

**Financial and Economic Situation in China as of  
Week Ending August 16, 1923**

During the past week the same state of inertia that has characterized recent weeks prevailed, trade being on a small scale normal to this torrid season. Exchange remains as before. With the various trades inactive and large arrivals of silver at Shanghai, the cash holdings of banks, especially foreign, are abnormally large, call money thus does not command a high rate of interest any longer, the native interest rate being around 4 per cent. The July index numbers for wholesale prices in Shanghai are given as 118.5 and 155.4 as compared with 118.6 and 155.2 for the month of June using prices on September, 1919, and February, 1913, as a base. In the piece goods market a cessation of the anti-Japanese boycott has caused a setback in the values of the lower grades of grays and whites and other lines in which Japanese competition is keen. This has discouraged dealers from operating on anything but a modest scale for future requirements. The demand for piecegoods is thus confined to small consignments of quick delivery, chiefly of bleaching and dying patterns and fancies. Generally, buyers have been making tentative efforts to meet the actual needs of some particular lines. The boycott on Japanese lines seems to have been rooted and abatement of activities is only apparent. In the raw cotton market the chief developments of the week have been further rains in Kiangsu and Chekiang Provinces and along the lower Yangtze valley. Elsewhere the crop is making good progress. Climatological conditions have improved very much within the last few days, but it will require perfect seasons from now on to insure an average yield. As for the cotton and yarn ~~conditions~~ sections, spinners locally, on account of the bad yarn market, show no change in their attitude, and are not disposed to regard the course of Shanghai prices.

Exports to Europe have been gradually receding for some time now until it is difficult for the position to be much worse. At present there is a great disparity between consumers' and suppliers' prices, but the Chinese crop yield is expected to be larger than that of last season. If such be the case suppliers' cost will be more in line with what can be paid by the consumer abroad. China's domestic trade is considerably restricted and even tea movements have declined. A considerable drop in freight rates from Dairen has not succeeded in the expected stimulation of business in Manchurian products. Hongkong was visited by the worst typhoon of many years which did considerable damage to shipping and docks at that port and vicinity. Temporary interruption to the various North Chinese Railways have been reported during the week, but it is believed the delayed rains are now finished and good weather is expected.

In the silk market prices through the first of the month for steam filatures gradually eased off due to lack of demand, but recent large settlements for American interests has restored the confidence of sellers and bolstered up their ideas of values.

DEPARTMENT OF COMMERCE

The Chinese Press has devoted a large amount of space this week against that section of the Lincheng Note dealing with the Chinese railways. Briefly, these suggestions, with the gist of the Chinese comment, is as follows:

- "(1) A Bureau for the protection of railways should be established in the Ministry of Communications to be placed under control of foreigners.
- "(2) Branch Bureaus should also be established in each line with foreigners at their heads.
- "(3) Troops should be trained by these Bureaus for the protection of the railways.
- "(4) To obtain funds for the support of these guards foreign accountants and Chief Accountants and Traffic Managers should be appointed for all the lines.

The British Minister advocates railway control with the support of the French Minister. The Japanese Minister remains neutral and the American Minister is opposed to the scheme. Attention is drawn to the fact that various isolated attempts have been made by British interests during the past two years towards the arrangement of the above cost. Several of the papers mildly suggest an anti-British boycott of these ~~proposals~~ proposals are insisted by the Foreign Powers." The new Minister of Finance, Mr. Chang Hu, has been exceedingly active in attempts to raise funds for the autumn settlement. It is expected that on the first of September there will be on deposit in the foreign banks some 2 1/2 million silver dollars as surplus funds for the Salt Gabelle, but conflicting foreign interests have so far prevented the disbursement of any of the sum. There are no further political activities worthy of note.