

Threatened Seizure of Canton Customs Revenues.

Dr. Sun Yat-sen's ^{ultimatum} demanding that that portion of the Canton Customs receipts representing the surplus over and above the demands necessary to satisfy foreign obligations be turned over to him before December 19 aroused a protest from the foreign powers and gunboats were immediately dispatched to Canton to protect the Customs Administration from seizure by the head of the Revolutionary Government. As a precedent for his demands Dr. Sun's representative cited the instance from 1919 to 1920 when a certain portion of the Customs revenues, being the surplus after the foreign obligations charged thereon, was handed over to the so-called Constitutionalist Government at Canton. The Diplomatic Body in Peking contended that they neither took the initiative nor did they act as intermediary for the conclusion of that arrangement, and that the arrangement was one between the Peking Government and the Constitutional Government at Canton. The surplus portion of these receipts apparently amount to about silver \$13,000,000. Dr. Sun-Yat-sen has the backing of the labor elements in any representation against foreign interests, and, from the notes appearing in the press, considerable anti-foreign agitation has developed. On the other hand, General Chen Chiung-ming, representing the opposing faction, apparently has the backing of the mercantile interests.

Gold Franc Issue:-

Upwards of a year ago the Chinese Parliament passed a resolution against the resumption of the payments of the Chinese Boxer Indemnity to France in gold francs. The French share of the Boxer Indemnity, as apportioned in the Protocol, June 14, 1902, was 15.75 per cent or a total of taels 70,878,240. On September 7, 1901, it was agreed that the Haikwan tael (Maritime Customs unit) should exchange for francs 3.75 (U. S. gold 0.742). Under date of July 2, 1905, the Boxer Indemnity Powers exchanged a note from the Chinese Government stipulating

"China will make these payments calculated on the basis as previously set forth, which fixes the value of the Haikwan Protocol tael in relation to the money of each country, either in silver, according to the price of silver on the London market, or in gold bills, or in telegraphic transfers as best suits her interests at any place and at any bank at the lowest price or by public tender, provided that the payments in gold be made to each Power direct on the due date. It is understood that China is responsible for the exact payment of the transfers and the bills. Each Power in accepting the present proposals must inform the Chinese Government which of the three methods cited above is the one it chooses until the debt is extinguished."

During the War the Allied Powers arranged with China for the postponement of the deferring of the payments of the respective indemnity installments. With the resumption of these

be paid. During the war the French franc depreciated very severely as France went on a paper basis. As a result of the arrangement of July 2, 1905, France had decided to accept her payments of the Boxer installments in telegraphic transfers on Paris. In negotiating for purchase of francs by telegraphic transfer the only franc that can be negotiated is that in current circulation or in use in current business circles. The Chinese are now desirous of taking advantage of this situation and would pay these installments by purchase of the corresponding amount of French francs at the market of the day to cover the Haikwan taels due, whereas the French contend that the rate established in 1902 should continue to obtain. The French have refused to ratify the stipulation of the Washington Conference treaty calling for a Customs Conference at Peking until the Chinese agree to meet the French demands in the gold franc issue. The Chinese Foreign Office and the Cabinet ~~and the Ministry~~ have been embarrassed in their handling of the situation through the Parliamentary resolution calling for the payment of the French Boxer installments on the T. T. rates in current francs. This question is still unsettled.

General Business Conditions in China - December 15, 1923.

Owing to complaints regarding the weight and "sound" of some of the newly minted "Yuan" dollars, of the Nanking and Hangchow mints, the American Chamber of Commerce will conduct tests on December 15 in an effort to establish definitely the weight, and fineness, of silver used in sample Yuan dollars collected from various banks. The results of these tests will be checked will be checked by tests made at the U. S. Mint in San Francisco.

The British Chamber of Commerce at Hankow in their circular of December 5, state: "There was a slight improvement in business last week, and several purchases of sesamum seed, hides, wood oil, also small lots of new season's goatskins were reported. Wood oil was steady, the market is firm and available spot lots fetched good prices. Cotton is firm, although arrivals are large, but the exporter is in a very difficult position on account of the watering of the cotton by the Chinese. There is good demand from Europe for sesamum seed and also for hides, but home values for the latter are too low to permit business. We have to report a dull market and no inquiry in piecegoods and yarn; money is still tight and clearances are affected in consequence."

December 5th reports of conditions at Canton are as follows: "Imports - dull. Exports - dull with practically nothing moving. No change in the political situation; General Chan Kwing Ming appears to be falling back to more protected positions. Local sentiment against Sun Yat Sen appears to increase owing to his increasingly arbitrary methods of raising funds and setting up new taxes. The mint remains closed."

The North-China Daily News published the following item under date of December 14:

"The silk merchants of Canton are greatly annoyed over the conflicting military authorities trying to collect likin, disregarding previous arrangements by which advance payments were made to relieve the recent financial embarrassments of the authorities. The trade in silk has practically stopped."

SUBJECT:

Economic cable

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Japan one eight six Germany one six zero zero stop largest single item
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Japan one seven one stop

Arnold