

"Such a position, of course, creates all manner of difficulties, which are not conducive to healthy trade; but, happily, it is one not likely to endure for any great length of time. Money, it is expected, will be tight for some time, certainly until after Chinese New Year, but with the worst fears banished and confidence restored, it is likely that from now on there will be a slow but steady return to more normal conditions. Within a few months

February 15, 1935.

Granville Woodard, Esquire,  
Bureau of Foreign and Domestic Commerce,  
510 Customhouse,  
San Francisco, California.

I imagine your opinion was given to the financial editor of FINANCE & COMMERCE as a condensation of the views of the foremost monetary experts in Shanghai, and I believe that subsequent reports have indicated that, instead of the "dreaded approach of February 4 - Chinese New Year and settlement date" as expressed by the United Press, the settlement day

Dear Woodard:

Your letter of February 2, addressed to Mr. Zapf, and calling attention to the contrasting nature of material received from our offices in China under date of February 1 and that appearing in a United Press release of the same date, has been referred to me for reply.

You will note that the estimate of the situation from our offices is temperate in opinion and not unencouraging in tone, while that of the United Press seems to forecast "deep, dark, disaster". The difference is really in the angle of approach, rather than in any divergence as to the basic facts. It is the Bureau's desire to give the good and the bad in a situation as fairly as our experience and capacity enables us to judge it; the object of a press dispatch is to develop a "story" - which, as you know, is a newspaper term for any piece of news. That things are going good, or moving along comfortably, or somewhat below normal but with hopeful signs, is not news, and a newspaper is not interested in it. We are not interested in news, but in facts. There never was an official report worth its salt that did not vary from the newspaper reports of the same facts. The contrast is of such common occurrence as to afford little comment generally. In the present instance it is interesting to observe how still another authority generally supports the accuracy of our report. I quote from the January 2 issue of FINANCE & COMMERCE, Shanghai, page 3. The article is inclosed in a special box through the center of the page, and is headed, "The Monetary Situation":

"Much more confidence, but very little silver. That sums up the monetary situation as it existed in Shanghai at the close of 1934. All panicky fears regarding the future of the dollar had disappeared, but so, unfortunately, had the dollar itself...Even those with ample gilt-edged securities or lumps of gold in their possession, could not..obtain dollars...at a rate of interest which worked out at anything below 18 percent.

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"Such a position, of course, creates all manner of difficulties, which are not conducive to healthy trade; but, happily, it is one not likely to endure for any great length of time. Money, it is expected, will be tight for some weeks yet, certainly until after Chinese New Year, but with the worst fears banished and confidence restored, it is likely that from now on there will be a slow but steady return to more normal conditions. Within a few months Shanghai, with its proverbial short memory, will probably have entirely forgotten its fright".

1935

I imagine that opinion was given to the financial editor of FINANCE & COMMERCE as a condensation of the views of the foremost monetary experts in Shanghai, and I believe that subsequent reports have indicated that instead of the "dreaded approach of February 4 - Chinese New Year and settlement date" as expressed by the United Press, the settlement day passed off without any crash of merchant firms and, in our own words, "without adverse conditions".

"16, February 15, weekly. Basic situation unchanged

with continued tight money conditions though difference

between spot and forward exchange rates.

**C. K. Moser,**  
Chief, Far Eastern Section,  
Division of Regional Information.

Forwarded

forward sales, current spot quotations for United States

currency thirty six and half cents per yuan April thirty

**Lacey C. Zapf,**  
Chief, Field Service Division.

six way thirty five and half. Gold bars steadily declined

CKM/SC

from yuan 952 February ninth to 921 this morning due

entirely to local situation. Shanghai stock exchange

devoid of purchasing bids. Shanghai banks stocks

silver estimated today 331 point five millions decline

of only yuan 98 thousand from February ninth.

In view uncertainty silver exchange outlook as

earnings entirely in silver Shanghai power company has

converted a six and half million US gold

debenture