

AMERICAN TRADE DEVELOPMENTS IN THE ORIENT.

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Prefatory remarks.

It is not the purpose of this paper to treat the diplomatic issues surrounding our trade relations with Far Eastern countries, nor to dwell upon the intricate political situations affecting trade in Oriental areas. We in the trade promotional work of the Department of Commerce are not so concerned in the solution of these diplomatic problems and political issues, as in current situations. We perform informational and advisory services helpful to the conduct of present trade, rather than indulge in activities designed to alter the conditions of trade. We are not unmindful of trends, nor do we refrain from interpreting current events in their probable future effect on trade, but activities of this nature on the part of field men are not ordinarily broadcasted but are rather directed to the attention of experts in Washington who make such use of the information, analyses, or conclusions as is deemed advisable.

An Institute of this nature is called for the purpose of studying the various phases of our relations with foreign countries. We assemble here not only to impart individually such information as we possess and to set forth the result of thought and study on the subject matter outlined for discussion but to absorb information, to better our understanding of the problems facing this nation in its foreign relations, and thus to contribute the results of our efforts to those who would gain a larger under-



standing of world problems as bearing upon our own national welfare.

I can think of no subject of greater importance to the future of the people of the United States than that having to do with our relations with those countries of the Orient now awake or awakening to the influences of modern progress as exemplified in our Western civilization. It is apparent that certain of the Orientals know us just a bit better than we know them, and so long as that situation obtains, we are at some disadvantage.

In the spread of civilization and culture outward, eastward and westward from points let us say in what is known geographically as the Near East, we Americans are participants in a westward moving progressive, inventive, creative age. In this country because of our rich resources, creative genius, and untiring ambition we have achieved a degree of material prosperity unknown to any whole people in any part of history. In the brief space of a little more than a hundred and fifty years we have worked out and tested a system of democratic government which coupled with our fortunate wealth in resources permits of advantages and benefits, cultural and material, to the average individual such as no other nation or race currently knows or has in the past experienced.

The peoples of the Orient, it would seem, on the other hand, have gone through a longer cycle. They gradually reduced human activity to certain set formulae, strove for a spiritual nirvanah while the physical comforts and welfare of humanity received scant consideration. A state of complacency, self satisfaction, and isolation came about. Whatever pioneering instincts there were, appear to have vanished and we see uncounted millions of people living on an extremely low economic scale, in overpopulated areas, with the daily struggle for a meager livelihood the main consideration. Overwhelming



odds hold the individual down to the stern realities of existence and prevent him from grasping or enjoying the culture which may once have characterized the race in its ancient hey day, but which is available to him now only in the inherited prescribed set of customs which enslave his mind and spirit and direct his life in a time worn groove.

Along came this progressive western civilization, first in sailing vessels invading the Oriental calm and isolation. The contact was gradual, at first affecting only slightly the masses of the Far Eastern countries. With the development of modern transportation, with the narrowing down of this Pacific expanse the full impact of the West upon the East is now being experienced. Our relations are basically trade relations but a host of other considerations surround, impinge upon, and affect trade. Part of the problems are philosophical, part social, part economic, -- the battle is between two divergent systems, two extremes of religion, race, and ethics. We regard these countries as backward nations. It is hardly likely therefore that we shall adopt their systems. Therefore the greater strain would appear to be upon them to make the vital changes, partial or complete, toward meeting the west and working out a basis for harmony.

It is my function here to outline the plain facts of our trade development with the Far East and for practical purposes I shall refrain from an historical recital of the beginning and gradual progress of our trade and shall deal only with the status of trade at present and with its recent developments. Our foreign trade received its greatest impetus during the great war and in fact we have only become highly foreign-trade conscious as a result of the war period when abnormal demands for raw products from outlying portions of the globe drove us out into foreign markets in search of



them and hence stimulated us to find increasing markets for our post-war surplus production.

We have become exceedingly efficient in production, in fact we are putting out more and better manufactured goods and agricultural and mineral products at lesser costs in the United States than ever before, and are consuming more individually and collectively than the people of any other country in the world and more than ever was possible in any previous stage of our own national development. Nearly every industry in this country has, through the elimination of wasteful methods developed capacity capable of supplying considerably more than our own national requirements. While consumption here has been on the increase, production capacity has also increased to the point where over production is becoming embarrassing to us, with the result that foreign trade is forced to the front, and the possibility of increasing the sales of our products in foreign markets is becoming a problem more and more important to us. So far our foreign trade is only possibly seven or eight percent of our domestic trade turnover. It will gradually assume a more vital position in our whole trade scheme.

To a larger extent than we are probably at the moment aware, our own future prosperity depends upon the welfare, political progress, and economic growth of Asiatic countries generally. It is peoples, their number and characteristics, their resources, and the probability of their utilizing their resources to advantage that command our attention.



JAPAN

Japan has demonstrated to us the rapidity with which a Far Eastern nation can rise from a medieval to a modern state. Concentrated on a few islands off the North Coast of Eastern Asia, her people have been embracing and absorbing western ideas and things for roughly sixty years. In that short period Japan has risen to the position of one of the world's four great military powers and has made such strides in developing industries, shipping, and trade, such advancement in modern education and scientific knowledge, that we must needs admire what she has thus far accomplished. With a land area of only slightly more than 147,000 sq. miles, or about the size of the State of Montana, with only one fifth of that land area possible of cultivation, with comparatively small resources otherwise, and with her population now amounting to sixty millions, increasing at the rate of a million or more annually, Japan has an economic and social problem the like of which no nation has probably yet faced. Her further industrial growth and her economic progress generally must depend largely upon favorable developments in other Asiatic countries and also to some extent upon her continued beneficial trade relations with the United States. Japan is our best customer among all the Trans-Pacific countries. About 6% of our total foreign trade is with that country.

Our sales to Japan have grown since pre-war figures from about \$44,000,000 per annum to considerably more than a quarter of a billion dollars annually, representing a six fold increase, while our purchases, consisting largely of raw silk run over \$400,000,000 a year, and are nearly five times as great as our pre-war purchases from that country. The United States is Japan's best export market from a standpoint of value of export shipments.



CHINA

Let us move over the Asiatic Continent and take a bird's eye view of China, that vast area, nearly as large as the United States and Mexico combined, with upwards of 450,000,000 people, or about one quarter the population of the globe. Big, unwieldy, comparatively slow so far as wholesale adoption of western ideas, customs, and things is concerned, China has finally awakened from a complacency of several hundreds or thousands of years duration. Once supreme in the world, to her own notion, in culture, and achievement, she now rubs her eyes at what she beholds about her. She is unpleasantly conscious of her own backwardness and at the same time deeply impressed and attracted at the modern progress about her, which she has only begun to absorb. The gulf between China and the western world in ways of thinking and doing has been tremendous and the bridge to span that gulf has only been started. The intrusion of the west is now welcomed, now repelled, with varying stages of emotion.

With her man power and resources, agricultural and otherwise, China is in a position to become one of the richest nations in the world. At some time in the future China will undoubtedly offer a much more attractive outlet for our surplus products of the factory and of the land than at present. But China now ranks 12th in importance to us as an export market, buying about the same value of merchandise from the United States as do Belgium and Mexico. Among the trans-Pacific countries China ranks third, following Australia in importance, as a market for American products.

If population were the sole basis of consideration about one quarter of our foreign trade should be with China. But keeping in mind the low economic status of the people and the political turmoil obstructive to trade, in actuality at present less than 3% of our exports and imports are with that



country. That small proportion of our trade is, however, no mean figure. We sell more than \$100,000,000 worth of our products to China and purchase \$150,000,000 worth or more in return annually.

Our current trade with China is five times greater than at the time the revolution broke out in 1911. I would hesitate to predict definitely what the distant future will reveal. It is the immediate future that interests us in our present considerations.

During the entire period of trade expansion the country has been intermittently upset with civil wars and upheavals of one kind and another. But it is characteristic of China that where war or other disturbances may temporarily upset a certain area, the country is so large that trade may be flourishing and prosperity apparent in other sections. Indeed for practical purposes of our present calculations we may regard political and military disturbances, and an occasional famine here or there an entirely normal condition in China. 1927 was the first year in China's recent past when steady growth in foreign trade received a set back. It was because the disorders of 1927 were more widespread than ordinarily and because of the accentuated anti-foreign trend that trade suffered a drop in 1927. But despite that fact the decrease in China's trade was only roughly fifteen percent below the 1926 figures which were the highest in China's history. With only these promises to go upon and without forecasting what may be the result of the current political movement in China, it may be assumed our current volume of trade will at least hold or that a slow but steady increase in our trade with China may be expected. Figures so far obtainable this year indicate a distinct rebound in Yangtze Valley and South China trade, with the foreign trade volume for the entire country showing figures



nearly equivalent to those for the same portion of the peak year, 1926.

If there is an early and happy solution to the political problems with which the Chinese are struggling -- if anything resembling permanent cohesion emerges from the strife of the past two years -- if a government capable of maintaining order and of encouraging economic progress to the whole people is achieved and operates for any length of time at all -- a substantial business expansion may be expected in which we should participate in a large way. Some Americans in business in China believe the industrial expansion and trade growth will be even more rapid than has been the case with Japan. There is a good deal of scepticism, however, on the part of many foreigners in China as to the possibility of an early solution which would bring about such rapid expansions. While the past year has been very discouraging and the attitude of some of the Chinese politicians and agitators toward foreigners and foreign relations generally has been troublesome, events since the first of the present year have offered more encouragement.

The Chinese business communities have assembled in conference and have thrashed out many problems affecting business and have suggested practical programs to the politicians. The foreigners resident in the ports have mingled with the Chinese business and other communities more intensively and have discussed the issues raised. The American Chamber of Commerce of Shanghai especially, has sought to improve business relations with the Chinese by getting together as frequently as possible with the Chinese bankers, capitalists, industrial plant owners and merchants and discussing the problems affecting Chinese and foreign business alike. Every effort toward cordiality has been made and much good has resulted from these meetings. A sympathetic chord has been struck which I believe will go far toward correcting the impressions the Chinese generally have obtained of us from the rabid anti-



foreign propaganda circulated among the people.

The Nanking government as now constituted has expressed a desire to work out harmonious relations with foreign countries by negotiation gradually rather than by forcing issues precipitately, and while much remains to be accomplished before promising conditions for trade come about, the situation on the whole has cleared considerably since last year.

The settlement of the Nanking incident cleared the sky in large part toward better understanding between the Chinese and Americans.

We can make no predictions. All that we can do is to hope that encouraging conditions will continue to develop.

Our sales to China consist largely of staple products such as wheat, flour, cotton, tobacco, cigarettes, kerosene oil, dyes, lumber, commodities necessary for or in constant use by the populace. These items aggregate more than 75% of our exports to China. These commodities in the run of a year's business are less affected by economic depression in China than are manufactured articles, luxury goods, machinery, or equipment lines. For this reason our trade has held up surprisingly well whereas countries supplying chiefly manufactured goods to China have experienced a much heavier decline in sales than have we

Our purchases from China consists of a host of articles none of them running to huge volume and no one of them forming any considerable proportion of the total. Hides and skins, including goatskins, furs, raw silk, sausage casings, carpet wools, wood oil, other vegetable oils and tea are some of the raw or staple products we purchase from China.

China is at all times an exceedingly competitive market. Only firms who carefully study its peculiarities and who have experience in the complexities of marketing conditions in China can hope to succeed. Such



firms figure their business in cycles of several years and are prepared to ride out periods of depression and adversity.

A great many American lines of goods, a fairly representative number of most standard lines in fact, are already represented in China by agents, and other foreign manufacturers as well cultivate that market intensively. Opportunities for the introduction of new lines under prevailing conditions are therefore far from numerous and it is in fact usually very difficult to find suitable agents for new lines of merchandise. Most firms already in the field have been obliged to cut down their organizations to the bare minimum necessary for the conduct of business under way and in general I should say that efforts to establish new enterprises would be inadvisable until conditions more encouraging to expanding trade become definitely apparent.

As rapidly as China can advance constructively in education, in industry, and in the development of modern transportation, just so rapidly will her people rise in ability to absorb increasingly both the staples and luxuries we have to export.



PHILIPPINES

Off the coast of South Eastern Asia lie the Philippine Islands, the bulk of their trade being of course with the United States. The United States supplies, in fact, 60% of the imported products consumed in the Philippines. In fifteen years the volume of sales of American goods to that island group has more than quadrupled, amounting last year to \$69,500,000. As a source of supply of raw materials, principally copra and cocoanut oil, the Philippines have grown steadily more important to us. A population now numbering 14 millions has been under the American flag for 30 years. Average expectancy would indicate that the future will show a normal growth in our trade relations there.

Except for the year 1920 when exaggerated values distorted normal trade calculations and made for abnormally large totals, Philippine foreign trade may be said to have shown a steady increase reaching its highest level in 1927 when total exports and imports amounted to more than \$271,000,000. The demand for cotton textiles, iron and steel for building projects, machinery and equipment for sugar and lumber mills, electrical power stations, and refrigeration plants has in the past created favorable markets for our products in this island group. Consumption of canned goods and other West Coast foods and fruits is reported to be increasing. Economic factors in the Philippines generally point to continued and increasing prosperity there. Continually larger motor car importations now running to about 4000 cars per annum and growing road mileage are healthy indications of prospects for future automobile sales.



SOUTH EASTERN ASIATIC COUNTRIES

Now as to the countries to the south of China, such as French Indo-China, Siam, the Malay States, and the Netherlands East Indies, and Ceylon, the peoples are, of course, still in a more or less backward state with low standard of living, but because of being favored climatically may be regarded as somewhat better off than large numbers of the Chinese population so far as individual wealth is concerned. Quiet conditions politically have also contributed to the prosperity of those regions as opposed to the upset conditions from which the Chinese masses have suffered.

In the aggregate the area of the countries I have mentioned under this group is about 40% of the area of the United States and the population is nearly a hundred million. Our sales to this area before the great war were less than \$10,000,000 annually but have since increased to nearly \$50,000,000 or five times the pre-war volume.

Analyses of our trade with the countries in this group before the war show that 90% of our sales consisted of a few staple commodities such as iron and steel products, machinery, mineral oils, automobiles and cigarettes. While there has been a steady increase in the sale of these commodities in the past twelve or fourteen years their proportion is now less than 70% of our total sales and American manufactured articles generally are taking a more and more prominent place in our outward trade movement to those countries. Already American cotton goods, canned milk, vegetable foods, automobile tires, leather, and fertilizers are assuming a position of greater importance and general lines of merchandise are increasing in importance.

Road developments are going on throughout this area and the American automobile dominates the market in most districts. It was my good fortune on my return journey to the United States to travel through some of the Southern Asiatic countries.



FRENCH INDO-CHINA

Starting in at Saigon, I traversed French Indo-China to the Siamese border, stopping two days to visit the famous ruins of Angkor, until recently almost inaccessible to tourists. Outside of the interest furnished by these relics of a civilization which flourished from probably about the eighth to the sixteenth century and then mysteriously vanished leaving almost no record except the bas-reliefs on its temple walls, the system of highways with bus lines running daily or hourly in all directions, the new rubber plantations, the abundant domestic animal and bird life, the wide stretches of well tilled agricultural land, the well fed cheerful native population portray a growing state of prosperity superior to that of some of the populations in the more northern latitudes where climatic conditions are more rigorous, and where political quietude is less evident.

Due to the French tariff applied in Indo-China the opportunities for the sale of certain American products are not as great as in other parts of the Far East, in fact, French automobiles predominate in this district. Due to laws requiring predominance of French capital in industries, expansion in rubber growing and other industries capable of development in that region is perhaps not as rapid as might be the case were the country thrown open to foreign capital generally. But on the whole conditions there are indicative of the extent to which these peoples of South Eastern Asia are absorbing modern transportation, modern goods and western commodities. Modern agricultural methods are capable of development in this region and there were already indications that tractors and other implements have at least been introduced if not as yet extensively used.

A study of the resources and developments in Indo-China generally indicate that the surface has only been scratched so far as mining activities



and industrial development are concerned, and that further growth in modern transportation will do much to enrich that whole area which is about three times the size of England, Scotland and Wales combined. Inland water routes are already an important factor in the matter of transportation. The chief occupation and source of wealth is rice growing and export. One-fifth of the hundred million people we are talking about in these Southern Asiatic countries live in French Indo-China alone.



SIAM

Crossing over the frontier border after a 300 mile trip by motor car from Saigon we enter the Kingdom of Siam, often referred to as the only absolute monarchy remaining in the political world. It is about approximate to France in area and has a population of slightly under 10,000,000.

While our present sales to Siam are only a little greater than \$2,000,000 annually, this is two and a half times greater than in 1914. Even though conditions in the interior of the country are still primitive and rice growing and export is the chief occupation and principal economic resource, Siam's sales of tin and teak lumber add a substantial factor to her purchasing power. A progressive government with foreign educated heads is endeavoring to work out a program of government economy, increased road and highway transportation, and the encouragement of co-operative movements among the producers. Matters of education and sanitation are assuming continually greater prominence, special attention is given to the comfort and welfare of temporary visitors to the country, and I believe we may expect a steady growth of our trade with Siam under the encouraging conditions prevailing there.

Bangkok is the capital city and chief port, through which the bulk of the trade passes. Bangkok is an especially romantic place for tourists to visit and there is increasing tourist traffic through that part of the world generally with the improved transportation offered. The ride from the Indo-China border by train in to Bangkok is comfortable in well appointed cars, and good first class trains are run over the line leading down through the Malay Peninsula to the south, expresses running twice a week to Penang where rail connections for Singapore may be made. Railways extend northward from Bangkok as well, and it is actually possible though not commonly done to motor from a point on the railway in Northern Siam to the Burmese rail line leading



into Rangoon. When a good road is constructed over this route land travel by rail and motor car will be possible from points on the Chinese border in Tonkin to Rangoon, Burma. While there are as yet few roads in Siam, the American automobile has invaded Bangkok and is widely used for city transportation. Taxi cabs are cheaper here than in any other country I visited in Europe or Asia on my trip, in fact, comfortable touring cars for visiting points of interest in the city can be hired as cheaply as 60 cents per hour.



THE DUTCH INDIES

The Dutch Indies with their 50,000 or more inhabitants and comprising the huge islands of Java, Sumatra, Borneo, and the Celebes and numerous smaller islands has been rapidly developing in importance to us as a market for American products and a source of supply of those raw commodities essential to our industries. Our actual shipments to this area have increased about six fold since the beginning of the great war. Automotive products form our chief item of sale, amounting last year to more than \$8,000,000 in value and a wide range of both manufactured and staple commodities and foods make up an attractive total of \$32,500,000, representing our last years trade. Our canned salmon, sardines, and canned milk, as well as canned meats, fruits, vegetables and wheat flour, are increasing in demand in the Netherlands Indies, and can be marketed in competition with Australian products of the same nature, while fertilizers, iron and steel, petroleum products, machinery, rubber tires, tobacco and numerous other of our lines find a ready market in that territory.

I have not yet been privileged to visit the Netherlands Indies but I think it is safe to assume from all the evidences we have of the growing prosperity of that section that our future trade prospects there are bright.

Indicative of the importance which this market is assuming I might direct special reference to the fact that our current automobile sales in the Netherlands Indies run to a thousand cars or more per month, and an American assembly plant established at Batavia reports double the business originally estimated as possible for its first year of operation.

Profits to small growers of rubber have in the past tended to enrich the native population as well as stockholders abroad in large Netherlands Indies plantations and while an element of caution prevails at present in the rubber producing countries generally, there is reason to believe that any depression will be temporary only.



INDIA

There has been a steady increase in our trade with India. We can recount a six fold advance in our sales since 1914, the volume now running to more than \$63,000,000 on the basis of 1927 trade statistics. We shared in India's purchases to the extent of nearly 9% last year. Of course, Indian trade with the British Empire predominates, but our sales in India exceed those of any other country except Great Britain.

While one is amazed at the backwardness of these masses of India's population and at the primitive manner in which the majority of the population lives, one cannot help but be forcibly impressed also with the modern industrial developments and the rapidity with which western merchandise, machinery, automobiles and other products are being absorbed. Despite the welter and complexity of religious differences, despite the social problems, and the political turmoil, progress in many activities affecting economic growth are evident. One has only to ride across the country by rail to realize that scarcely even the surface has been flocked or scratched in this forward movement. So much remains to be done before India will even begin to compare with modern western nations in the manner of life of her people that one's powers of imagination cease to function when attempting to estimate the possible effect upon trade movements when these modern movements affect in a more general and vital way her entire 320,000,000 of people.

We can do no more than speculate on the immediate future, as in our calculations with regard to China, but it is a reasonable prospect that our trade there may not only hold its present volume but may show substantial steady increase in the years of the immediate future. The fact that India's foreign trade has almost doubled in twelve years time would appear to indicate



progress in the country and bear out these expectations for the future.

We purchase approximately 50% more value of goods from India than we sell.

Our big sales to India are machinery, electrical equipment, petroleum products, automobiles, and iron and steel, while our purchases are chiefly of staple products such as jute and bags (\$78,000,000 last year), goat skins (\$14,000,000), shellac (\$9,000,000), castor beans (\$3,000,000), carpet wool (\$3,000,000), tea (\$3,000,000).

Our trade with India in recent years is following direct routes instead of being trans-shipped in the United Kingdom as was the case before the great war. Direct contact is making for a better understanding of trade conditions there.

The Department of Commerce has two offices in India, one at Calcutta, and one at Bombay, and our personnel in those offices make an intensive study of the peculiarities of the market as affecting our trade.



AUSTRALIA

Australia is our largest automobile and gasoline market in the Far East. Up until recently, in fact, Australia has been the largest foreign market for American automobiles. Last year gasoline sales we made totalled \$15,000,000, while automobiles and accessories ran to \$46,000,000. Our machinery and electrical equipment sales last year ran to a total of \$23,000,000, of which \$8,000,000 were electrical, \$5,000,000 agricultural, and the balance miscellaneous machinery items.

Next to Japan, Australia is our most attractive single lumber and wood products outlet on the other side of the Pacific, taking \$10,000,000 worth last year or about half the volume absorbed by Japan. California redwood comprised about one quarter of this figure in our sales to Australia last year, while Douglas Fir ran to \$5,000,000 in value.

In addition to Australia being a large sparsely populated continent with comparatively rich resources, the scale of living is comparable to our own, and it is not therefore surprising that her 5,800,000 people, almost if not actually related to us in flesh and blood, and politically stable, should offer a better market at present than China's vast millions. Our total sales to Australia last year amounted to \$159,000,000 or \$50,000,000 more than our sales to China. Australia ranks second, following Japan, as a trans-Pacific market for American products at present.



NEW ZEALAND

Only slightly over 103,000 sq. miles in area and with a population similar to that of Australia but only about 1,300,000 in number, New Zealand is even more important to us as a sales outlet than the Netherlands Indies with twenty-five times the population and five times the area. Our sales to New Zealand totalled \$32,517,000 last year and consisted of mineral oils, automotive products, machinery and electrical equipment, iron and steel, lumber, leather, paper, cotton goods and a miscellaneous range of other manufactured articles. A prosperous condition of the people makes New Zealand a good market for the better grades of American automobiles.



SUMMARY

Summarizing in a general way our trade relations with trans-Pacific areas we are dealing with a billion people or more than half of the world's population. These areas are important to us as a source of supply of the materials for our industries, the rapid development of which has increased nearly seven times our purchases from trans-Pacific sources in fifteen years time. We now buy almost \$2,000,000 worth annually in that area, our purchases far exceeding our sales. In the same period our sales to that entire area have almost quadrupled amounting now to about \$744,000,000 a year, or roughly 16% of our total export trade.

We buy from Japan about \$400,000,000 worth of raw silk and other silk products, \$300,000,000 worth of raw rubber from the Dutch Indies and Malaya, more than \$140,000,000 worth of jute, jute products, and burlaps chiefly from India, while tin from Malaya and South China, wool from Australia, sugar, coconut oil, and copra from the Philippines and the Dutch Indies, shellac from India, tea, coffee, wood oil and hides and skins and other products from scattered areas go to make up that two billion dollar total.

There is no way of estimating or calculating our future trade prospects. The fact that our sales to Asiatic countries still form such a comparatively small proportion of our total trade -- that broad scale developments have only started in some countries -- that the Asiatic peoples have such tremendous strides yet to make before approximating even by half the scale of life of western peoples -- the further fact that we have only begun our work in trade development all bear significant indications of a big future. I do not feel that an immediate or sudden expansion will come about. The movement



will rather be gradual but I believe all indications are sufficiently strong to warrant the conservative view, as expressed in the case of each country, that steady improvement in our trade relations as a nation with that part of the world may be counted on.

So far, it appears, the Atlantic ports of the United States handle the bulk of the traffic with these Far Eastern countries, but with the extension of industries generally on the Pacific Slope and with increased production resulting from the growth of population in the Coast states it would appear entirely logical and the natural course of events that this Pacific area will grow in importance in handling Far Eastern trade. The expansion in our own Pacific tonnage since the war, the improved character and increased number of the ships of all nationalities engaging in trans-Pacific trade through West Coast ports have already contributed to the prosperity of these ports. There is every reason to expect that the future will witness further prosperity for the entire Pacific Coast region of the United States by virtue of our growing trade with the Far East. The term Far East, so far as California, Oregon and Washington are concerned is a mis-nomer since these Pacific Coast states are nearer to Asia than is Europe or own eastern seaboard. Only within recent weeks has the expanse between this Coast and Australia been covered by a single aeroplane flight, reducing nearly a month's travel to little more than a week. Prior to this new achievement few of us present here would have believed it possible. No one dares predict how near in time those trans-Pacific countries may be to us when air transportation has been developed to a greater degree and becomes a common mode of communication across the Pacific.

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