance.

設壇求雨 "she 1 tan 1 chu 3 yu 3 " to build the altar and bless rain.

斷屠 "tsun 4 tu 2 " to stop the slaughter of animals for food.

准 - wa 1 to dig. hung chi 1

含苞 "han 1 hau 1 " to have a graviensce.

寬容 "kuan 1 chi 1 " wide, graviensce.

吾委曲 "wu 2 " wei 1 " chi 1 " the same as above.
has remaining expressing.

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The Willard Straight Papers at Cornell University
書籲子 Shu t'ai ti - a Bookworm.
書憑 Shu yu - Book children.
書癡 Shu chih - a Bibliomaniac.
書籠 Shu lu - a Book basket. A man who has great learning but cannot use it.
道士先生 Tao hsih hsien shang - a Taoist master.
富有票 Shu yu piao - Rich ticket.
立話枝下 Li hua chi hia - Bird under the bamboo.
受戒和尚 Shou chih hsiang - A monk who has received the shell cap.
開戒壇 Kai chih tang - The tripod in which the ritual is held.
衣鉢戒牒 Yi chih hieh - "The clothes, hat, books, and diploma."

掛單和尚 (俗說雲遊僧) Kua tsan hsien hsiang (Ching yu sheng) - Wandering friars. They go to a temple to find up for a night.
方便鏡 Hsien jen - A mirror used by Buddhist priests in their travels to see what they may find.
錫杖 Hsi chang - a Buddhist abbot's staff.
尤杖 Hua chang -
僧錄司 (僧官) Sung lu sui (Sang huei) - The head of the Buddhist affairs by Imperial decree.
道錄司 (道官) Tao lu sui (Tao hsi) Same for Sarcists.
住持 Chu chih - A resident priest as entrusted with.
香火廟 Hsiang hu miao -
子孫院 Shu shun yuan -
出家剎避僧 Chie hia (Chi jiang) 5 to leave home.
1. 言语 (遵辦) "huan hua" (唇腹) ity.
2. 不可放棄 "liu chee" (cut) medicine cannot save him.
3. 病入膏育 "ping yu kao hung" (crisis) when the disease gets within the vital organs.
4. 王公 "wang shao" a common or foreign commoner.
5. 尊者 "tsun fao" a commoner or foreign commoner.
6. 賓天 "bin tien" to die of exhaustion, to be a guest of heaven.
7. 升遐 "shang hsia" "
8. 眷駕 "yu chia" "
9. 老朽不堪 "lau hsiu kung kau" (old) and cannot bear.
10. 精神强健 "chung shou liang chien" middle and strong.

吃的好 "chi" (food) "hung kung" (eating).

囲住 "wi chi" (surrounded).

險隘 "hsien ai" (dangerous place).

神速 "shen sue" (speedy).

堑戯 "wan hau" (a jocular way of speaking).
The Willard Straight Papers at Cornell University
Notes on Documentary Chinese

Compiled from the Wen

Chien, T'o

Willard Straight
Peking, Aug. 25, 1902 A.D.
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The First Document.

Shanghai Duty Notice

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<td>燕窩</td>
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<td>numerous nests</td>
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<td>丁香</td>
<td>ting xiang</td>
<td>clove</td>
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<tr>
<td>象牙</td>
<td>xiang ya</td>
<td>ivory</td>
</tr>
<tr>
<td>計</td>
<td>ek hong chi</td>
<td>total</td>
</tr>
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The Willard Straight Papers at Cornell University
"Whereas" (an abbreviation for "whereas") or "post clearance" has come forward, after due exhibition (by bond or receipt) showing that all duties and charges have been paid (as required by the Treaty Regulation, by which the goods were to be declared by any English merchant resident (these thereafter I he charged damage done any ordinary duties). Therefore, to be paid (as required by the merchant) "in person at the Custom House under duty mimeo" (this) dutt clearance is duly "issued" (given) into the hands of the master of said vessel. A necessary (must) post clearance.

Documentary.

《旗昭》 ningen chuiq To apply for.
1. 江上 619968 清楚 "post clearance"
2. 前来 619968 货物 forward)
3. 照完 619968 检验 "post clearance for examination".
4. 清楚 619968 "post clearance "
5. 按照 619968 "to be cleared in accordance with "
6. 合行 619968 "to be, shall hereby recognize the".
7. 照照 619968 没有 "post clearance"
8. 記 619968 "post clearance"
9. 者 619968 "post clearance"

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Documentary Chinese

$2.50

Instruct duty paid certificate.

Chow, by the Imperial Command of Secrecy, the Chinese Customs Officers, and the Customs Manager of the port of destination. The Certificate, when presented for examination at the port of destination, is to be examined by the Chinese Customs Officers at the port of destination and is to be returned to the bearer on completion.

and brought for examination) that import duties may be paid accordingly. It is prohibited to trade this for payment of duties at any other port. This is a necessary.

(Duty) Paid Certificate.

The above certificate issued to British merchant vessel No. 91.

To be presented on the day of arrival.

Summary of Phrases.

1. Chow. The name of the man in places. The name granted by the Emperor, first and the various parties. He who is.

2. 欉加. China China. By the Imperial Command.

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The Willard Straight Papers at Cornell University
The Willard Straight Papers at Cornell University
The Willard Straight Papers at Cornell University
The Superintendent of Shanghai Customs and foreign Territory Tariffs in the matter of issuing a duty-proofs whereas there has been received on the Yangtze River is to record stating that the Coast Trade Duties on native goods, except the three Japanese ports, where they must be paid beforehand at the port of exportation and shall be paid at the port of importation and that it is thereafter not permitted that it is forbidden to issue any more the Coast Trade Duty Paid Certificates etc. now therefore such each nationality's merchant here being has reported the former purchase of native goods brought in Chinese vessel No. 135 from Shanghai and provided with a Shanghai Duty Paid Certificate which was presented for examination and Coast Trade Duty paid at that time according to regulations. Now since the goods are not yet at sea and are about to reach the above mentioned goods when English merchant vessel No. 100 for retranshipment to Shanghai etc. since when examination by this Custom House the goods have been found to tally besides issuing a draft blank in exchange for the Coast Trade Duty Certificate, collected by this Custom House in duty paid out this proof that the Duty Paid Certificate received from the Shanghai Custom House has already been granted for examination and issue.
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The Willard Straight Papers at Cornell University
Shanghai Duty Execution Certificate

To the Superintendent of Customs and
Inspector of the Shanghai Circuit in the
matter of issuing a Duty Execution Certificate.

Whereas, such merchant who having
paid all duties on imported goods wishes
to resell them again

... and other

In the event, it is feasible when
ascertaining that the goods are in
their original packages and when
discussing that everything matches
with the previous entries, or that under
no circumstances have there been any
substituting with or substitution of goods,
to fulfill out and issue certificate
according the number, and to permit
the merchant to proceed to the
question in question to the same for

examination. In this way, he will
escape the payment of double duty.

Now whereas the German merchant
Willard Straight Papers at Cornell University

the goods tally this duty execution certificate

is duly issued. On account of

the issuance of this certificate
the merchant is permitted to take the
following goods and proceed to the
parts mentioned where, if the goods
and certificate are bound to agree,

they will be permitted to land the
goods for sale, with no further

payment of duty. This is a
necessary Duty Execution Certificate.
This goods imported in Northern vessel.
1.217. after entry had a duty of 27.5. 180.

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The Willard Straight Papers at Cornell University

Documentary Chinese

1. 拆动抽换 dishes being fogged, including with substitution of goods.
2. 仮 仮 way 仮 仮
3. 為此 仮 仮 仮 On account of this.
4. 照會相仿 dishes being fogged the goods and certificates are found to agree.

- Shanghai Tobacco Due Certificate
- The Superintendent of Customs and

- Shanghai Territorial Customs in the matter of issuing a Tobacco Due Certificate.

- ... according to English Treaty the Treaty...
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Same from Chinkiang to Shanghai, and thence to Fientsin, and requesting exemption from duty and release upon examination etc. 16. 

And now whereas the Company's employe Wu Huan, reports the purchase of tobacco at the Wailung Tree, of books, packed in 23 cases together weighing 35 piculs, to be shipped by Chines Merchant Steamer from Chinkiang to Shanghai, and thence forwarded to Fientsin, and now request the issue of a certificate, we duly grant him this Certificate, in account of the issue of which, if he presents it for examination at the Customs Barriers he may come across.

In route he will be released in order to arrive any deviation or stoppage.

The above document is issued into the hands of the China Merchant Co.

It must be presented upon arrival for cancellation.
Documentary Chinese.

1. 護照: hwei chiao, Passport.
2. 戒命: chin ming, Imperial Command.
3. 侦探使: jen ching shih, Provincial Treasurer.
4. 准: chen, To verify; used by document.
5. 總辦: tso hang, General Manager.
6. 輪船招商局: chin shan chao shou shih, China Steam Co.
7. 轉准: chuan chen, To issue a transfer.
8. 海防支應局: hai fang chi ying shih, Coast Defence Office.
10. 解: chieh, To forward.

Documentary Chinese.

11. 綴購書籍: hou kou shu chi, To buy additional books.
12. 購: tche chii, Translating the sentence.
13. 間人: chan jen, To read a special message.
14. 官書局: kuan shu shih, Provincial printing office.
15. 照購: chao hou, To buy a special list.
16. 咨委: tiu chiung, To request in a despatch.
17. 驗放: chin faang, To be released after examination.
18. 頒此: chin tsii, A supplementary expression signifying the result of a document.
Documentary Chinese

30.
正董 chieh tung, an employe of the government

31. 連箱共重 hen hsiang hung ch'ung weight altogether

32. 呈請査驗 ch'eng chiang ch'ien, to request exam.

33. 關卡 kuan chia, customs barriers.

34. 經過 ch'ing kuo, encounter.

35. 沿途 yen tu, en route.

36. 放行 fan hsiang, to be released.

37. 以免 i pien, in order to avoid.

38. 阻滞 t'zu chieh, to include, obstruct

39. 錄 chiao, to cancel.

Documentary Chinese

XXXI.

The Superintendent of Chinese Customs and Native Resident Taxee Court having jurisdiction over cases where the matter of viewing a hucksters list, whereas it is a practice in the north to receive from the Custom House officers, whenever a hucksters House, if it is exceeding regulation that upon having only relatives or other female baggage contained in suitcases goods to the Superintendent of Customs should issue a passport stating the number of pieces, and executing them from examination, etc. Now therefore, the Superintendent, Chia Jen Chi Pei, of Wen an Prefecture, Shun Tsin fu, stating that the time has come from the Government of
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The following year he must present to the Examination Hall to answer the summons, request the issue of a passport. This passport is duly stamped and presented at the various Customs Barriers and Camps for the inspection of clothes and miscellaneous packages which he is carrying. This passport is duly stamped and presented at all Customs Barriers and Guards at all mail routes. The above document is to be exhibited at all Customs Barriers and Guards at all mail routes. To be presented for cancellation on arrival.

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Documentary Chinese

11. 稳称 "ch'eng": To state in a petition.
12. 戴 "ch'ih": The time has come for.
13. 科 "ke": Triennial exams.
14. 騎 "chi": Run.
15. 北 "bei": Examination hall.
16. 費 "fei": Exam.
17. 餐 "chen": Miscellaneous roles.
18. 餐 "chen": Guard houses.
19. 餐 "chen": Please do not you are requested not to.
20. 留難 "liu nan": Revise difficulties by detaining.
21. 迅 "xun": URGENT MATTER.
22. 赴 "fu": Exhibited. To proceed to a certain place. Exhibit this instrument.
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Barriers en route. If these are any goods not covered by this document, the usual transit
dues must be paid, as per regulation. Immediately upon return to Shanghai,
this certificate shall be presented
for examination & cancellation.
This is very urgent.

The above document is issued
to licensed merchant, Young Chi.
There is a time limit of six weeks
before formal presentation.
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weighing me hundred and fifty
friends loaded upon the steamer
"Chen Hsiu" and skilled & foreknow-
for sale there, has furnished
his guarantee. Therefore besides
answering his application, this
certificate to duty issues to him, and
shewing this he shall proceed to the
commissioner of Custom and when
examination he will be exonerated from
the payment of any duty.

23) "Ting Hou". When after awaiting

Documentation Chinese

XXXIII

XXXIII

Pharmaceutical

1. 水利鰹鯽事務 Shui li chih chu tsu. Fisheries.
2. post and Salt administrations.
3. 加千级纪录十次. Chia chih chi hsi lu shih tsoi.

Responsible for rice, tea in the board of Civil Affairs.
4. 督德. Tzu lien.
5. 撫字院. Fu li yuen. Governor.
6. 交夏. Chia hsi. Early Fall
Documentary Chinese.

XXXIII.

① 萬法 shēn fa^4. try and devise a means.
② 藉以均濟 Chèn^4 chín^4 chi^4. to relieve the 
  present distress.
③ 極行免稅 kāi^4 hēng^2 mǐn^3 shǔi^4. all be 
  exempted from payment of duty.
④ 同前由 tóng^2 qián^2 yòu^2. on the same subject.
⑤ 各到道 kě tè ào^4. both have come into 
  my hands.
⑥ 所有 suǒ yǒu^3. all the relics, and to 
  express the definite character.
⑦ 米石 mǐ tài^4. rice.
⑧ 上居 shàng jū^4. the last time, last session.
⑨ 函致 huán^2 chí^4. to send a letter to.
⑩ 批示 bié shì^4. to reply to the application.
delivered without any further payment of duty.

Also in the first article of the Tin Rules regarding Transit, it is stipulated that foreign merchants carrying foreign goods from Shanghai into the Yangtze having arrived at any Tin Port, shall refer their having the goods conveyed into the interior, and if they do not carry a Yangtze Transit Pass, they shall pay all customary duties and transit. It is also stated that northern and southern merchants shall be governed by the same regulations as are the Yangtze ports.

In the Ceremonies it is stated that the foreign goods, landed into the interior must receive a Transit Certificate. The Spring, it seemed, the emperor, was about to issue a uniform...
Pharmacology

通商章程

name

若干

向

各子口

盖戳

Documentary Chinese

XXXIV

通商章程

name

名目

若干

往内地何处

内地税项

向

各子口

盖戳

Documentary Chinese

XXXIV

通商章程

name

名目

若干

往内地何处

内地税项

向

各子口

盖戳

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examination at all barriers en route, the goods being released only if the certificate has been handed.

Afterwards, if you arrive at the barrier from whence the goods are the agents, the man in charge of the goods should, with the certificate, ensure that the barrier affords facilities for the Customs House and also claim the goods. If a document is received, then the barrier shall be placed to have the barrier, and if the goods have been handed to the incumbent, he shall be permitted to have the barrier.

If there are any reasons against this rule, or if the goods are destined from a certain port, they shall be entered as such, or if there is any attempt to defraud the revenue by concealment of goods, besides confiscating all goods, the duty on all goods reported by said merchant at the first barrier will be added.

at the Customs House. If there be any false declaration of goods at the goods of the same designation (i.e. with the same number) will be seized.

This is a necessary certificate of declaration.

The said goods purchased and enumerated hereafter.
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Documentary Chinese.

1. 空白單
   Heng 4 hai 1 fan 1. Blank affiliation for Declaration.

2. 既
   Chi 1. As soon as.

3. 拆
   Chi 3. Arrive.

4. 同樣三紙
   Tong 4 tang 1 yun 4 chi 3. Hand in three papers.

5. 富堂畫押
   Tong 1 tang 2 hua 1 ya 2. At the proper place.
   1st. The Consulate.

6. 附同子口
   Fu 1 tong 2 tu 4 hao 3. Accompanied by one of the Barrier Officers.

7. 註明書內
   Chu 1 ming 2 shu 4 nei 4. Inclined in the attachment.

8. 現往
   Huan 1 wu 3. About to be shipped.

9. 蓋印加封
   Kai 1 yin 1 jia 1 feng 1. Put into an envelope and sealed.

F:

0. 飛達
   Fei 1 da 3. Post haste.

1. 按月
   An 4 yue 1. At the end of the month. Monthly.

2. 備查
   Bei 1 cha 1. Filing for future reference.

3. 運照
   Yun 1 chao 1. Transit Pass.

4. 出口海關設卡之處
   Chu 1 kou 1 hai 1 guan 1 she 1 ka 1 zhi 1 chu 1. The barrier from whence the goods are the appointed.

5. 運貨之人
   Yun 1 hou 3 di 3 jie 4 ju 4. Men in charge of the goods.

6. 由卡帶同
   You 1 ka 1 tai 4 tu 4. With self the Barrier Relation.

7. 便此例
   Ben 1 ci 4 li 4. Any officers against this rule.

8. 指赴何口
   Zhi 1 fu 1 he 2 kou 3. Destined for a certain port.
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XXXVI.

The ship, whether due to light or
strong winds, must have all the cargo
in

Now whereas the foreign merchant,
its chief, Shanghai, has reported having the
following goods, in Chinese vessel No.1,
bound for Shanghai, and has deputed
a bond in accordance with regulation,
requesting there be a certificate be granted
therein. (Note) besides nothing notary
that all details tally, and the bond having
been filed, a certificate is duly issued.

By virtue of this certificate the merchant
will be able to ship the herein registered
goods to Shanghai. Upon arrival at the
port, he must present this document at the Customs
for examination; then it may be endorsed and
sealed, and be returned to Shanghai, where
for conversion after within six months. If it

be not returned before the expiration
of this time, the bond certificate will
be hereafter forfeited.

This is a necessary bond certificate.
1. **Phonology**
   
2. 印照 *yin¹ cha²* and certificate.

3. 等物 *teng² wu¹*. Such goods, the like.

4. 稍宽其禁 *shao² kuan¹ chi² chi¹*. Slight relaxation in restriction.

5. 通商口岸 *tong³ shang¹ hao³ kou³*. Treaty Port.

6. 以此口通至彼口 *yi² ci³ tong² zhi³ bei² kou³*. From one port to the other.

7. 呈具 *cheng³ chi¹*. Drawing up and handing in.

8. 結實信據 *jie³ shi³ xin² ju²*. Material Guarantee.
XXXVII.

1. Shanghai Customs Regulations.

II. All merchant vessels bound for Shanghai must clear at the port of call before entering Shanghai, and on arrival of the vessel, the master and his crew must surrender the manifest and declaration to the custom officers on board the vessel.

III. The master of the vessel shall enter the port of Shanghai and have his vessel registered with the Shanghai Customs. The master must then proceed to the custom house and present the manifest and declaration.

IV. The master shall enter the port of Shanghai and have his vessel registered with the Shanghai Customs. The master must then proceed to the custom house and present the manifest and declaration.

V. The master must then proceed to the custom house and present the manifest and declaration. The manifest shall contain the name and address of the ship, the port of call, and the number of crew on board. The manifest shall be signed by the master and witnessed by the customs officer.

VI. The master shall then proceed to the custom house and present the manifest and declaration. The manifest shall contain the name and address of the ship, the port of call, and the number of crew on board. The manifest shall be signed by the master and witnessed by the customs officer.

VII. The master shall then proceed to the custom house and present the manifest and declaration. The manifest shall contain the name and address of the ship, the port of call, and the number of crew on board. The manifest shall be signed by the master and witnessed by the customs officer.

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IX. The master shall then proceed to the custom house and present the manifest and declaration. The manifest shall contain the name and address of the ship, the port of call, and the number of crew on board. The manifest shall be signed by the master and witnessed by the customs officer.

X. The master shall then proceed to the custom house and present the manifest and declaration. The manifest shall contain the name and address of the ship, the port of call, and the number of crew on board. The manifest shall be signed by the master and witnessed by the customs officer.

XI. The master shall then proceed to the custom house and present the manifest and declaration. The manifest shall contain the name and address of the ship, the port of call, and the number of crew on board. The manifest shall be signed by the master and witnessed by the customs officer.

XII. The master shall then proceed to the custom house and present the manifest and declaration. The manifest shall contain the name and address of the ship, the port of call, and the number of crew on board. The manifest shall be signed by the master and witnessed by the customs officer.

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XVI. The master shall then proceed to the custom house and present the manifest and declaration. The manifest shall contain the name and address of the ship, the port of call, and the number of crew on board. The manifest shall be signed by the master and witnessed by the customs officer.
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In the case of the establishment between the parties, an application must be made for a special certificate for the purpose of which they will be permitted to land.

In the case of clandestine transfer of goods, the consignee vessels will be confiscated.

All vessels entering the port must pay a landing fee. The landing fee must be paid at the time of landing. After the expiration of 48 hours, they shall be considered as per regulation.

All merchant vessels wishing to enter the harbor must have received the Customs Notes and check the manifest and shipping affidavits. Where the Customs are satisfied that the manifest is accurate, the vessel, and without notice, that all duties and charges due have been paid, the clearance papers will be handed back issued and the ship

register handing bonds for departure.

The Customs should enter an entry every day at ten and close at four, except Sundays and holidays, as will be done. Notice that all entries are by the order of the Commissioner of Customs.
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XXXVII.

22. 核鼻
   "chi" 1st chi' 1st  
   Satisfactory.

23. 皆無訛誤
   "chi" 2nd 1st  2nd 1st  
   All without mistakes.

24. 陸鴻公事
   "chi" 2nd 1st  "chung" 1st  
   Referred to the due course.

25. 聲候
   "chi" 2nd 1st  "chung" 1st  
   Sample statement.

26. 擔保貨物
   "chi" 2nd 1st  "chaung" 1st   
   Specimen goods.
Harbour Master, and whenever they arrive in 

fert they may proceed at once to the shore without 

sitting for the issuing of the Harbour Master's 

assistant. If the vessel be laden with articles 

of a dangerous nature, the vessel must accordingly 

articles, 11, 12, 40.

IV. Vessels entering the Port must have 

dissents from the Harbour Master. They must 

not change their destination without the intercession 

of his special permit.

V. In case any vessel wishes to move its 

bith after having been anchored, either the 

Master of the Chip, the Pilot, must itself, or the Harbour Master, report, at 

the upper limit, or the Assistant Officer at 

the lower, and report the matter.
XXXVIII.

XV. Vessels entering the port with infections disease on board must anchor within not less than a mile of the Harbour Limit, keeping a yellow flag upon the funnel, as communication with the shore being permitted without a special permit from the Harbour Master.

XVI. The vessel master must permit his ship's People to throw ladders, or anchor any net into the centre of the river.

XVII. Whenever the wind or any need anchors within the Harbour limits, wish to go ashore, arrangements must always be made whereby enough men to handle the anchor chains shall constantly be kept on board.

XVIII. All merchant vessels entering the harbour must rig in the jib-boom, and they will not be permitted to ship it out again without special permission.

XXXVIII.

XIV. Vessels masters will not be permitted to lay down buoys or beacons without first having the Harbour Master decide whether or not the anchor chains and the birth are all satisfactory. If permission to lay buoys and beacons has been received, a light must be shown every night if it so happens that no vessel is attached thereto.

XV. All ships allowed for laying down buoys and beacons shall be under the control of the Harbour Master if at any time he finds that the anchored vessel is interfering with traffic or that there is some other reason. The Harbour Master may order the master to change his birth. If any such change be ordered and the vessel master does not immediately comply...
XXXVIII.

The Harbour Master may take up the
matter and the owner will have

or the Captain will have

XXX.

If a vessel takes fire within the
harbour limits, the vessel shall
be in port and behind. The vessel
must sound gong
and give danger signals, and proceed
according to law being free signals,

providing at night, raise and lower the
battens in the right side of the forecastle

XXXII.

If any vessel entering the port,
loaded with explosive materials
is and not acting according to the
Harbour Master, shall order the
ship to sail back and anchor

three miles from the Harbour Limit. If
this be not complied with, the Customs will
not permit them to load or unload goods
nor will their clearance have been granted.

If a vessel not acting according to
the Harbour Master, will not be permitted
to load or unload goods. If the Harbour
Master reports that the condition has
been fulfilled, the Customs shall permit
them to proceed according to law. If
the Master breaks any other regulations
it will be entirely within the jurisdiction
of the Customs.
• Documentary Chinese.

XXXVIII.

3. 

1. 理船倉

2. 同同商

3. 指引

4. 用小火輪拖帶而入

5. 緩駛

6. 常川

7. 危險防礙之物

8. 步位

9. 指示

10. 移動

11. 種行

12. 引水人

13. 蠻可

14. 通報

15. 每逢

16. 懸掛

17. 帆柱

18. 頭尾

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XXXVIII.

16. 杜鵑 Shuan hui。 Foster.

17. 活機之木 Huo chi chi mu。 Moveless bone.

18. 水始 Shui shi。 But.

19. 錳鍊 Mao chi。 Nuclear chain.

20. 鎮清 Ching ching。 Lodge after.

21. 母急急 Yee wai ching。 Special important.

22. 月滿一月初生時 Yueh man yuh chi ching chi。 In the first and root of the moon.

23. 以期。 In order.

XXXVIII.


27. 火藥開花彈子 Kuan 1 yu chung tan 3. Cartridge.

28. 自能爆開 Zi nei pong 1 hai 4. Explosive.

29. 多費 To 1 fei 3。 In any case.

30. 唯向外開駛 Chih chih 3 hei hang 1 hai 1 chi。 How the first only to leave the thing go.

31. 能引火之油 Heng 2 yin 3 hu 3 gil yu。 Oil.

32. 壓載重物 La tai chung 1 wen 1 Wai cot. Load.

33. 登岸 Tang an 1。 So ashore.
Documentary Chinese

35. 船頭支柱之桅 Chuan² tow² chih³ chu'⁰ chii³ wei².

36. 旗杆 Chian⁴ chii³ gan².

37. 是否 Shih⁴ po⁵ whethet or not.

38. 派定 Pai⁴ ding⁵.

39. 歸 Kui³.

40. 他故 Ta'⁴ kuo².

41. 諭令 Yu¹ ling⁴.

42. 不即遂行 Bu'⁴ chi² tsui² hung⁵ immediately carry.

43. 代為辦理 Tai² wei² yo¹ hang⁵ li¹.

44. 認付 Se¹ fu¹.

45. 使費 Shih³ fei².

46. 失火 Shih² huo³.

47. 鳴鐘報警 Hoon³ chung² ho¹ chang⁴ li⁴.

48. 船被焚之桅 Chian⁴ hui² fe¹ chii³.

49. 船破望台 Kue¹ chiu³ wa² tai¹.

50. 聚破之物 Hung² ho¹ chiu³ wo¹.

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Supplementary Notice.

I. Vessels entering the port must fly a flag

II. The Master of Vessels shall be noted to enter the harbor. Whether they have arrived at any place, by which means of vessels, or from what port they have arrived at Shanghai, and all such vessels, if they have not arrived at any place, their means have been carried away, or if they have not served before the Master's signature, they are requested to do so in order that the same may be known to all.

Harbor Master:

III. If the Captain has any disagreement with the Pilot in the professional capacity of the latter in unwarrantable conduct, the Master must report the same to the Master arriving in port, and the Harbor Master will investigate the case, and act accordingly.

IV. Inside the harbor, the Master is at ease. Where there is no order, he must proceed as he deems fit, and all vessels shall proceed accordingly.

V. The Harbor Master warns all vessels that they have orders in circumstances, and enter the port with the same, for there is no danger. That it is clear or other vessels may be damaged by collision.
in which case the Captain of said vessel shall be solely responsible.

VI. The Vessel master may omit, with
before giving the requisite notice fees, unless he has received a certificate from the Harbour Master or his assistant, that the vessel is

Loosening Anchorage Regulations

These regulations have here been observed for the Harbour Master.

I. The anchorage area for foreign vessels is covered by the lines beginning with the white buoys east of a point in front of the white cottage beside the Chinese sampan.

To the foreign vessels entering the harbour of Vernon, and

To anchor thereon, must stop at a

bouy outside the harbour, and hoist a

blue and white signal flag, informing the

Harbour Master of his

officer. So that he may board the vessel and

assign the anchorage. Either the

Captain on the list of the vessel must

designate where the officer will

meet no difficulties in breaking the ship.

III. Vessels entering Vernon Harbour,

and wishing to cross the Bar, must take

hearing who the three known staves he

seen on a line in the right banks, and will

not be permitted to anchor in line with these

or within 300 ft. above or below the line.

IV. All Harbour Masters must send a

beauty to these vessels from the bar to the

Harbour Master that the channel may

be easily distinguished by lashing.
resols. Any vessel anchored in the channel, and endangering the safety of passing vessels, may be ordered to shuffle her berth.

VII. If the shuffling officer has detected any vessel or shifting, and if by not paying attention to these orders, either their vessel or another has injured, the master or master of said ship, shall be responsible for all damages.

VIII. Any vessel entering heavy weather and not anchoring, according to the direction of the anchoring officer, shall not be permitted to raise a last peak. If there be a particular reason for anchoring or unloading goods or a cargo, the master or master of said ship, must first be instructed to examine the case, and upon the weight of his opinion, they may act accordingly.

VII. Once the anchorage has been assigned by the anchoring officer, all other shipping will again lie in the hands of the captain or the chief pilot.

VIII. In the case of sailing vessels having bound for New York at Little Sable Creek, must be examined by the anchoring officer who shall enter his log. If said vessel be taken into port, the master must also be at the port to ensure the officer's anchorage without difficulty.

If any of these regulations be broken by vessels masters, they shall be under control of their owners.
Documentary Chinese

Characteristic.

Hear and see. Supplementary notice.

Report.

Desire.

At any place.

Shine.

En route.

Scale matters.

Hard disagreement.

Influential state.
The Willard Straight Papers at Cornell University
Shanghai, China, Dec. 31, 1932

Chief's Customs Notice.

None, Board Chinese Staff, Tae-kai of the
Chief's Circuit and Superintendent of
Customs, concerning the rules for the
guidance of the public.

Whereas, according to the established
regulations, the goods landed from foreign
vessels must be declared before the inspection
of customs, and after the clearance, these
documents have been issued. The merchant,
therefore, having made out these documents,
to the chief customs
for examination, and if the goods tally
be not be echoed to leave the same.

It was originally intended by these means to
prevent false declarations.

It has lately been rumored
that foreign vessels often declare goods
so being landed, leaving just landed
the goods, and then returned with their
clearance papers for examination,
and have also clandestinely landed goods
fraudulently omitted in the clearance papers,
while they had not been presented at the
customs for examination.

Where there is much negligence about
matters, and so much under-cutting between
it was inevitable that such declarations,
that such false declarations, smuggling
and variances with these practices, did
not exist. Hereupon it is necessary
to state clearly the old regulations,
for the guidance of all, in order to

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If the landed goods do not tally with the certificate, the merchant is liable to severe punishment and not the slightest leniency will be shown.

This is a special order, that must be strictly obeyed.
按察使

Pao Chia Shih. Provincial Judge.

報稅

Pao Shui. Declare goods.

鋪商

Pao Shang. Merchant.

原所以社

Yuan so i tsu. It was originally intended to prohibit by this means.

影射

Ying she. False declarations.

夾帶

Chia tai. Smuggling.

諸罪

Chu hi. All malpractices.

近聞

Chin wen. It has lately been removed.

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Shanghai Custom Notice

you are hereby informed that the
subsequent goods (hereafter the local
customs) (and containing) (the) Chinese
silk, Japanese pictures, camels, shot,
items and miscellaneous goods, (will be)
1st at 9th (by the foreign firm's horse)
(merchandise) (on the 2nd the next at 2 o'clock in the)
(Customs godown).

we there (desiring) (purchasing)
here (and) the Customs House at the
before mentioned time (to) make delivery
further, any intending buyer must carry
with his brother sufficient for the intended purchase.
the amount shall be ready settled and
may depend at the time of purchase.
my refunding (because of the purchase) does not
be ratted very many, (will not be permitted)
this is important. a public notice.

Pharmacology

Chung Ming's "Sufraica.

Qu' mai. See by another.

Kuei. Tea. Take three "San Merrhursk".

Chii-t. Li. Before mentioned time.

Mii. To make beds.

Chieh tien. The amount of dollars (not) sufficient
for the intended purchase.

Chieh t. Tea. A certain rate - setting up.

Chieh t. Time of extraction. By washing
without arguments to decide on price.


Qu'he. A Public Notice.
Documentary Chinese

This morning Anchorage in the Harbour of Chefoo.

Pursuant, by Imperial Command, Most
Provincial Judge, Superintendent of Customs
and Prefect of the Chefoo Circuit, in the
matter of issuing a proclamation.

whereas Chefoo is a place where many
residents, both foreign and Chinese, as engaged
and wherever has taken place a
military attack on the Chinese, it is necessary to
secure the public order and to maintain
peace in the city, the Governor-General
ordered the Prefecture of Chefoo, and
therefore the
Superintendent of Customs has issued
a proclamation to the Governor-General,
and it is expected that all
residents will acquaint themselves with
the nature of the same, and, upon entering
the Chefoo Harbour Anchors within
the prescribed limits, a proclamation
of the Governor-General
will be strictly observed.

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Documentary Chinese

1. 照得
   Chao te 2. Whereas.

2. 云集之所

3. 東北首
   Dong 1. Bei 2. shou 3. To the north-east.

4. 内地商船

5. 度
   Du 1. and then.

6. 欽
   Qian 1. Wager No. etc. literally to.

7. 合亟
   He 1. chi 2. Promptly.

8. 母使特示
   Mu 1. she 2. te 3. shi 4. A proclamation
   That must be
   Keely whenever.

互相, he kiaong. Mutually, etc.

Chief Customs Notice.

Plan by inferior force. Court Puisne.
Judge, informant of customs and customs material report, in the matter of issuing
a proclamation.

Whereas it is necessary that all merchants
in the harbour of Chefoo must observe a diq.

Broadcast of said order and that in the harbour, this
declaring the foregoing, and a proclamation has
formerly been issued. Instruction, these notices,
and the same by broadcast, and make it in front of
the Customs House, declaring at the same time,
that any neglect of these orders will be fined
according to regulation.

Now, however, since the Customs have
built a jetty, it is necessary that the
harness should be piled or hoisted, arrangements
have accordingly been made with the hebesseers,

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of customs (that be entered) [shall be entered] in front of the native customs (and as nearly) just as wishing to bring (to bring) those near to bring. I say, as before, to be sent in the above-mentioned enclosure, and as above there.

This declaration is issued with all punctuality for general distribution, and it is ordered that all vessels shall take notice thereof, and henceforward all foreign steamers and sailing ships, and all native vessels from Kaynien, Chusan, Foshan, Macau, Fukien and Kiu-chau, together with their crews, in entering the port, and having loaded, have only a specimen to be sent in the enclosure in front of the native customs.

By any vessel (arbitrarily) touching (to touch) at any other place, and by so doing interference with the traffic, is seen it be a foreign vessel, the specimen, as the
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Documentary Chinese

XLV.

1. 抛撒 Paschch. To dump.

2. 邊裁沙土石塊 yai tse shao te shi1 shi4 ku1. Bedrock, stones, mud, sand etc.

3. 堅礙船行 chih4 ai1 chiau1 heng2. Obstruct the navigation.

4. 築立 chu1 li4. To erect.

5. 堆積 tui1 chi1. To pile up.

6. 木樁 moo1 chuang1. An anchorage post.

7. 設立 she4 li4. To erect.


9. 不稍寬貸 sui1 shao1 tsa1 tse1. No leniency, strict.

XLVI.

a. 留居 a saman2 suih.

b. 依總治所 the shum4 tze2 shuo1 car.

c. 應赴 the shang2 fu4. To attend.

d. 會面 the shui2 men3. To meet.

e. 士兵 shih1 bin1. Soldier.

f. 支援 shih1 yu3. To support.

g. 傳令 tsa1 ling2. To order.

h. 供職 gung1 jie3. To work.

i. 任職 ren3 jie3. To serve.

j. 署理 shu4 li4. To act.

k. 代理 the shih3 li4. To represent.

l. 委任 wei4 ren3. To appoint.

m. 委託 wei4 tso1. To entrust.

n. 委付 wei4 fu4. To delegate.

o. 委任 wei4 ren3. To give.

p. 委付 wei4 fu4. To entrust.

q. 委任 wei4 ren3. To appoint.

r. 委託 wei4 tso1. To entrust.

s. 委付 wei4 fu4. To delegate.

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Documentary Chinese

XLVI.

and a Resident of the Concesses, and the
Viceroy of the Hwang Ho.

Ving, Imperial Ambassador, and
Minister of State, and Resident, and Director
of the Imperial Armory.

Tung, Imperial Ambassador and Minister
of State, Dort, Resident, Affiliating to the
Grand Council, and a Class Secretary in the
Board of Punishments.

For England:

Lord Elgin, Earl and Secretary

Foreign Affairs.

Each article has been separately
examined, and was in addition, the following
regulations have been drawn up, that these treaty
may be better arranged and more clearly understood,
and to ensure the observance by the sides of both.

Countries.

The Custom House, requirement,

of the following regulations, together with
the heretofore mentioned Treaty.

Therefore we, the Commissioners, do sign this
document with our own hand, and affix
our official seal, and in witness thereof,

duly take the Loyally signed Custom Charter
and substantiate these regulations.

The Trade Regulations, Affairs in
the tariffs, and the Supplementary Trade
Regulations.

(2) Under the recently issued Custom Regulations,

and tariffs, all goods to be any subject, which may enter and

the export duties are given, the duty shall

be collected according to the import tariff. As

if there is any subject, which may enter, export
duty is given, during that time the collector

accepting or its scale. If there be any sort

goods not mentioned, for either export
I. In import duty, articles, wherever it be not in the Duty Free List, the market value shall be assessed 20% and on 6% on interest duty.

III. The following goods shall be exempt:

1. Opium, patent medicines, tobacco, and newspaper, which shall be admitted duty-free, and the authorities shall see that it is not carried on or sold in the interior.

2. Tobacco and rice.

3. Goods returned by its owner from import duty.

4. Brandy and wine.

5. Goods exported.


The importer is required to pay: in importing goods into the interior, all with the exception of these three goods, shall be charged a 2½% duty.

The importer is required to pay: all foreign goods such as—bullets, etc., and any of the above, is strictly forbidden.

In all customs transactions concerning weight or linear dimensions, the feet, weighing one hundred catties, shall be considered

209 as equal to 133⅓ English pounds. The Chinese ching, of 10 chins, shall he considered the same as 141 English inches. 141 English inches make a Chinese ching. 12 inches make an English foot, three feet a yard, and four yards less three inches, equal a Chinese ching. This shall be regarded as the rule.

It was formerly forbidden to trade in furs, coffee, rice, etc., between China, and foreign goods, and was, however, by the new treaty regulations, these conditions have been resolved to a certain extent, and merchants will be permitted to regulate and to invest business. The import duty on oil has been fixed at 50 Tael, on a hundred catties, and the merchant, who pays the input, is permitted to sell it in the Treaty Port, after the goods have been in the port. He shall be considered as Chinese, and Chinese merchants, who will be permitted to trade it into the interior, foreign merchants, not being allowed,
ocumentary Chinese

XLVI.

To accompany it, Clause 9, of the Treaty, laying that Englishmen carrying a license may land into the interior of Chinese provinces, and Clause 28, concerning the uniform Customs Regulations, has nothing whatever to do with the trade in opium; the receipt of carrying duty on these goods being carried on according to Chinese Customs if in the future there should be a remission of the Customs Tariff, see those the opium shall not be treated as an article of speculation.

While it is forbidden to export coffee and other foreign countries, trade between the Chinese Treaty Ports will be permitted by the new Regulations. The merchant must report to the customs, the quantity, value, amount and ultimate destination of the goods, and either he will be ordered to sign a bond jointly with another business man, or, if he

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The regulations are the same as those governing coffee both. Exports duties must be paid, but no import duties will be charged, though in every case the vessels must pay tonnage dues.

English merchants will be permitted to export beans, pulses, or green beans from custom warehouses with the consent of the Collector for New China Customs, that they may be sold at any other Treaty Port, provided they have been prevented from the payment of the necessary duty.

Chinese vessels in Chinese merchants who have obtained exclusive privileges in native trade, will be permitted to import certain kinds of white, black and mixed rice (barley). The Chinese will not be required to pay duties. If the merchants' authority were to issue a permit to land all these three articles beside other beans, they must be permitted to trade directly with the Coast Treaty Ports, and do not permit them to enter the foreign

in any Treaty Port, no will they be allowed to transport goods for Chinese merchants. If any dealings in Chinese goods besides those already allowed, trade in China, Copper Cask, Rice, Bean Pulses, Green Beans, Salt, Pigments, and White Lead, must be carried on according to the new regulations. If there be any disregard of the above, the goods will be confiscated.

(To be Concluded)
Documentary Chinese

Chronology. For the First Five Articles.

1. 謹 chin. Carefully.
2. 面為商定 Min Hsiang Liang. Having conferred in person.
3. 分送 Fen Song. Distributed.
4. 東閣大學士 Tung Ko Tsi Shih Kung. Grand Secretary.
5. 都統 Tu Tung. General Commanding a Provincial Army.
7. 經筵講官 Ching Yen Ching Kung. Imperial Lecturer. Lecturer.
8. 劉階中 Liu Fa. Secretary Board of Punishment.
9. 刘階中 Liu Fa. President of the Board of Civil Affairs.
10. 检察司同四譯館 Chi Che Hui Tung Sueh Kuan. Attorney General in charge of the office for translating foreign
    European.
11. 太子少保 Tai Tso Hao Kuo. Junior Grand Preceptor.
12. 都察院 Tu Chih Yuan. Court Censor.
13. 右都御史 Yo Tse Yü Shi. President of the Senate.
14. 武備院卿 Wu Bi Yu Ching. Director of the imperial
    Armoury.
16. 刑部左侍郎 Hsiin Pu Yu Shih Liang. 2nd Class
    Secretary Board of Punishment.
Documentary Chinese

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1. 伯爵 Po² Chue¹ Earl.
2. 世襲 Shi² Pe² Hereditary.
3. 周備 Chou² Pe² Better arranged.
4. 申明 Shen² Ming² more clearly understood.
5. 親筆署押 Chin¹ Pu² Hua² Ye² Sign this document with our own hand.
6. 視用關防 Kai¹ Yang¹ Kuan¹ Fong¹ Official seal.
7. 以昭信實 I³ Che⁴ Hsin⁴ Shi² He witnesses thereby.
8. 開列於左 Kai¹ Li³ Gji² Te³ Enumerate these hereafter.
9. 通商章程善後條約 Tung¹ Shang¹ Che⁴ Hsi³ Tie² Agreement for the Trade Regulations.

10. 末賈故 Wei¹ K'ai² Ti³ mentioned.
11. 核估特價 Ho² K'u¹ Shih² Chieh¹ The market value shall be assessed.
12. 照值百抽五成征税 Che¹ Chieh¹ Po² Chou² Wu⁵ Chieh¹
13. 並 a 5% ad valorem duty there be derived.
14. 母庸議 Wu² Yung¹ I² Solitary. These we will include, with the exception.
15. 附係 Chu² He¹ To enclose.
16. 以一為準 Y¹ Wei² Chieh³ To be considered as a standard.
17. 均以此為則 Chiu¹ I² Wei² I² This is to be regarded as the rule.
18. 貿易 Hsü¹ I² To transact business.
21. 抵
22. 護送
23. 持照
24. 無涉
25. 如何徵税
26. 聽憑
27. 遇修改稅則
28. 同商二人聯名

22. 抑或
23. 錢貨原本
24. 照依
25. 特奉准買
26. 明文
27. 軍前要物
28. 内港

《Documentary Chinese》

第十一章

第十二章
A Continuation

VI. The 37th article of the English version of the Treaty of Aix-la-Chapelle states that all vessels arriving at the port of Aix-la-Chapelle must enter within twenty-four hours and that they must be unloaded within forty-eight hours. The vessels must then be subject to the customs duties of the English port.

VII. It has been decided that the duty charges specified in Article 37 of the treaty shall be reduced by one-third, and that the payment of these duties shall be deferred until the end of the year. This decision was made in order to facilitate trade and to encourage the exporting of goods.

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issue a transit pass which the
merchant must present at all barriers on
route, where upon examination a seal
will be affixed and the goods permitted
to proceed with no further collection of
duties.

In the event of such regulations,
which regulate transit, are bringing goods
in the interest of prospective, when the
arrive of the goods at the barrier,
importance must make out a memo
stating clearly the nature and value of the
goods, together with the point of declaration,
and deliver the same to the barrier
authorities. These in turn shall issue
a certificate, to be sealed by the barrier
authorities, in like manner. Upon arrival
at the first barrier, a notice must be
sent to the customs house, and when
payment is made of the transit dues, the goods
will be permitted to pass the barrier.

(No. 2.) Shall be

2. (Where the goods have been looked at ship board,

16. (After the goods have been opened or shipped,)

2. (Where it is not explicitly stated, it shall not be)

unauthorized. If goods are in transit, all
goods will be confiscated. If these
have been any false declarations, all
goods of that particular sort will be
confiscated. If the goods are not accom-
panied by proof that transit duties have
been paid, the customs shall order the
payment of the full amount, and not
until this has been settled these permission
to have goods be granted. This is done
in order to prevent any evasion of
regulations.

15. (Transit dues herein
and hereby arranged are binding) and it
note (not) be permitted to collect duty (now)
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16. 他往 Tai weng

17. 以免參差爭論 in der. jyu tyi chung lian
   To prevent confusion

18. 時刻 Shi2 Ko1. The time. Time limits

19. 便商 Pei4 shang1. Best due consideration may be shown to the conveniences of trade

20. 不得有礙收稅 Sun ti2 yu3 ai2 shao1 chu145. No interference with the collection of duties.

21. 本屬商民 Pei3 shu1 shang4 min2. Merchants under their jurisdiction.

22. 之議 Chih1 Chi4. Specified

23. 一時半為斷 121 pan4 cu1 pen4 10102. Diminished by me half.

24. 各緣由 Ko4 yuan2 yu2. Etc. For these reasons.

25. 此外 121 zu3 Cu1. With the exception outside.
   Everything not mentioned above.


27. 送貨之人 Sun1 huo1 shih1 ju2. Companions.

28. 方許 Fang4 he1. Permitted.

29. 無清 Wan2 chung4. Settle the full amount.

30. 始 Shih1. Not until. Not before.
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in which to exhibit the names of the
makers and the respective numbers of
their goods, and write the same at
the customs house for reference.

If by the expiration of the time they have not
been marked, or if no warranty certificate
shall be granted (will be granted then), and,
wherefore goods that have not been registered
will be liable to seizure at any time,
as anything may be sold under a seal, and
vice versa, confusing the same.
1. 已備案 [bei 'che'], file for future reference.
2. 按牌印戳記 [an 'che' 'gin' 'che' 'chui'], to impress a seal on each piece.
3. 作爲 [tsi 'wei'], considered as.
4. 隨重治罪 [siung 'chung' 'che', serious punishment.
5. 隨重懲辦 [siung 'chung' 'chou'], to exert every possible effort to punish.
6. 給以存票 [chi 'tei' 'pien'], issue an exchange certificate.
7. 給以免單 [chi 'mei' 'tan'], issue an exemption certificate.
8. 存行發售 [tsan 'hang', to sell by the bank.
9. 未經掛號 [wai 'ching', hung 'hao'], have not been registered.
10. 壓獲 [ch'a 'hui'], to seize.
11. 隨例 [siang 'li'], as a rule.
12. 以細報報價報價 [si 'hui', less 'hui', 'che', lower, 'che', 'chui'], to make a false declaration as to quantity or value.
13. 隨事酌情 [si 'shih', 'che', 'ching'], to act in the circumstances that may arise.
14. 收買 [shou 'mei'], to buy (forces secured by the victim).
15. 依開之價 [yi 'kai', gie 'chui'], according to the declared valuation.
in an additional article concerning "Image Dies.

The great levies in collecting by a simple duty in Customs are always too great, and are not receivable from the husband in general. In the "Image Dies," it is my humble opinion that collection of these duties is to be according to the rule in words. A particular and fixed rate, and not until this is done, will anything effective be accomplished. The existing condition among the people who know and those who know, are the fragmental duties. All duties in the article 3, which are so many and so varied, that it is impossible to regulate the matter. However, if there is any necessity to alter any regulations or to take any steps to amend a document so as to make existing regulations conformable to regulations in the treaty cases, it is impossible to do so through any assistant policy. Now to understand the different treaty regulations and adjectives, together with all the consequences, and to write unless the different parts accurately reproduce practices and customs methods, to arrange in order the treaty articles, to examine the following and to complete the 11th article, for the port regulations in the collection and execution is the duty, and it takes place, when the bill is complete, that you may send them recurring against any deficiencies and making all uniform. This paper having carefully examined the 11th article find it quite correct, and besides instructing the high commissioners of countries in a certain and sometime mode to transmit the orders, act accordingly regarding the new regulations, for the guidance of all custom houses, and submitting the article to the approbation of this treaty power.
ministers also duly requested the inspector general to order the uniform observance of the regulations in all treaty ports.

The Inspector General

Robert Hunt, Inspector General of Customs

with the consent of the Provinces' Treasurers having received in this day, eleventh month, ninth year of T'ung Chih, the 11th article of the Treaty due to regulations 285

The foreign vessels of 150 tons burden shall pay 4チン for each, and vessels of 150 tons or under shall pay 1チン for each, and since the standard unit of weight in the different countries are different, the English ton shall be considered as the standard, the rate being according to the table. 1チン equals 0.15 Tonne.

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Documentary Chinese

(1) 齐楚 chū. To systematize.
(2) 因时制宜 jí shí zhì yí. Take any steps.
(3) 以致 zhì yì. So as to.
(4) 擬議 ní. Make a decision.
(5) 重複 chóng fù. Repeated cases.
(6) 核对 hé tè. To compare.
(7) 比較 bǐ jiào. To test (after comparison).
(8) 綜紛緒 zōng fēn qù. To arrange in order.
(9) 作成 zuò chéng. To complete.
(10) 填訂 tián dìng. Completed.

Documentary Chinese

(11) 核奪 hé duó. Examine and decide.
(12) 以免紛歧 bǐ miǎn fēn qí. To ensure against any discrepancy.
(13) 而歸畫一 hái guī huà yī. Make all uniform.
(14) 尚屬周妥 shàng shǔ zhōu tāo. Find it quite correct.
(15) 咨行 zī xíng. Instructing.
(16) 相應 xiāng yīng. Only.
(17) 徵免一章程 zhēng miǎn yī zhāng chéng. Some rate regulations.
(18) 核算清單 hé suàn qīng dān. The tables.
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18. 船科

19. 莫逢
19. Every or anytime etc.

18. 收口
18. Closing.

18. 进步
18. Progress.

18. 以特备
18. Prepared especially.

18. 不致
18. So as not to.

18. 扣除
18. Deducted.

18. 船位
18. Engine room.

18. 備用
18. To hire.
The Pilotage Regulations

1. Different ports shall have their own local
regulations of their own kind, and the local
regulations, together with the number of
the Harbour Master, the number of pilots, the
necessary fees and all such matters, must
be fixed by the Harbour Master, after
consulting the Treaty Powers, Consuls
and the Chambers of Commerce, as to the
best means of procedure.

2. All Harbour limits must be carefully defined.

3. The pilotage fees must be definitely fixed.

4. Rules for the selection of Pilots

5. Either Chinese or foreigners, resident at
the various treaty ports shall be eligible to hold
the various treaty ports, shall be eligible to fill
the position of a Pilot, and their principles
shall be examined by a regularly appointed
board, in the regulations herein decided.

6. In the local practice, the selection to fill

the vacancy being made in this manner.

7. All Treaty Ports must, from the day of
opening, have a Board of Examination.

In all Treaty Ports, the Harbour Master must
consult with the various Consuls and Chambers of
Commerce, and prepare a list containing the names
of the men capable of being examined for pilots
and thus facilitate the workings of the Examination
System. Where a vacancy occurs amongst
the pilots, the Harbour Master shall select the
names of two men, and together with the Senior
Pilot shall examine the candidates.

8. The regulations & further alterations

9. Precautions to be taken in the examination of
Candidates.

10. If there be a vacancy in the list of pilots
the Harbour Master must issue a proclamation to
that effect, and eight days after this date,
and the examination will be held.
The candidates will not be expected to give the customary fees. The examination board must examine all impartially and select the man best fitted for the appointment. Should a case occur where a man although passing the first examination is still unfitted to become a pilot, it would be better to leave the decision open and avoid any chance of mistake.

The council of a candidate, a countryman or a foreigner may go to the examination hall, to be present at or take part in the superintendence of the examination.

All members of the examination board have responsibility and authority to choose.

Or to decide upon the capabilities of a men and the majority shall decide. When crews and officials are not present and every man tries to have his own opinion, the controlling note shall be cast by the Harbour Master.

The issuing of the Pilots License. It is true the State is in the habit of issuing a license to men who has been confirmed as a pilot, must proceed to the Commissioner of Customs, who acting for the local governing body, will issue to him his pilot's certificate, telling him at the same time if he is not a Chinese, must within 24 hours of the date he proceeds to his council to present his papers for examination, and the affixing of a seal.
A pilot taking out his certificate will also be given the Pilot Regulations, and his official number. If anyone wishes to see the above at any time, he must without also present them for examination.

1. Phocaology.
2. 聽 tendencies. Special Regulations.
3. 按照 快速.
4. 冒名 服化.
5. 他 water.
6. 招募. 服化.
7. 充當 服化.
8. 考选局. A Board of Examination.
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Documentary Chinese.

16. 拣選 chin1, hua1, The selection of men.
17. 充補 chung3 fu1, To fill a vacancy.
18. 預為 錄示 yu4, wu4, To prepare and publish a list.
19. 以資 yi1 zhi1, To serve as to facilitate.
20. 簽掣 chuen1 che4, To select by lot.
21. 會齊考試 hui1 chi2 kee1, Competitive examination.
22. 曾充 tsung1 chung3, Formerly acted as.
23. 因事故而斥革 yin4 shu1 chih1, chiu3 ke1, Because of the same fault.
24. 官結 ku1n1 cheh1, Government certificate.

18a. 合衆 ho1 chung2, All.
18b. 繳公 pung4 hang3, Indefinitely.
18c. 入選最優 я入 fah1 hui4, The best man.
18d. 本領 pung3 hang3, Ability.
18e. 審缺而毋用 shuen1 ke3 yau1 yung1, Leave the vacancy.
18f. 以免贻誤 jin1 min1 yu3, Avoid any chance of misfortune.
18g. 從旁 tsung1 hang2, To be present at.
18h. 監同 chuen1 tong2, To take the superintendence. 
Responsibility and authority.

Candidates become candidates for examination.

To decide.

Who is (able) and who is not.

The majority shall decide.

Held to his own opinion.

The deciding vote.
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The rules for the guidance of apprentices. All pilots who have taken out papers will be permitted to take an apprentice house, that they first inform the Harbour Master and are willing to guarantee their men. A special certificate will be issued permitting the conveying of apprentices.

The Harbour Master shall be empowered to permit certain of these men who have a certificate of competency from the Examining Board, or some other extraordinary qualifications, to pilot vessels between certain fixed limits.

All pilots are under the control of the Harbour Master.

All men having the necessary certificates may sit themselves about piloting vessels or may be employed on any other business in conjunction with others. The masters are all under the direction of the Harbour Master, and the Harbour Master is assisted by a Harbour Pilot.
(Continued)

VI. The rules for the guidance of apprentices.
All pilots who have taken out permits will be permitted to take an apprentice, provided they first inform the Harbour Master and are willing to guarantee their men. A special certificate will be issued permitting the carrying on of apprentices.

The Harbour Master shall be empowered to permit certain of those men who have a certificate of competency from the examining board or some other extra-ordinary qualifications to pilot vessels between certain fixed limits.

VII. All pilots are under the direction of the Harbour Master.

We now having the necessary certificates, may suit themselves about piloting vessels in their own account, or transacting business in partnership with others. The master are all under the direction of this Harbour Master and all dues of a Harbour Master.
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The rules for Pilot Vessels.

Masters of all Pilot vessels, must file a statement as to the name, rig, and size of their boats, with the number and the name of the steamer therein. After the Harbour Master has issued the necessary certificates, the name and number of the vessel must be plainly painted on her stern and sails, and she must carry a square flag, yellow above and green below.

The ships before may be piloted either with the consent of the Commissioner of Customs. If the pilots act according to regulation, then vessels will be permitted to pass freely in and out of the port and the harbour limits, without paying tonnage dues. Should the Commissioner of Customs or Harbour Master have occasion to send any vessel forth in the harbour limits, or if the light-ships or light-houses have any goods for transportation, the pilot vessels will be required to have their services.

At any time there may be any very urgent need for a pilot vessel, use can be made of boats not having Pilot's or Pilot's licences; provided they have Pilot's flags for the time being. The constant use of un-licensed boats will not be permitted.

Pilot vessels shall pay a yearly license fee of twenty shillings.
Vessels from foreign ports must hoist a blue and white flag. No. 2.

Vessels sailing in light must hoist a yellow-blue flag. No. 5.

The Rules for Anchoring at a Port.

1. Vessels may anchor at any anchoring ground indicated by the Harbour Master. The Harbour Master will fix the anchoring ground and assign the anchoring places. Vessels are allowed to anchor in the anchoring ground but are not allowed to anchor outside the anchoring ground.

2. Vessels may anchor in any anchoring ground except those that are fixed for specific vessels. The Harbour Master may direct vessels to anchor in any anchoring ground.

3. Vessels are allowed to anchor in any anchoring ground except those that are fixed for specific vessels. The Harbour Master may direct vessels to anchor in any anchoring ground.

4. Vessels may anchor in any anchoring ground except those that are fixed for specific vessels. The Harbour Master may direct vessels to anchor in any anchoring ground.

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7. Vessels may anchor in any anchoring ground except those that are fixed for specific vessels. The Harbour Master may direct vessels to anchor in any anchoring ground.

8. Vessels may anchor in any anchoring ground except those that are fixed for specific vessels. The Harbour Master may direct vessels to anchor in any anchoring ground.

The Harbour Master in fixing the anchoring grounds should consult the vessel masters and owners regarding the convenience of the anchoring grounds. When a vessel enters without the proper anchoring ground, the Harbour Master may direct the vessel to anchor in any anchoring ground.

The Harbour Master may delay the anchoring of vessels and direct them to anchor at any anchoring ground. The Harbour Master may also issue a general order to all vessels to anchor in any anchoring ground.
8 regulations before proceeding further.

The location of all anchorage shall be

occluded by the Harbor Master and

vessels must wait his permission before

mooring.

The Harbor Master shall receive anchorage

he is according to the regulations enumerated

hereafter.

as much per inch as for the anchorage of

steamer or sailing vessels towards by

steamer sunk when leaving or entering the

harbor limits give her


Vessels going between the buoys and their

moorings.

Vessels changing berths.

Vessels going to and from the jetty.

The above fees must be paid as each of the

boats according to Port Practice.
Documentary Chinese.
Chronology.

1. 學徒 (Hsüeh ti) affinities.
2. 携帶 (Hai Sai) to carry aboard.
3. 報名 (Piáo Ming) to register.
4. 外籍情事 (Wai hsi ching shih) in some other special qualifications.
5. 公司 (Kung ti) to form a partnership.
6. 撤銷 (Chieh chieh) to take away and cancel.
7. 票據 (Piao chu) a counter-statement.
8. 懲辦 (Ch'eng fan) to have jurisdiction.
9. 假借 (Chia chieh) borrowed (unlawfully).
10. 純工 (Shun kung) The vessel master.
11. 船尾 (Chuan wei) The stern of a boat.
12. 牌照 (Pai chiao) Ship's papers.
13. 乘坐 (Chung tao) to use or to make.
14. 違章 (Chieh chuang) To obey the laws.
15. 該管之官 (K'ai kuan chi kuan) The proper authorities.
16. 船戶 (Chuan hui) Ship's owner.
17. 分別 (Piáo jie) to hoist certain distinguishing flags.
18. 約信 (Yao hsing) Signal code.
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Documentary Chinese

1. 照料 (chao kao): to have charge of
2. 咨询 (zhi xun): to consult
3. 案卷 (xin zhuo): documents
Many boat regulations

On a merchant vessel entering part
the passengers thereof must exhibit the
tickets or commission before landing their
baggage. If there be any notice of these
rules, an example shall be made of the master
of the ship. If the ticket or commission has any reason
of the contractor or commission, and that it is possible
to suspect that an attempt is being made to
bribe the contractor or commission, he
shall insist in the passengers opening the
boxes and in case of any refusal to do so,
shall make this an issue to the commission of
Customs. Three days shall allow for the same,
within which time the mayor proceed to the customs
and make a joint examination. In the case
of the violation of this limit, the customs shall themselves
then the goods. If there be any discrepancy,
A regulating a notice to break the words;
found a notice, the notice must also be placed
all the goods shall be seized and the goods
found

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The Joint Investigation Regulations:

If any of the Treaty Ports are any cases connected with the Custom, according to the following regulations, the Consul must settle the affair conjointly with the Commissioner of Customs either by personal communication or by immediate correspondence.

1. Brackets, when these, have been arranged. The Consul shall have the responsibility of the correspondence or by immediate correspondence.

2. Upon the seizure or detention by Customs officers of vessels or goods, the aforementioned officers must inform the Superintendent of Customs who, if he thinks the punishment justifiable, shall, through the Commissioner of Customs inform the penalized merchant the disregard of which rule has necessitated the detention of his goods. A limit of five days from the date of issue of such a paper, will be given the offender, in which to file a counter-claim with his Consul. Before the expiration of this time limit, said merchant if he thinks he has been wrongfully accused.
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shall have the right to state the facts to the Commissioner of Customs, who, in turn, shall inform the Superintendent. If the latter finds the merchant's statement correct, he shall have the power to release the merchant or the goods. If said merchant does not wish to proceed to the Customs, or if the Superintendent will not accede to the request, he may make his appeal to the court. In such cases, the Superintendent shall then order the official who made the seizure to come before the court and state the facts of the case, after which they shall adjudge the matter. The Superintendent of Customs when receiving the despatch from the consul must forthwith fix a day on which they shall meet and adjourn the case. The consul shall then inform the merchant involved, that he may bring his witnesses and the consul must himself appear to the court where he shall be invited by the Superintendent to sit on the bench, together with the Commissioner of Customs. The Superintendent shall then order the official who made the seizure to come before the court and state the facts of the case, after which they shall adjudge the matter. If the merchant has any counter-statements to make, he shall do so to his consul who shall cross-examine the man in detail in order to arrive at the truth and avoid partiality. Should the Superintendent or consul not be inclined to go to the Customs House, they may send a deputy who shall have equal powers.
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and the Foreign Ministers to act in this matter. Before the affair has been decided the owner shall be permitted to file a guarantee to the amount of the proposed fine, corresponding to the number of the ship's passengers and pay all necessary fees, and the Supervising Customs Officer will then release the vessel or goods.

If the vessel and Superintendents are unable to decide in a "duty" case, they shall according to the article of these regulations direct the vessel to proceed on its journey without paying any duty, at the same time informing the Tsungli Yamen and the Foreign Ministers. If it be decided that the vessel shall go free, the Superintendents shall return the guarantee to the Council for cancellation. If it be decided that the goods are dutiable, the Council shall direct the merchant to proceed to the Customs house, where his guarantee cancelled after the necessary duties have been paid.

In case foreign ships or foreign goods or both are liable to confiscation, and the Superintendents and the Council do not agree in this matter, it shall be referred to the Tsungli Yamen and the Foreign Ministers for their decision. If the merchant has been detained, within six months in accordance with the 5th article of these regulations file a bond to the estimated value of his goods, to which the second share of the real depositing the document with the Superintendent of Customs. Should there be any question about the estimate being either great or small, the merchant's own figures shall be taken as correct. In case the Customs Officer, acting in his capacity, in the matter, should wish to buy the goods at this price, they shall be privileged to do so. If after the goods have been bought or forced sale it is decided that they shall be confiscated, the merchant will be obliged to return the sum.
in full that the guarantee may be cancelled, in case it be decided that the goods and habil are to be released, the guarantee must be returned to the sender, and the price paid as the forces be considered as the purchase price of the goods. in no case will the merchant be permitted to proceed to the custom to try and redeem his goods by returning the price paid therefor. To ascertain a correct statement.
Documentary Chinese

情節 "ch'ing-hsii": Particular circumstances of a case.

質問 "ch'ing-hsii": To cross examine.

辯駁 "li-p'i": Counter - statements.

逐 "ch'ii": Item by item.

以期得實 "yi khi ": To arrive at the truth.

而杜偏異 "er by ": To avoid partiality.

遣員代往 "ch'ing-yen ": Send a deputy.

詢問口供 "hsien wen hsi pau": To ask for particulars of a

抄錄 "chou lu": To enter on the records.

退去 "tui ch'ii": To retire.

任意 "k'u": Use one's discretion.

上控 "shang kung": Petition.

定奪 "ting to": Final decision.

請求賠償 "ch'ing so ": Shall not be allowed

大憲 "k'uai": The High authorities.

定斷 "ting tune": A decision.

出具切結 "chui ch'ieh": To certify a guarantee.

情願 "ching suan": To bind oneself.

遵斷 "sse tune": To abide by the decision.
documentary chinese

21.
斷令交付 "tsan ling" chieh chiu. To give judgment that (a sum) shall be paid.

22.

23.
權靈在該關 "chiao chu" t'iao kai kuan. The power of the customs in question.

24.
無異言 "wu" yi yen. His objections.

25.
延誤日 "yen yeh" yeh. Delay. Presentation.

26.
致該稍有費用 "chih ke" hsiao yu. To prevent further losses.

27.
索賠延擱貿易銀兩 "so" ke "yen kwo" jye "yen" lung. To claim remuneration.
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Documentary Chinese:

Before the time of...

According to the 82 article of the Chefoo Convention, the following Yangtze ports, Anhui Fating and Anchun, Hupeh-in Kiangsi, and Kussuck, Lubeihow, and Sheklih in Hubei, shall be considered as inland, not as Treaty Ports.

According to the Yangtze Regulations, foreign merchants will not be permitted to load or unload goods at these places now, however, it has been decided to make less stringent cut-rules, and steamers will be permitted to anchor temporarily and merchants allowed to land with their goods, using local sampans for the purpose. According to the local regulations, all goods accompanied by "Half Duty" certificates will be exempted from China. Native goods carrying certificates may be exported, but may not be landed.
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for sale. Other goods liable to payment of duty or lien shall be under the care of the local officials. Foreign merchants will not be allowed to trade in, or open establishments in those places.

This quotation is a general resume, the particulars are given hereafter.

The steamers hereafter referred to, are not ocean-going vessels, but simply the regular Yangtze carriers.

The native boats hereafter mentioned are not all the craft in the six ports, but simply those vessels that have been licensed by the Liblain station.

Certificates for foreign goods, when a satisfactory examination may be made, or unloaded, and native goods may be loaded and permitted to pass to the reported point of shipment. The local authorities not being permitted to

key any claim. Other goods unaccompanied by a certificate shall be subject to the following regulations.

Goods loaded at any of these ports for transportation to another must first pay the landing dues, at the same time reporting the point of shipment and the destination. Hence no station is passed, as in a journey between Tutung and Aching, or in Hei and Shaskell, it shall not be necessary to pay duties, in case it is necessary to pass a Customs station, as in going between Tutung and Aching and Wutsch, or Hei and Hei or Shaskell to Wutsch, duties shall be paid on arrival. In both cases the master may proceed to the Liblain station at the place of shipment, and after stating the number of Liblain stations he must pass en route, then, pay the full amount.
In case it is necessary to pass more than one Customs station, half and full duty may be paid at the first station. The full amount may be paid at the point of embarkation, as in a journey between Nanking or Anching and Shanghai or Kielian, or from Shanghai or Kielian to Nanking or Anching, in which case no lien shall be collected by the stations after the first or before the second Customs station. In passing any Customs or not passing any as exemptions may be claimed.

Books being shipped from Shanghai or any of the six ports to any of the Youngtze Treaty Ports or Shanghai, shall pay lien at the point of embarkation, rebating their

ultimate destination, and on arrival at the first Customs station shall there pay both full and half duties. If lien may be paid at the point of embarkation, according to the number of lien barriers to be passed before reaching the first Customs station. In case the point of destination specified happens to be the first Customs, as in a journey from Nanking or Anching to Kielian or Wuricch or Pankow, or Kielian or Shanghai to Shanghai, where arrival at the Customs only half duty shall be paid.

Exemptions from Shanghai or any of the Youngtze Treaty Ports to any of the six aforesaid stations, besides first paying full and half duty, or simply full duty as the case may be. As in a journey from Wuhu to Nanking, only full duty shall be paid, but in shipping from Nanking
Challence to sailing, two ports must be passed. Two full and half duty both be paid. Even in passing three or four ports it shall be necessary simply to pay full and half duty once and for all. Half and full duties shall be paid at the point of disembarkation. All shippers must report their destinations and take out a duty certificate for presentation at the point of discharge. Their ships shall be paid in full at the point of embarkation according to the number of barriers between the port of departure and the last customs house in the order of embarkation. The master shall be considered the next to last.

In case a bill of lading is paid at any point of disembarkation, a bill of lading must be filled out and given to the merchant that he may present the same for examination at any customs house.
Ciehan at these six ports shall have no exemption, with the customes, but shall be borne at a 2d. and no demaration rate. All duties shall be collected according to the value stated. The official scales must be the same in all ports where duties are collected.

In a journey between Chekiam and Fatang, Ciehan shall be paid at the following Barriers: Chekiam, Peiho Jone, Jing Long, Peiho, Carboir, five Barriers in K 핏要学会, En-teshe, 30 in Nansui; Nua-yang, anching and Fatang; three Barriers in Anhui, making altogether nine Barriers. At these six Cantonize stations, a list stating clearly the Ciehan stations arranged in order, and giving distances, must be hung up. For examination that all merchants...
understanding that liquor is to be paid simply between these six ports, not west of
Shanghai, nor east of Fuching Island.

Goods landed at these stations must await
examination and after being paid liquor,
may be landed when licensed sampans at
the customs office and thence sent to the
steamer. In landing, goods must be taken
of sufficiently small
is the customs office and thence examined.

If non-licensed boats are privately used
for transferring goods, the goods shall be
sipicated and the vessel master

licens ed.

The liquor accounts of the six stations
must be kept separate and a regular date
fixed, at which time the accounts shall be
finalised. The statistics and accounts are forwards for a general
closing of accounts. The above figures being recorded at all

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properly managed. The 1st day of
the 6th month of the present year.
The 1st day of the 7th month by the
foreign calendar, and the 1st day
of the 68th quarter. If the above regulations
are suitable, they shall be in force,
dating from the present day.
Documentary Chinese.

The Wen Chien hi. Sut'd.
Notice by the Commissioner of Customs.

When medicines of any kind are imported, no matter whether they be liable for free or half duty, the variety, amount and value must be clearly stated at the time of taking out the certificate, and entered in a book; that there may be no mistakes, when the original goods are reexported, etc. Do not fail to comply with this notice.

Kiang Néi.
21st day, 6th month.

First year.

As the present [given] medicines never tire, we mention chloro.
(a large nebule). From duty or half duty, at the time of taking out the examination certificate. It must then be
left the name, weight and place to be entered on a book.
and as far as we know, when those goods are exported, any times
I suggest not to break this order.
Documentary Chinese.

Chao zhe gong - So enter in a book.

Ch'uen ti chang - a mistake.

Wu wai yu l'ou - Do not disobey this order.

Notice by the Commissioner of Customs.

A despatch has been received by the Commissioner of Customs from the Inspector General concerning Japanese ginseng. There has hitherto been a tariff of 5 ch'ien per chin for all Japanese ginseng, and of 3 ch'ien 5 c'lin for the first best. It has now been decided to issue certain regulations, namely, that for the collection of duties on the first and second grades, to facilitate the collection of duties.

All Japanese ginseng valued at 10 ch'ien or more per chin shall be considered first quality, and shall be liable to a duty of 5 ch'ien per chin.

All Japanese ginseng with values ranging between 8 ch'ien and 10 ch'ien per chin shall be considered second grade and shall be liable to a duty of 3.5 ch'ien per chin.

All Japanese ginseng valued at less than 8 ch'ien per chin shall be considered as miscellaneous and shall pay a duty of 5 ch'ien.
Documentary Chinese.

In case there be any reluctance to pay duty, or Japanese ginseng valued at 10 yen, according to the tariff set for the miscellaneous grade, it shall be paid at the rate of 3.5 chin per chin, as in the case of the 2nd grade ginseng, since there are rates fixed only for the two grades mentioned. All customs must act uniformly in such matters. The merchants should be informed by proclamation to act accordingly. The commissioner also hereby notifies all merchants that Japanese ginseng entering port must be accompanied by a memorandum certificate and not mixed up by mistake with other goods in the same lot. The values of such goods must be clearly stated item by item. This is a very important document.

Phrases.

1. 以外 yì wài. Outside, besides this.

2. 以内 yì nèi. Inside, included in.

3. 災難 suǒ tān. So mix up by mistake.

4. 類分逐一開明 féng hǔ chuī kǎi míng. To classify item by item and make out a list.

5. 是為至要 shì wéi zhì yào. This is very important.
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Concerning the collection of duty on uncleaned goods.

The Commissioner of Customs at Shanghai, in a letter dated December 23, 1900, reports that the Foreign Merchants Society in Shanghai has been unable to import uncleaned goods. The goods, when imported, were found to be uncleaned, and were therefore held up for inspection. The duty on uncleaned goods is assessed at 20% of the cost price, which is too high, considering the nature of the goods. The problem, therefore, requires careful consideration. In all cases where the goods are not uncleaned, the duty will be paid at the ordinary rate, but in exceptional cases, the duty will be assessed at a higher rate.

Concerning the extension of the time limits for the issuance of clearance certificates.

The German Consul at Shanghai reports that the German Consul at Shanghai has agreed to permit German sailing vessels, which have been anchored in a Chinese port for 14 days, to pay half the tonnage dues for the remainder of the stay. In the event of any damage, the Consul will assess the facts of the case, and will deduct the tonnage dues for the time, from the sum which the vessel would otherwise have to pay.

In the case of the German sailing vessel Hamburger, which was anchored in a Chinese port for 14 days, the vessel was damaged in transit, and was then forced to remain in port for 10 days. After the repairs, the vessel was allowed to leave the port, and the tonnage dues for the time were deducted from the sum which the vessel would otherwise have to pay.
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Documentary Chinese

Soft Wood Finishing, The Cantonese Method

According to the Canton Commissaries' current year December 25th, stating: The leaf of Chinese Incense from Huang Chi, let soft wood brushes, 180 brushes, each brush thick 4.6 and refer to exponent. Examining the Canton although it contains soft wood finishing the item, it does not state clearly, thick, thin. According to foreign commercial usage (with respect to 10% increase, from inches to feet), under, there is considered a flake, that is, loose Japanese finish (which is both the finisher, as in wood, as soft, according to the tariff, shells, fat, hard, wood), words, thick, thin, this wood, please be considered a flake, therefore, these shells not according to the tariff, shells, hard, thick, thin, take 2 inches, one inch, one inch, (from that), or that was according to distincto, practiced, thickness from inches and measure it as a flake, and also 2 units, cannot see what certain buy (the wood), we apply for induction in the dispatch.

Finding out, with respect to 25.6, stating that with the tariff, the tariff, stating, being marked (with this under clause), it is noted to follow the rule. Stating the timber, wood, inch, and according to the inch, view, being a flake, under calculation, other depth, inch, refer to bundle, please be considered as thin flakes, in calculation.
infused collecting duty. Above six units there be mentioned as light wooden boxes, and according to the Tariff, five
mentioned all imported goods, according to the 5% tariff (collect
duty to forego)

Imitation Gold Thread, corresponding duties imposed on

According to the Custom Commissioners correct year dated Oct. 8th.

were, in the first list are foreign merchants who were wish to take
boxes, iron boots, and gilded, gold boots, and what not, he inquest,
they request that according to the Tariff, imitation gold thread on
collective duties to the Bank Custom House. These the Customs Tariff,
does not include these items, all is in the above manufactures give data on what, but you have to pay duty collected. If he have for sale in the street fair or the market, these merchants
was wish to import this imitation gold thread, each 100
be called at 1000. This I have, it very different. If according
to the same rules duty is collected, it is, the first thing
not be disappointing, finally, what must their collected be made.
(912.48.2 $), a Levine is requested in this matter,

Febrary 1st for wholesale to 757 $ well. Since the
store will contain imitation gold thread, the name of the M. M. T. I have in
boxes of imitation gold thread, 1000 feet, or value, all
be included therein. Sold after the rule called duty, and all up
be subject to. etc.
Additional reporting needs miscellaneous goods captured from duty motions.

Teaching the original commissions' current year and fetch.

Re: 195, referring later, the formal additional treaty, the Cornell

Technical point, China have demanded, are common tables, a codified

and the goods, to allow in escape duty. By the commissionary

of China must take the goods from; a month several days are the goods, names and proper sheets, a clear list, not so that all

may examine. From the forwarded to these later words,

specified formally are goods and forwards to a certain list, and

indicating well to act accordingly, this letter is wanted. According to the

old agenda stated herein, if there are in the "list", not mentioned

goods according to the additional regulation. In the eighth article, if

some goods meaning were by the commissionary shall want; they want

take the paper duty, temporarily held at the deficit, and written

request a done from the C. a decision.

As previous lines is the bringing these words, take the items, goods like, blankets, country oil, lumber and then goods, was noted for import, and consent they are satisfy the local

being supplying well use, and respectfully request that

secondary & several from duty all goods can may be treated. The

local commission, has for this at the basis, but the duty to

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held subject to severe moral criticism, said Bush.

Subsequent frictions among got the worse for becoming more and more.

Bush and whether it could be handled in a more appropriate way. It was not all that easy, and the effect such acts had on the society was drastic but within the scope of things. If so be that so be, requests a decision.

Sunday at 10.47. Late, that is, one's guide and Bush have been defeated for infat with players like, say, Chateaux, Lemmings, Barney, and Buchanan, have gone. As soon as Bush have been analyzed, they may be used for recruiting more necessary.

The acts of Bush must then be revised from duty, and that takes one that replaced acts and those to the extent from that last inside, to speculate because the process etc.
Pronunciation Chinese

Phonology

1. 疑難事件 "yí nán shān chén" means difficult and difficult to decide upon.
2. 核示遵行 "hé shì zūn xíng" requests, instruction on mode of procedure.
3. 當經 "dāng jīng" refers to the beginning of a reply.
4. 异異 "yì yì" difference, divergence.
5. 續修條約 "xué xiū tiáo yuē" Supplementary Treaty.
6. 允 "yǔn" to agree, to allow.
7. 減半 "jiǎn bàn" reduce by one half.
8. 扣算 "kòu suàn" to deduct.
9. 完竣 "wán jiùn" to complete the job.
10. 申請核奪復示 "shēng qǐ huò nuó fù shì" to appeal for instructions (in a dispatch to a superior).
Phonology.

11. 餐無不合

12. 解釋

13. 以期曉然

14. 開錄

15. 是日

16. 聽船主自便

17. 新為領換之執照

18. 洋式船隻

19. 拆毀
Documentary Chinese.

Phonology.

23. 惠州 "Shōu chuāng shū" to deliver in filing in the archives.

24. 貿易行市 "Mào yí zhāng shì" Commercial usage.

25. 历来 "Lì lái" Witness.


27. 不若比例 "Bù ruò bǐ lì" It is difficult to follow the rule.

28. 加倍 "Jiā bèi" So double as duty.

29. 産製 "Chǎn zhì" Manufactured.

30. 約在估頒 "Yuē zài gū bàn" Valued at.

31. 大相懸殊 "Dà xiāng xuán shū" Very different.

32. 頒發 "Bān fā" To promulgate.

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Pharmacology.

According to Yuank Hsiao.

For the sake of fairness.
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To, Commission of Affairs, addressing

Wing, Hon. Yung, Taotai Sun,

I beg to inform you, I have just received word
(your dispatch) if your decree (C) on the 28th day at
four o'clock, I know with a visit to my humble residence.

(CD) I rejoice at being able later to your teaching and am
glad to formally tranquillize your concern. 
Since my dismissal and await your charter. I wish this
in reply with best wishes. I wish you went and peace.

The name is definitely furnished.
POSSIBLY CORRECTED CHINESE

1. 遲敬者 Ching chu she: I beg to inform you.
2. 簡承雷 Ching tang hai: We have received your despatch.
3. 惠臨 We lin: So honour with a visit.
4. 幸得聆教 Hung e ling chieh: 1 shall be honoured in listening to your conversation.
5. 快慰 Kui wei: Pleased, glad.
6. 屈躬 Chi kung: To personne or bow down.
7. 倚此奉覆 Chi chieh fu: I write this in reply.
8. 順請 Shun qing: With kind wishes.
9. 賀安 Shun an: Wishing health and peace.
10. 名另具 Ming ling chiu: The card is enclosed.
Commission of Customs addressing to, 
Hakkuan Wei Yuen, the General in chief and the 
Secretary to the same office.

I have the honor to inform you that the current year 
through month 10th and 25th, 20th and 23rd, in these 
years being the Western Nations' Treaty and Merchants' Treaty. 
Being the 22nd day, (1 month) the Commissioner of Customs has 
received all the treaty and merchant's instructions, 
for which, requested your respected Commander 
of the Garrison at the appointed time, at noon to 
make his preparations and attend with a visit 
arriving himself of the invitation. 
I shall be extremely delighted of this. 
Respectfully inform you, wishing you prosperity 
peace, etc. etc.

The name is repeatedly furnished.

Respectfully inform you.

App. 24th. 

Phonology.

1. 金池 金池 金池 金池 To the same office. 

2. 煮商 与 shang 与 merchants and service. 

3. 承蟒 与 cheng chi. It has been commissioned. 
   Received instructions.

4. 恭请 kung ching. So respectfully invite.

5. 协镇 阎 shi. Commander of Garrison.

6. 期期 ke ke. The appointed time.

7. 命驾 ming chia. To order one's carriage, get ready for a visit, make preparations. 

8. 光临 guang lin. Honor with a visit.

9. 藉邀 jie yao. Accept and use the invitation.

10. 賞箋 shang shen. To enjoy the spectacle.

The Willard Straight Papers at Cornell University

Documentary Chess

Red Letters

CXXV

[Text is difficult to read due to the handwriting style.]
Documentary Chinese.

Red Letters

Documentary Chinese.

Red Letters

1. 水師提督軍門 "Shui shih ti chun mon" Admiral.
2. 駕翰 "Huaen" Flaying fo ilate.
3. 勤承見 "Chuen chung chien" To receive or execute an order.
4. 賞分 "Shang fen" Rewarding. I wrote to.
5. 如約 "Ru yue" as agreed to. It by treaty / bargain. Agreeful.
6. 點名稽查兵勇  "Chen men shih tsu ping yung" Numbering the military, a general muster, officers and men.
7. 視核 "Shih ho" To inspect.
8. 帳務 "Chang wu" The Accounts.
9. 督率 "Shui shuai" To reform / mend / direct.
10. 跟同 "Gyen t'ung" With others.
Documentary Chinese

Phonology

(1) 赴命 go "ming" to follow a call, accept an invitation.

(2) 萧時Ing hsiao-shih "shih" is to listen to others' opinions.

(3) 抱歉之處 help "pao". I offer my apologies.

(4) 萧時 Ing hsiao-shih "shih" is to listen to others' opinions.

(5) 伸謝 shun-hsiao "hsiao" to express one's thanks.

(6) 歡請台南 chin-chung-tian "chung" with respectful kind inquiries.

(7) 惟照不一 wu-tshih-lu "lu". Direct your thoughts more than once to this note.
Documentary Chinese

Red Letters

November 18

In a letter I experimented the Western
notion of business. In order to avoid myself
from trouble, I thought in the office we are
the most important business. One of the
appointments I shall not
be able to attend myself. Your kindness,
I am greatly indebted for
and I am grateful to everykind of help you
are giving me. With kind regards, I am

Phonetic Chinese

1. 相邀: xiang yao, to invite, an invitation to.
2. 本谋: ben mou, First idea - Original intention.
3. 趋赴: qu fu, Go to do, to readily follow an invitation.
4. 以资观: yi zan guan, In order to avail oneself of a spectacle.
5. 矜情: jing qing, Your kindness.
6. 心领: xin ling, Indebted for.
7. 是荷: shi he, I shall thank you for: to be obliged.
8. 尊此布履: zun ci bu li, I especially inform you of this reply.
Documentary Chinese.

Paper Letters.

The above is to say, after receiving your letter, I have been working on the 11th, on the 12th day and the 13th term of the year. I am sorry to hear that you have been unwell and unable to meet. Accordingly, I hope to do my best to make you feel better. I have been working hard on the day my apologies. I will therefore try to write you as frequently as possible. I hope to hear from you soon.

Yours sincerely,

[Signature]
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1. 得悉 so be informed of. So note the contents of.

2. 極欲 do you so desire very much.

3. 恭赴觀光 "humble humble though. So do it of the house of viewing" the spectacle.

4. 未獲 "I cannot manage to." Can not manage to.

5. 祈 "beg.

6. 告罪 "I am sorry. So make apologies.

7. 有幸 "I shall be pleased if you will. I will thank you to.

Phrasology

Treating Chinese
The Western was yours in addressing the Commissioner of Customs.

You will have then received the letter from the Commissioner of Customs announcing the receipt of an address from the Commissioners of Customs at the appointed time, and the letter will have been sent by the last mail.

On the receipt of this letter, it is necessary to inform by letter the Commissioner of Customs to request that he will make the examination of the goods and send the same to you as soon as possible.

I am, therefore, addressing the Commissioner of Customs in your earliest convenience.

Respectfully,

The Willard Straight Papers at Cornell University
Documentary Chinese.

Red Letters.

The Hon. W. W. Port, address, Commissioner of Customs.

I have just received your honorable communication that last night a customs officer seized miscellaneous articles (which) were prepared for a hospital, and whether or not you should free them. (The goods). I trust you will consider this matter and reply. The examination of these goods, unless special, is by the customs, and the next, that is shipped, 

knowing this condition, intentionally break these. Especially this is an infringement of customs rules. Moreover, considering that you have advised me to clear, these drugs, which are for a hospital, are prepared, I cannot very well strictly according to regulations, besides ordering the release, otherwise, you will inform you.

And I hope that you will inform the said missionary, however, if he has run a sickly boat in a hospital necessary to any goods, they must first return to give to the customs and report, and this avoid said and Master's signing the clearance for landing a smuggling. I shall be greatly obliged, truly. Especially reply.
Documentary Chinese

Chaoology

1. 童示 Su shih 贽 own instructions, yours, better.
2. 进予 Ch'ung yü 供, i.e. the release.
3. 明知故犯 Ming ch'ung hui fan 

Ch'ung ch'i fa n, knowing the conditions intentionally
violates them.

4. 毋属 Shih shih. Certainly.
5. 第 5.6 But, however, merely.
6. 重以 Ch'ung i 惟 that.
7. 自未便 Su wu pian I cannot any well.
8. 求补布之 Su fu fu To inform by special relay.
9. 铁赴 Suw fu Sending by boat.
10. 裁圆 Shih ju To seize an excuse for stopping.

Documentary Chinese

Chaoology

1. 矛混 Pi hun Irregularities, Smuggling.
2. 是为至荷 Shih wu k." He shall be much obliged Monday.
Hearing: Chuan-Yung Tsetai Sin addressing commissioners of Customs.

They inform you I have received your dispatch. In October
(1) "Our" Mavilla coming needs must have a lodgings. (2) will it be
it is not yet possible to know a foreign boat. (2) I hence reply to you
in the meantime and also communicate the result of the conference with
the Commodore. I have just received his reply that the local squadron
(3) of boats under officered (4) for all those at once and
guards, and for the official boats. (5) it will be difficult to detach
(6) and with these boats been easily brought into our care
and sold not serve as residences. Because the (7) I promptly
and request the commissioners of Customs to examine whether
not he can transfer these, or take the local Customs' ferry boats (8)
and in what manner to may decide, I shall not detach them and have them transferred
(2) I must like if you go intentions to decide (8) while do (8)
(2) Professfully inform you of this. I return.
Dear Sir,

I have the honor to inform you that I yesterday read your favorably written and received your communication with the enclosed regulations. It seemed to me that the regulations were not necessarily, and in the second, that the regulations, with the regulations, suggesting that the regulations were not necessarily.

I have also written a reply, originally issuing a proclamation, holding the document (or proclamation). And that tomorrow in the day after you are likely to know we will leave first fixing a time. I would request that on the 3rd afternoon at 3 o'clock, you should bring my order, that I may know the good times and await you. I sincerely reply. I am et.

Yours truly,

[Signature]
University Chinese

Phrases:

1. 诵 "sung": Go read in a musinging tone.

2. 菊花 "huā jiā": Peach blossoms shuttle your note.

3. 太移 "tài yí": Jan communication.

4. 附送 "fù sòng": Enclosed. Enclosures.

5. 会衔晓示 "huì xián xiǎo shì": This joint household conjointly issues a proclamation.

6. 顾同 "gù tóng": So have with a visit.

7. 烹若 "pēng ruò": In before get ice.

8. 赐候 "cì hòu": We respectfully await.
The commanding officer is away, and
head of the Central Customs Station.

Concerning the forwarding of
the cargo.

Since we have received from the Commissioner of Customs
a notice that the "Thirty-first" has a way
of carrying clandestinely provisions for the feeding
of prisoners, came to the Customs. At that time my predecessor
announced the Colonel had reported this excellently. The Central
Commission communicated this order to forward to the Army's
Commission to examine and receive, and sent it to the Commissioner
for the Army to check and examine the freight
value and write officially to the Army Customs Station
for the calculation of duty. At the same time
affirm that the matter has been recorded.

When we received from the Army Customs
Station a despatch stating that the provisions of the
freight at 5 for 6 were forwarded in due course
in the name of the despatch, the Commissioner and
ask him to take the trouble to examine and reply.

This is a necessary despatch.
## Documentary Chinese

<table>
<thead>
<tr>
<th>LVII.</th>
<th>Phraseology</th>
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</thead>
</table>
| **1.** | 扬镇
| **2.** | 拍
| **3.** | 照送
| **4.** | 休
| **5.** | 要
| **6.** | 前任
| **7.** | 欧
| **8.** | 解封
| **9.** | 解封
| **10.** | 警
| **11.** | 去

### Notes
- **Ching**: 亲
- **Chao**: 超
- **Tsou**: 煙
- **Chun**：軍
- **Hou**: 侯

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The Willard Straight Papers at Cornell University
Documentary Clause

If German subjects in the Shanghai, in honor.

Huphe, Chingsi, Cheching, less permanent, if true by
any charges against or criminal actions. All shall be
sent to the country's present living at Shanghai's Court,
for the court of the case. This country's living at, hupe's
court, shall be under the Shanghai Court's jurisdiction.

This ching is a chancing to the former of Shanghai.

She above, German subjects of true of any claims against
a criminal action. All shall be sent to the country's living
at Tianjin Court. This shall judge the true affairs, and
judge the same. This country's living, machinery in Chefoo.
His courts, shall both be under the court in Shanghai.

This thing has been forwarded.

Hope we write the E. G. to examine.

This is a necessary dispatch.
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The Willard Straight Papers at Cornell University
1. 協領  

2. 廣防分府  

3. 扶植  

4. 為此移請查照  

5. 希即轉移  

6. 俾免沿途阻滯  

7. 合就照會

By way of reply to a draft 17. Note: Mention of 7 clergy.

23 more. 13th day. We received the instructions for action. Report for inspection. Concerning the building of light houses. This year we think to use in Peiping. Communication.

Short, except with the assistant. Engage for 24th day. Proceed to the plot formerly allotted. Reforms and discuss as to the best place for landing materials. Start work. First to send workmen to lift off the foundations. After this, the materials can be thrown into the plot. The place previously used shall be changed. Remember that the work must commence by the end of the year. Then the job will be easier.

In the former plan, there will be slight change. Remember those in grey herringbone and woolen. Measurements taken clearly. Concerning the arrangements, and according request to withdraw from the project. Consider the situation and issue a proclamation. A message is written that they must not delay the work and make conclusions. Besides clearly stating facts and according agreement, restricting this magistrates to first issue a proclamation.
Documentary Chimes

Also, I am in duty bound to necessarily undertake that he
the communication and respect the Conclusions of Author,
and also add some to the beginning and ending of words, and
suit their parts accordingly & the times require us.

A necessary document.
Documento chino

2. 照覆 "zhào fù"
3. 建造塔燈 "jiàn zào tǎ dēng"
4. 興工 "xìng gōng"
5. 不日 "bù rì"
6. 營造司 "yíng zào sī"
7. 原勘地方 "yuán kān dì fāng"
8. 勘度 "kān dù"
9. 地勢 "dì shì"
10. 填築 "tīn zhù"
11. 地基 "dì jī"

值得 "zhì dé"
Documentary Chinese.

Supervising among customs matters Colonel Chang

is about to send a dispatch.

In the past year the ninth month the third day received

the Commissioner's communication (concerning) Same day

that it would be permitted to sign a bond (and) avoid paying

the deposit (of) half duty, that case. If the local post wishes

follow the Shanghai procedure (they might) expect

that it would be carefully observed (or in any mistake)

(and need) not worry about the matter etc. (Upon the

receipt of) on receiving this (and) examining this case,

we (also) receive the Commissioner's orders, with directions

not to act accordingly. But on receiving the Commissioner's

letter explaining the situation it was most reasonable

way in which needs. Forward the report received. However, the

thus reported Shanghai methods why (can they)

not yet been clearly stated (and) that we must needs

communicate with the Commissioner, beguine him to trouble

examine (in the matter) to take the Shanghai customs, whatever

method, any regulation, and state them in detail in a

dispatch to facilitate the report to the Commissioner for

examination & judgment. This is really in the public

interest. a necessary dispatch.
Documentary Chinese

Phrasology

1. 具保結 Chü "bao-chêk".
2. 雙 Ching ".
3. 預期 Ko' "chi".
4. 應重 Shin 'chung.
5. 不須過慮 He hóu' kuò 'lu".
6. 第 Si".
7. 陳說 Chen' "shuo".
8. 傳有條理 Chü' "yu" "kao" "li".
9. 轉詳 Chuan' "hsiang".
10. 但 Fan".

Documentary Chinese

Phrasology

1. 尚未 Shang "wéi".
2. 明鏡 Ming "hsü".
3. 詳錄 Hsian' "lu".
4. 轉軍 Chuan' "jüng".
5. 拘奪 Cha' "kōu".
6. 實為公便 Shih' "wó' kung' pien".
The Willard Straight Papers at Cornell University
Teaching Imperial Decrees Subkorn the Capital Board of Grades the High Officials in the matter of sending a despatch:

Having received Kung Foo Sonnam's (despatch) stating that whereas he the Sonnam had memorialized the throne and received the Imperial reply to take the transferred K'mn (Subkorn) Kunichao regiment and quietly recall one half and K'mn (K'mn) over to the newly appointed Yinnam (Kai Hua) Calmool Board (that he might) had them all back into Kunichao to rejoin their division's. All K'mn said the Kunichao troops before from the Kunichao had issued foreign guns 480 face which (this) must carry back to the Kunichao and turn over to the Customs. The Kunichao government to examine into the matter, also addresses the Board to act accordingly and that facilitate the informing of all the Kunichao Customs. The examination and execution without evasion etc. Upon the receipt of this we duly informed the Commissioner of Customs that he might be prepared by examination of this despatch if these (happen) to be any Kunichao
Soldiers came to the customs examining them accordingly and help them on their way. This is a necessary despatch.

The above dispatch to:
acting amy Foreign Customs Affairs Commissioner Peng.

Documentary Chinese.
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