

DEPARTMENT OF COMMERCE

BUREAU OF FOREIGN AND DOMESTIC COMMERCE

COMMERCIAL ATTACHÉ SERVICE

TRADE COMMISSIONER
3 CANTON ROAD
SHANGHAI, CHINA

SHANGHAI August 7, 1923

File 713.2

Subject: Failures of British Concerns in
Shanghai.

Mr. F. R. Eldridge,
Chief Far Eastern Division,
Bureau of Foreign & Domestic Commerce,
Washington.

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FILE NO.

411

China

Dear Mr. Eldridge:

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During the time I was in the Bureau in Washington and also while in New York and on the West Coast, I heard a great deal of comment, not always favorable to American interests in China, regarding the number of American failures which occurred during the depression of 1921 and the fact was always commented on that there had been no British failures to speak of.

Of course it is an accepted fact that the reason for the lack of British failures was that the banks, headed by the Hongkong & Shanghai Bank, carried the British houses through their trouble while the American banks, as everyone knows, adopted the policy of getting out from under without regard for the consequences to American firms.

An interesting commentary on this situation reached my notice on my arrival in Shanghai, viz; failure of Dent & Co. who failed for taels 600,000 as a direct result of the refusal of the Hongkong & Shanghai Bank to further carry them.

This is believed by many people to be the direct outcome of the failure of Reiss Bros. Ltd., who earlier this year failed for £12,000,000. This failure hit the Hongkong & Shanghai Bank very hard and at that time there were numerous predictions that there would be more embarrassments of smaller British concerns because banks would be obliged to tighten credits. It may be of interest to you to see the following list of British failures since 1921 which were all of enough importance to warrant recording:

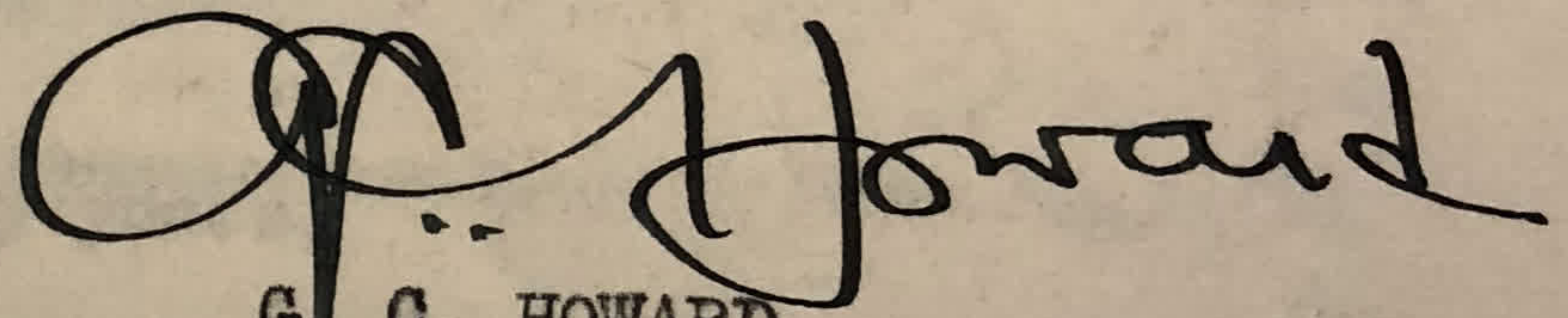
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Failures of British Firms

- 1921 Cecil Humphreys / Sanitary Laundry Co.
1922 Marriott, Beliatsky & Co. Ltd.
" Dowler, Forbes & Co. (China) Ltd. (Dissolved)
1923 The Jardine Engineering Corp., Ltd.
(Formed Feb. 23, 1923 to take over Engineering Dept.
of Jardine, Matheson & Co. and this was believed to
be a move on Jardine's part to distribute capital.)

We will follow this situation very closely and report to you
as new developments occur which we believe have a bearing on the above.

Very truly yours,



G. C. HOWARD

Assistant Trade Commissioner in Charge

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