

Report for the week ended January 23, 1937.

Submitted by: Julian Arnold,  
11-9366 GPO (Name)

RECEIVED  
MAR 8 1937  
ECONOMIC SECTION  
FOREIGN TARIFF DIV.

Commercial Attache.  
(Title)

*China*

*ER*

Income Tax Law: A Chinese lawyer with whom I discussed this law informed

me that ways and means are being developed by the citizens of the Chinese Republic to reduce to a minimum the taxes as imposed. For instance, the lower limit of wages subject to taxation is yuan 30 per month. Employers are working up a system of wages or salaries as distinct from allowances for living quarters and numerous other expenses, also developing a system of cash bonus payments. As for the lower limit of yuan 2,000 for the capital of a business concern, methods are being developed whereby firms reduce advertised capital to lowest possible limits, even to the extent of forming a number of individual firms, each with a capital below the prescribed yuan 2,000. In fact, a whole flood of dodging devices are being worked out. Incidentally, it appears that the Central Government hastened the putting into effect of the Income Tax in order to have it in operation in the event of war with Japan, when other sources of revenues may be cut off.

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Shipping Strike: In interviews with American business men on the subject of the shipping strike, fears have been expressed lest the Atlantic ports become involved since most of America's trade with China is from the Atlantic Coast although our Pacific Coast trade is an important factor.

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*7*  
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Julian Arnold,  
Commercial Attache.

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MAR - 5 1937

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Submitted by: Julean Arnold,

Commercial Attache.

11-9366 G P O

(Name)

(Title)

ADMINISTRATIVE REPORTJulean Arnold

Mr. D. Ward-Smith (Britisher) manager of Foster-McClellan and Co., pharmaceutical manufacturers, informed me that the association of foreign importers of proprietary medicines has decided to accept the Regulations for Proprietary Medicines as made effective January 1 by the National Health Administration of the Chinese Government, because these regulations have been divested of their more objectionable features and importers now feel that they will be so administered as not to prove embarrassing to the trade. Mr. F. L. Robbins, Manager for Parke, Davis and Co. expressed similar sentiments.

Mr. E. Saussine, French Commercial Counsellor, called on me to discuss the Proprietary Medicine Regulations and I gave him the information as above secured. Incidentally, Mr. Saussine, who has been in China in his Government's service for about 38 years, informed me that his Government is now quite rigid in demanding that men in the Foreign Service must be retired when they reach 60 years of age. In his case an extra year was allowed ~~that~~ that he retires on his 61st birthday next August, on a pension.

Annual Economic Report: The compilation of this report is consuming a very considerable amount of my time. In fact, I am giving to it as much time as I possibly can in order to complete it for the next pouch closing on January 28 and in order to be able to despatch the radiogram called for in the instructions giving a resume of the report. Thus, the week was mainly occupied with work on this annual report.

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**Commercial Attache.**  
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Chinese-American Trade Council: Met with the committee. We discussed the Chinese-American cable rates and further representations on the subject; the objectionable features of the Chinese Trade-Mark Law and the Insurances Enterprises Law; also possible action for the celebration in May next of Foreign Trade Week. I have furnished the Council with copies of pamphlets regarding the World-Two-Way-Trade Fair being held in New York in May next and action will be taken in connection with possible Chinese participation.

Broadcast of President Roosevelt's Inaugural Address: Worked with the Entertainment Committee of the American Chamber of Commerce in arranging for the reception of this broadcast at the American Club at 1 a.m. on January 21, Shanghai time. As the Bureau is aware, we have been in radio communication in connection with efforts to have arrangements made in America so as to facilitate the reception in Shanghai. We had about 200 present at the function arranged at the Club for the broadcast, but unfortunately it did not come over sufficiently clearly to get more than detached bits of the address.

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A. Bland Calder

My major attention during the week was devoted to assistance to Commercial Attache on various phases of the Annual Economic Report. Prepared and despatched weekly economic and weekly financial radios.

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A. Viola Smith

China Trade Act: Follow up on thirteen companies in course of liquidation

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in the U. S. Court for China and carried through sundry routine matters in connection therewith. Conversations with Mr. Leighton Shields, U. S. District Attorney regarding China Trade Act cases. Three interviews with Mr. Fronk of Haskins & Sells, public accountants, regarding China Trade Act cases which they are handling. Mr. R. A. Parker, President of China Finance Corporation called regarding the possibility of issuing non par value stock. Mr. A. R. Hager inquired regarding status of Consolidated Commercial Co. Several discussions with Mr. Kops of Messrs. Allman, Davies and Kops, re Toronto Tobacco Company, Confederated Reelers, and American Construction Company. Prepared radio to Washington for Income Tax Forms and other data. Prepared documents to revoke charter of Hugo Reiss & Company and discussed this case with Mr. W. C. Watson, liquidator thereof. Checked up on Yung Pei Sales Company and American Construction Company and in each case granted extension of time in which company may complete permanent organization. Prepared documents for filing in U. S. Court to institute revocation proceedings against Confederated Reelers and China Aerated Water Company, concerns who have indicated their intention not to complete permanent organizations. Reviewed preliminary papers for Application of Incorporation of Saeco, Federal Inc., U.S.A. Routine Work in connection with six other cases. Mr. N. L. Lieu, a Chinese barrister called to discuss the status of the Toronto Tobacco Company, Federal Inc., U.S.A. against whom he has entered suit for non payment of rent. Furnished U.S. District Attorney with data relative to operation of China Trade Act companies.

Trade Promotion: Interviews with Traffic Offices of the three municipalities

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regarding data for Automotive Census report. Secured preliminary data re motor licence fees as a result thereof. Attended Executive Meeting of Automobile Club of China. Furnished Pissarevsky of Dodge & Seymour Co. with data re motor vehicle imports. Mr. Serge Daniloff, Special Representative of Packard Motors Company called during week. Furnished China Motors, Federal Inc., U.S.A. with information relative to highways and motor bus companies in China. Completed voluntary report on "Imports of Gins" in answer to an inquiry from a Los Angeles Office contact. Prepared review of Highway Development during 1936 and of China Trade Act companies functioning in 1936 for incorporation in Annual Economic Trade Report now being prepared by Commercial Attache Arnold.

Though January 20th was an official American holiday, I devoted the entire day to work on the Automotive Census of China and Annual Review of Chemical Trade reports. In evening attended the function of the American Chamber of Commerce at the American Club where arrangements had been made to hear the broadcast of President Roosevelt's Inaugural Speech. Unfortunately the reception of the broadcast was marred by static interference.

Accounts and Disbursements: Cleared up a number of miscellaneous routine matters in connection with accounting affairs and assisted Miss Pagel, our new accounting clerk, in matters upon which she was seeking advice.

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C. E. Christopherson

Completed Shanghai section of Annual Report on Trade and Industry; prepared Aviation section of Annual Report; prepared Credit and Collection radiogram for

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Commercial Intelligence Division and monthly report on Electricity production in China; spent some time on investigation of marking of shipment of cotton-wood logs at the request of the Bureau.

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Julean Arnold,  
Commercial Attache

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