

UNITED STATES
DEPARTMENT OF COMMERCE
BUREAU OF FOREIGN AND DOMESTIC COMMERCE

INDEXED 6540
FILE NO. 7-43

OFFICE OF COMMERCIAL ATTACHE
PEKING, CHINA 9 1918 8 3 15⁵ 8 20

American Legation.
February 26, 1918.

Subject: Withholding of Salt Revenues.

Chief, Bureau of Foreign and Domestic Commerce,
Department of Commerce,
Washington.

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*Hint, Fidelity Revenue Book
Secret 4/16*

Sir:

In the annual report of the chairman of the Hongkong & Shanghai Bank, just received, the chairman calls attention to the fact that about \$8,000,000 of salt revenues collected in 1917 has been appropriated by certain provinces for their own use in disregard of the authority of the Central Government and the Salt Administration, "a fact which should set against any too sanguine inferences being drawn from the figures concerning China's revenue".

The net revenues of the salt administration in 1917 were \$70,000,000, of which \$68,000,000 was turned over to the Chinese Government, the customs revenues having been sufficient to pay almost all the foreign debt charges which are payable from the customs with the salt revenues as supplementary security. (Customs receipts in 1917 were about \$40,000,000 gold)

The "releases" of salt revenues being the principal source of ready money for the Chinese Government, it is obvious that while 1917 was a most profitable year the government is likely to suffer severely if the process of provincial sequestration or salt collections continues.

The postponed Boxer indemnity payments are being used as security for a new domestic loan of \$48,000,000, so that the postponement does not help the salt surplus, which has not only to back up the customs receipts in the matter of the Franco-Russian Loan of 1894, the Anglo-German loans of 1895 and the Reorganization Loan of 1913, but has been additionally pledged to cover the Japanese advances of 20,000,000 yen on the so-called Supplementary Reorganization Loan. And apparently every cent which the Salt Administration turns over to the Central Government as surplus over the charges on foreign loans is being used for the expenses of futile military expeditions against "rebellious" tuchuns.

Very truly yours,

A. W. Ferris

Commercial Attaché.

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FILE NO. 6540

April 16, 1918. 743

Mr. Fred I. Kent,
Director, Division of Foreign Exchange,
Federal Reserve Board,
Washington, D. C.

Dear Sir:

I take pleasure in referring to you the attached copy of a communication received by this Bureau from one of its foreign representatives, as indicated below. The Bureau is interested in any special comment you may have to offer, but no formal acknowledgment of this reference is necessary.

Very truly yours,

C. D. Snow

Assistant Chief of Bureau.

Submitted by: Mr. A. W. Ferrin, Commercial Attaché.

Place: Peking, China.

Dated: February 26, 1918.

Subject: Copy of letter re withholding of salt revenues.

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Inclosure.
Form 58.

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