

DEPARTMENT OF COMMERCE  
BUREAU OF FOREIGN AND DOMESTIC COMMERCE

OFFICE OF COMMERCIAL ATTACHÉ  
PEKING, CHINA

American Legation.

July 15, 1918.

Subject: Japanese Loan on Manchurian  
Forests.

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

Sir:

I have the honor to enclose herewith a clipping from the Peking Leader of July 10, 1918, which gives what purports to be the terms of the new 30,000,000 yen loan on the security of the forests in Kirin and Heilunkiang Provinces, Manchuria.

I have applied to my friend Han Ngan of the Bureau of Forestry, Department of Agriculture and Commerce, for a statement of the extent and character of these forests which I will forward as soon as received. In the meantime I give below an abstract of an unofficial statement:

The forests of Kirin cover approximately one sixth of the area of the whole province. Owing to lack of rail transportation these forests have not been seriously exploited except in regions accessible from the Sungari river, on which a large raft traffic is carried during the periods of high water. The total cutting of the whole province is said to be 20,000,000 board feet of timber per annum.

All the trees of the temperate zone are found in Kirin, fir and pine leading with elm third. These trees often reach a height of 70 feet. Most of the lands bearing trees are government property. An expert (unnamed) has estimated the timber value of the province at \$300,000,000.

The forests of Heilunkiang are said to be scarcely less in extent and value than those of Kirin.

The new Kirin-Hweining Railway, for which the preliminary contract was signed June 18, 1918, by the Chinese Ministry of Communications and representatives of a Japanese banking syndicate, will open hitherto inaccessible tracts of Kirin timber, and will convey the products of the forests to the deepwater port of Seishin, Korea, whence they can easily be transported abroad.

I have the honor to be, Sir,  
Your obedient servant,

*A. M. Ferry*

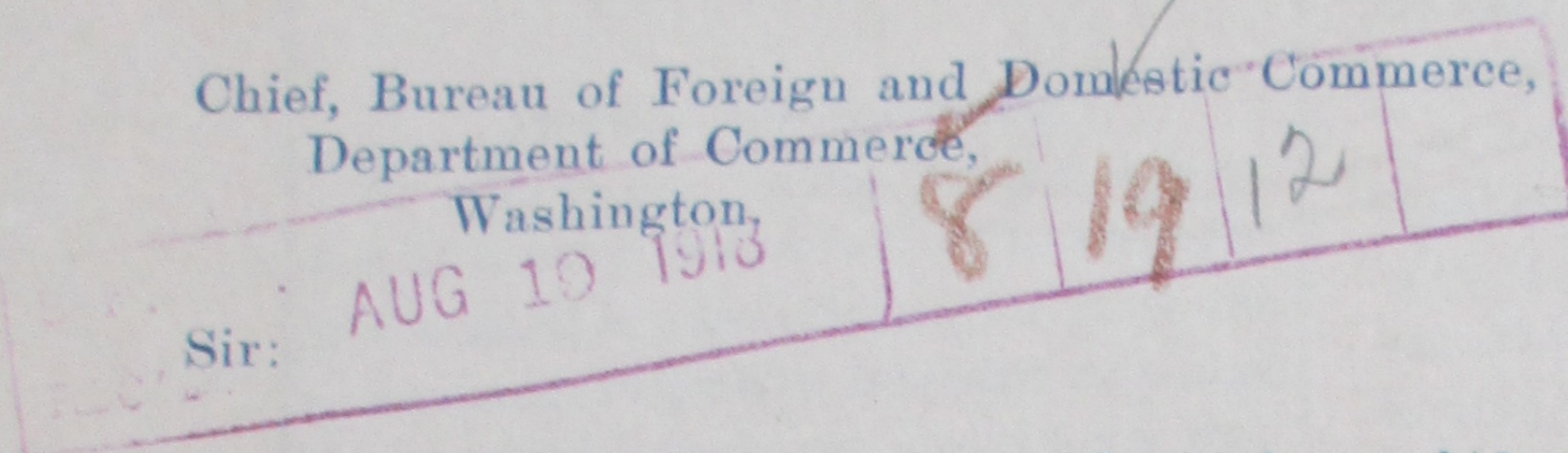
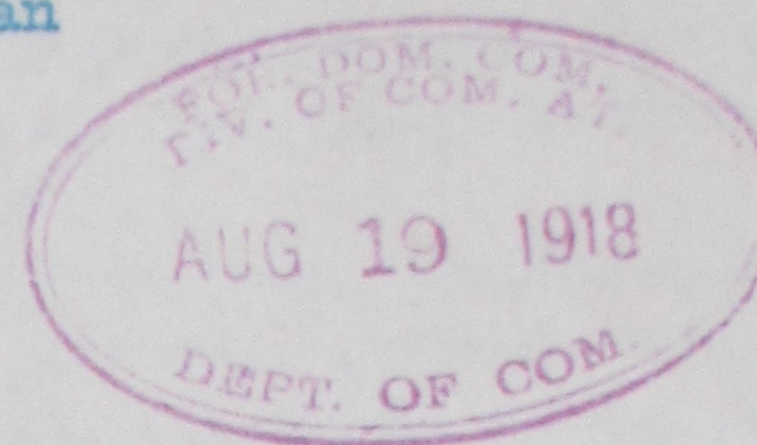
Enclosure: as stated.

Commercial Attaché.

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FILE NO. 7-57

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6540  
7-57  
July 10, 1918.Office of American Commercial  
Attache, American Legation, Peking.

## More about the Forestry Loan.

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**Tien Wen-lieh Gives Way at Last.**

### Terms of the Agreement.

In order to get money for the suppression of Kwangtung as well as to meet the administrative expenditures for June, the Government originally intended to pledge the wine and tobacco monopoly for a loan. This plan was abandoned because of America's opposition. Then it was proposed to mortgage the forests of Kirin and Heilungkiang to the Japanese for 30,000,000 Yen. On the side of the Chinese Government it was Mr. Tsao Ju-lin, Minister of Communications and acting Minister of Finance, who took up the matter, while Mr. Nishihara represented Japan, and the Exchange Bank of China acted as the go-between. As the forests are under the control of the Minister of Agriculture and Commerce, Mr. Tien Wen-lieh must also countersign the agreement.

Mr. Tien, however, was the first to raise objection to the conclusion of such a loan, when one day at the Cabinet meeting, Mr. Tsao Ju-lin brought it up for discussion.

Now it is reported that at a subsequent Cabinet meeting the acting Minister of Finance again submitted the question and told Mr. Tien that, as the administrative expenditure of the Central Government for the month of June was still in need of \$12,000,000, while Generals Lung Chikwang, Chang Huai-chi and Tsao Kun were demanding military funds to the amount of another \$10,000,000, the conclusion of this loan was very essential to the very life of the present Cabinet. "If you don't give your approval," Mr. Tsao went on to explain, "not only shall I be driven to the end of my resources in

the capacity of Minister of Finance, but the position of the Cabinet will also be shaken. In other words, the present Cabinet will fall, not owing to the failure of its policy, but to financial stringency." All the while the Premier turned his eyes towards Minister Tien, though he did not speak a word.

At last the Minister of Agriculture and Commerce gave way, probably with a view to prevent the collapse of the present Peking Government, and promised to affix his seal on the agreement, which was to have been signed at 3 o'clock p.m. yesterday, July 9th. It is also stated that before the signature of the said agreement, Mr. Lu Chung-yu, Manager of the Exchange Bank of China, through whom the loan was negotiated, paid one more visit to Mr. Tien Wen-lieh in connexion with the said loan.

### Text of Agreement

Regarding the contracting of this forestry loan there are two agreements, one principal and the other supplementary. The general terms of the principal agreement are within the bounds of an ordinary loan agreement, namely:

- (1) Amount, 30,000,000 Yen.
- (2) Interest, 7½ per cent.
- (3) Time for repayment, 5 years.
- (4) No discount.
- (5) Security, the forests and mines of the two provinces of Kirin and Heilungkiang.
- (6) China should organise a company for the development of forestry and mining in Kirin and Heilungkiang.

The supplementary agreement is as follows:—

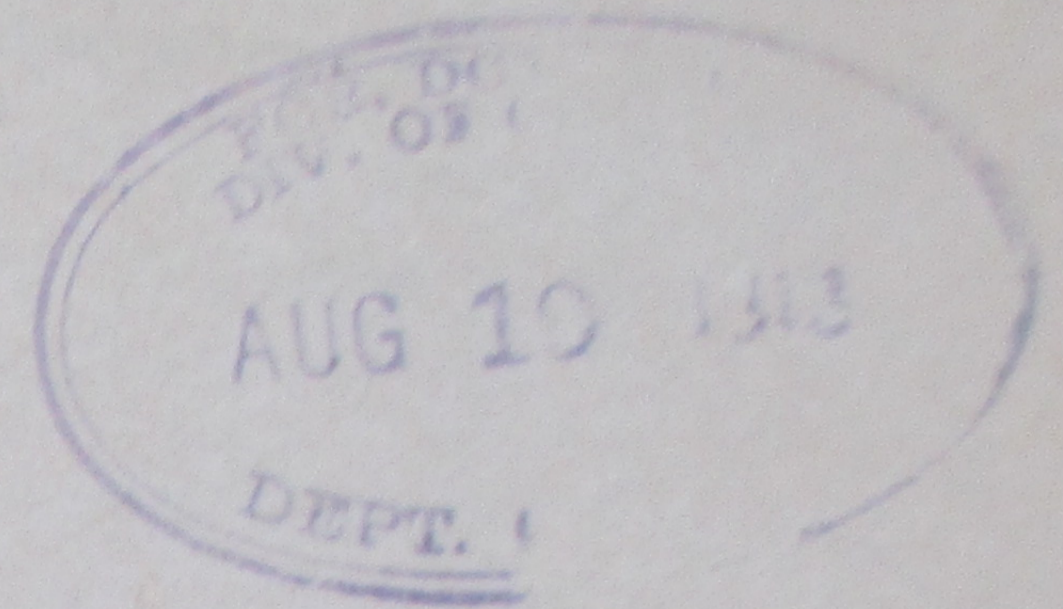
- (1) In case China is to establish a company in the two provinces of Kirin and Heilungkiang for the development of forestry and mining, one-half of its capital shall be invested by the various banks who have a part in this loan.

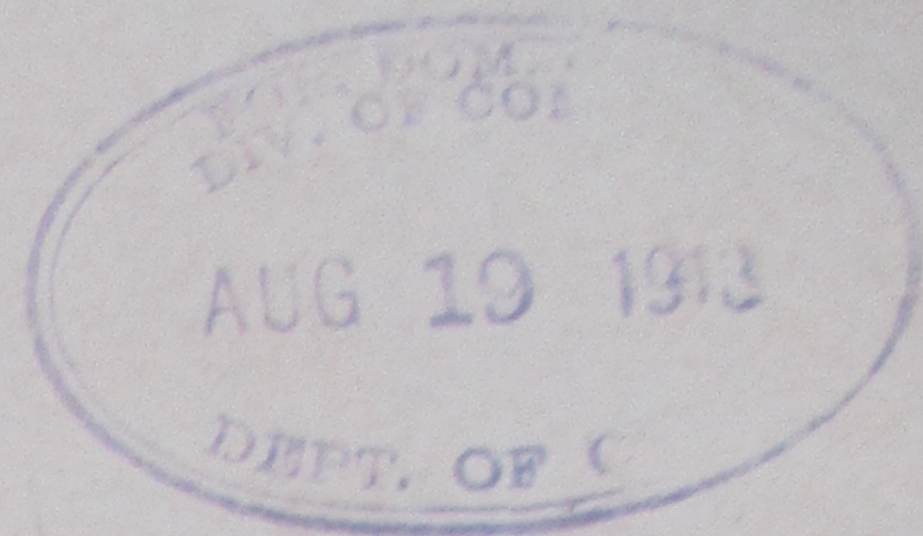
(2) The details regarding the joint establishment of the said company with Sino-Japanese capital shall be decided upon and agreed to by delegates sent by the two countries for that purpose in accordance with the precedents of the Yalu River Timber Company and the Tien-pao Shan Silver Mine Company.

(3) At the time of the establishment of this company, if the Chinese Government be unable to repay the loan stipulated in the above agreement, the said loan shall be considered as the capital advanced by the Japanese banks for the establishment of the said company, and if the said loan be insufficient for one half of the whole amount of the capital, the Japanese banks in question shall advance the remaining portion to make up just one half of the whole capital.

(4) When the Chinese Government intends to float a loan in order to secure money as its capital for the establishment of the said company, the Japanese banks in question may float for it wholly or in part.

The above rough text of the two agreements has been obtained from official quarters and is believed to be very near the original phraseology. Whether the loan is detrimental to the country or not, we will leave to the judgment of our readers. Again, according to the present market value, the 30,000,000 Yen is only worth about 19,500,000 dollars in Chinese currency, out of which not a single cent, as everybody knows, will be used as capital for the establishment of the proposed company; for according to Mr. Tsao Julian himself, the \$5,000,000 demanded by General Tsao Kun, the \$3,000,000 wanted by General Chang Huai-chi, the \$2,000,000 required by General Lung Chi-kwang, and the administrative expenditure of the Central Government for the month of June are all to be met by this loan!





## **The Forestry Loan.**

### **Fengtien and Kirin Authorities Demand its Cancellation.**

Bitter opposition had been raised in Kirin owing to the recent forestry loan. The people want to cancel the loan contract at all cost. On the 14th instant the Civil Military Governors of Kirin sent a joint telegram to the Central Government, requesting that the forestry loan should be cancelled in order to appease the people, and General Chang Tso-lin, Tuchun of Fengtien, has also wired to the Government to the same effect. It is now reported that the loan may have to be cancelled at this rate, but the Japanese capitalists will have to be duly compensated. It is not yet known what the Government has decided to do. Under the cir-

cumstances, however, the result may be easily imagined if the Government ignores the true will of the people of Kirin.

Another report says that seeing the opposition on the part of the people of Kirin as well as that of the powerful Tuchuns, Messrs. Lu Chung-yu and Tsao Ju-lin, the agents in this loan, are making efforts to find a remedy. They have approached the Japanese to postpone the carrying out of the contract. As the loan has already been signed, the Japanese do not seem to be willing to agree to the loss of large privileges already in their hands. Being hard pressed on one side by the opposition of the people and, on the other, by the refusal of the Japanese capitalists to cancel the loan, these two gentlemen have been placed in a serious dilemma, and their fine spirits shown at the time when this loan was signed have apparently entirely disappeared.

UNITED STATES  
DEPARTMENT OF COMMERCE  
BUREAU OF FOREIGN AND DOMESTIC COMMERCE

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OFFICE OF COMMERCIAL ATTACHÉ  
PEKING, CHINA

American Legation.  
July 19, 1918.

INDEXED 6540  
FILE NO. 7-57

Subject: Japanese Loans on Manchurian Forests.

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

P.D.C.  
Sir: SEP 4 1918

In a recent report upon the loan of 30,000,000 yen by Japanese bankers on the security of the forests and mineral resources of Kirin and Heilungkiang provinces, in Manchuria, I stated that I had applied to the Bureau of Forestry for information as to the extent and character of these forests.

I have now received a reply to this request, which is not illuminating, it being stated merely that there is no way to estimate the extent of the forests, which are composed of larch, pine, oak, linden, poplar, birch, some ash and some maple.

It is stated by the Manchuria Daily News, however, that the forest zone of Kirin covers one sixth of the whole province. The Changpai forest is 170 square miles in area, and the forest in Mengkiang prefecture yields 2,500,000 pieces a year, at which rate the forests should last 100 years without replanting. The total available output of Kirin province, according to the Manchuria Daily News, is 10,000,000 pieces a year for 100 years.

As is shown by the enclosed clippings, the people of Kirin are up in arms against this loan, and have sent representatives to Peking to oppose it, but the loan has been signed and I understand that part of the money has been or will be in a day or two advanced to the Central Government. The opposition of the people of Kirin seems to be belated and futile, but it is interesting as showing a spirit of independence manifestation of which has hitherto been lacking in the northern provinces.

I have the honor to be, Sir,

Your obedient servant,

*A. H. Fennell*  
Commercial Attaché.

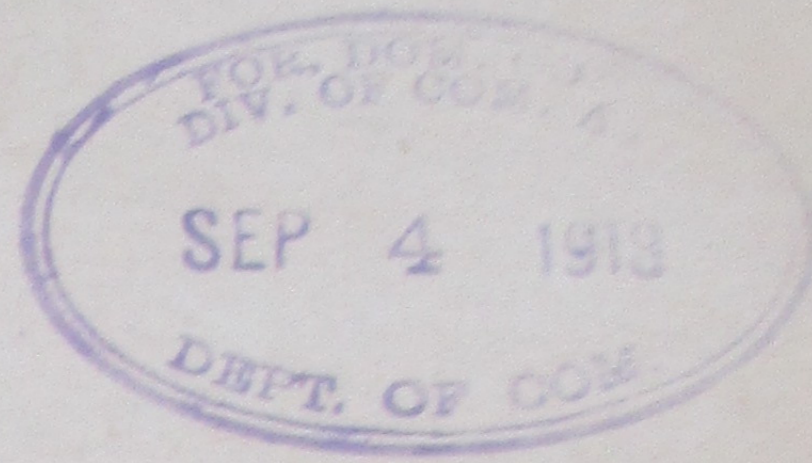
Enclosures: as stated.

CLIPPING FROM  
**MANCHURIA DAILY NEWS**  
**DAIREN.**

Commercial Attaché  
ing, China.

Dated

INDEXED 6540  
FILE NO. 7-57  
July 13-1918



*Kirin, July 12.*

**ANTAGONISTIC MOVEMENT AGAINST  
KIRIN FORESTRY LOAN.**

A mass meeting held at the Kirin Provincial Assembly on the 10th at 1 p.m. in opposition to the Kirin Forestry

Loan was attended by 3,000 people.

Mr. Wang-shihchuan (Chairman of the Educational Association) delivered an opening address, arguing that Kirin Province should sever its relations with the Peking Government by suspending the remittance of taxes in the event of the Central Government failing to improve matters.

His speech received a lusty applause.

A man named Wu was carried away by emotion and jumped upon the platform. He cut one of his fingers with a dramatic gesture and wrote in blood before the deeply impressed audience the Chinese characters signifying that he would rather die than live to see the Forestry Loan signed.

Another man of the name of Liu explained at length the connection of Mr. Hu (Director of the Forestry Board) and Mr. Fan, of the Foreign Intercourse Office, with the Loan.

The half crazed masses, fired with indignation, raided and ransacked the residences of the two officials and seized some letters.

The representatives of the excited masses called on Military Commander Meng, of Kirin, and asked him to exercise his influence for intervention.

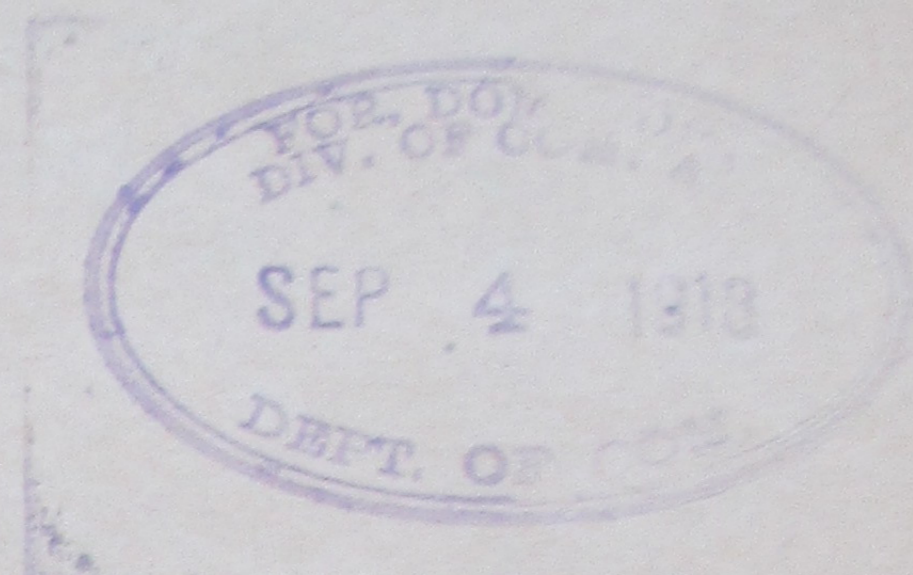
The Military Commander asked the representatives to withdraw quietly with a promise that a definite reply would be given by 8 that same evening, and despatched three companies of troops for keeping close patrol over the city.

CLIPPING FROM  
**MANCHURIA DAILY NEWS**  
DAIREN.

Commercial Attaché  
Peking, China.

Dated

INDEXED 6540  
FILM NO. 7-57  
July 13-1918



*Changchun, July 12.*

**BOYCOTT AGAINST JAPANESE  
GOODS.**

The mobs who held a mass meeting at the Kirin Provincial Assembly on the 10th in opposition to the Forestry Loan induced the faculty and students of the Kirin Normal School and the primary school children to be present at the mass meeting.

A resolution for instituting a boycott against Japanese goods was adopted at the mass meeting which was attended by about 3,000 people.

**Changchun Impressed Little.**

The Chinese Guild, Changchun, was invited by the promoters of the anti-Forestry Loan movement at Kirin to join in the demonstration, but gave little encouragement.

The Chinese educational people are eagerly canvassing the city with a pet scheme of theirs, but their efforts promise little reward. There may be some wirepullers behind the scene.

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## Forestry Loan Arouses Bitterest Opposition.

### The People Fired at by the Tuchun's Bodyguard.

#### Text of the People's Manifesto.

The people of Kirin have lately convened meetings to discuss the means of making protests to the Central Government against the recent Forestry Loan. According to despatches from Kirin on hearing that the Forestry loan had already been signed the gentry and merchants formed themselves into several bodies and proceeded on the 11th inst. to the Agricultural and Forestry Bureau. They inquired from the Chief of the Bureau, Mr. Hu Tsung-ying, about the loan details but could not get any satisfaction out of him. Then they all went to the offices of the military and Civil Governors to request them to publish the terms of the loan agreement. Fearing that these people might create a disturbance, Tuchun Meng En-yuan ordered his bodyguard to fire into the air and thus keep them in order. The troops fired several shots in the direction of the people and wounded two men. At this the people started a great clamour, whereupon the troops fired again and so precipitated a riot in the city.

Another report states that in connexion with the forestry loan, bitter opposition was aroused and, on the 10th inst. a crowd of people numbering five or six hundred attacked the residence of the Chief of the Forestry Bureau, where all the important documents were taken away together with a quantity of clothing and

valuables valued at several thousand dollars. Their number having by this time been increased, they next proceeded to the Yemens of the Tuchun and Shengchang. The Tuchun expostulated with them and then the crowd dispersed. But when nightfall came on, the crowds gathered again and then it was found necessary to despatch four battalions of soldiers to patrol the city.

In connexion with this forestry loan one of the officials is represented to have said that during this critical period when military funds were so much needed, we could not but resort to the negotiation of foreign loans, but a portion of these 30 millions of dollars, say 4 or 5 millions, might be apportioned for the promoting of some good reforms, etc.

A further report states that the opposition aroused against this loan is getting bitterer every day and all the people are pledging themselves that they will not pay any taxes whatsoever if the Government does not nullify the loan.

#### The People's Manifesto.

The following manifesto has been issued by the people of Kirin and Heilungkiang opposing the completed negotiations mortgaging away their mines and forests:—

Alas! Heaven has inflicted a great calamity on China! Since the outbreak of hostilities between the North and South,



there is not one day that they do not talk about recruiting soldiers and there is not one day that they do not talk about going to war. But they forget that soldiers are a dangerous weapon and war a great harm, which are like worms gnawing into our wealth. To get funds they always look to the negotiation of loans and thus follow the precedent started by Yuan Shih-kai. Is this not staking the lives of 400 million people in one throw of the dice?

The total amount of loans, not counting the Boxer indemnity and other loans contracted during the Tsing Dynasty, which are about 100 millions, is now estimated to reach \$465,798,000. In addition there are about 30 short term loans contracted by the different government departments and provinces which amount to over \$19,700,000. For some of the loans some railways have been pledged, and for others the customs revenue and Likin Dues. Into these we will not inquire now but what we want to ask is: how are we going to provide for the future? Alas! the people's burden is really well-nigh intolerable and we very much fear that our country may soon be dismembered.

Recently our Government entertained some extraordinary notions, that is, they proposed to pledge the forests and mines of Kirin and Heilungkiang for a Japanese loan of \$30,000,000. Against this the Press is crying loudly while the people are stung to the quick. If this scheme turns out to be a fact, there is nothing left for the people to depend upon for a living, as the people of the two provinces of Kirin and Heilungkiang have been reduced to great straits and must depend upon their mines and forests for their livelihood. Since recent years the Japanese in the Three Eastern Provinces have been making strenuous efforts to secure the possession of these mines and forests, and sometimes they have gone beyond the law in their actions. Now the treaties allow the Japanese to reside anywhere as they please,

while our country has no time to defend us. Why must we forego our rights and let ourselves be treated as meat and fish?

As regards these forests we cannot build our houses without them, we cannot make our furniture without them, and we cannot cook without them. They are most necessary to us and we cannot live without them. Now if the rights to these forests are given to the Japanese, they will impose restrictions on these forests and then we will not be able to obtain even one leaf or one branch. If we have no timber we cannot build houses then there will be no firewood for cooking and then all we can do is to sit and wait for death. But we will not submit to such a tame end and so we swear that we will never recognize these loans.

As regards our mines, they are a vital source of wealth. The gold, silver, coal and iron mines in these two provinces are the best in the country. If they are developed, are they worth only 1,000 millions? All our wealth and blood are in these mines, and if they are pledged to foreigners, encroachment of our rights will begin and then soldiers will be stationed to guard these mines, thus disturbing the peace of the place and creating diplomatic controversies. This is surely like welcoming thieves into our own houses and allowing them to search and seize all our valuables. Three years hence, all the wealth of the provinces of Kirin and Heilungkiang will be lost and our life blood sucked dry. Then we will not be able to find a living even if we attempt to do so.

This may be proved from the recent case of Ching-fu in Fengtien, and also in that of Tsinan and Tsingtau in Shangtung. When we think of these cases our hearts turn cold, and this is why we swear that we will never recognize these loans.

We know that loans are also contracted in other countries, but in their case the security offered is in proportion to the loans. The loans recently contracted by our Government are different. For example, those secured on property in the three Eastern Provinces are not a few in number—namely, the Ki-Hwei Railway loan, the Tobacco and Wine Loan, the Land-tax Loan, the Peking Mukden Railway Loan, the Stamp-tax Loan. There are many others the names of which we cannot remember but strike our ear-drums every day. On top of all these now comes the loan secured on our Forests and Mines which is almost incredible. Indeed, it seems that as the means of getting money are nearly exhausted the Government is taking this step to take in all it can by one sweep of the net. All who have blood in their hearts should unite and rise up in opposition. We will rather be broken pieces of jade than continue as one unbroken piece of useless tile.

Therefore the whole population of Kirin and Heilungkiang unite to issue this manifesto and implore all of our brethren in the other provinces to remember our pains and bestow pity upon us. We also implore you to organize and oppose this loan with all your strength, even at the risk of your lives, so that the same may be cancelled at the earliest date, for which the whole country as well as the people of the Three Eastern Provinces will be ever grateful. We are now transacting our business in the buildings of the Provincial Assembly and we shall be very pleased to receive any advice or help from all districts, Government organs, as well as true-hearted compatriots.

"This is a special appeal which with tear-stained eyes we beg to issue to the public.

## Popular Opposition Against the Forestry Loan.

### Mass Meeting of Kirin Citizens.

#### Telegrams to the Government by People and Local Authorities

In continuance of our yesterday's report on this subject, a mass meeting was held, on the 11th instant, in the premises of the Provincial Assembly by the Kirin citizens to discuss measures to oppose the Japanese loan secured with the forests of their province. As so many people of all classes attended the meeting it was found necessary to hold it in the open air instead. The meeting was opened at 10 o'clock in the morning, and Mr. Wang Pokang first spoke as follows:—

"Today's meeting is one in which the life and death question of the people of Kirin is to be solved. Now both the forests and mines of the two provinces of Kirin and Heilungkiang have been mortgaged by the Government to the Japanese for a loan of \$30,000,000 to be used for the suppression of the South. Hereafter the people of Kirin are not at liberty to get even a leaf or a branch from the forests, nor any coal, iron, copper, gold, silver or lead from the mines. As we have no fuel we cannot cook, and if no metals, we cannot make utensils for our daily use. Just imagine what will be our sufferings! Shall we not therefore oppose this loan even to death?"

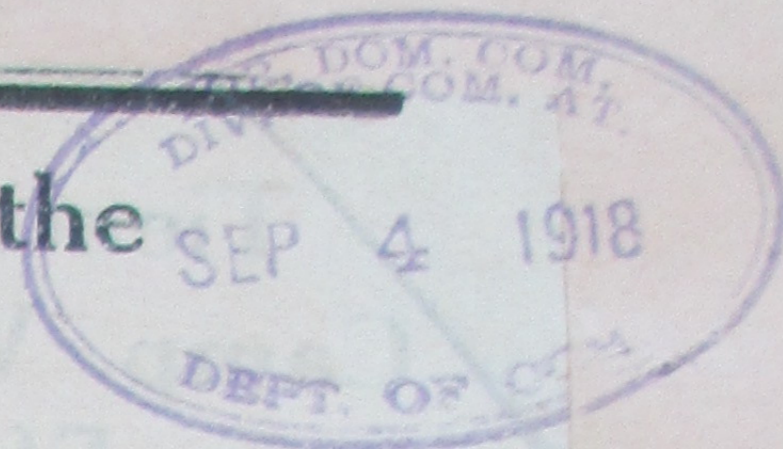
The second who addressed the meeting was Mr. Han Tsu-yang, who said:—"This time the men on the side of the Central Government who took part to bring about the loan were Tsao Ju-lin, the Minister of Communications and acting Minister of Finance, and Tien Wen-lieh, the Minister of Agriculture and Commerce, and those on the part of Kirin were Fan Han-sen and Hu Tsung-yin. They have been willing to pledge the forests and mines of Kirin and Heilungkiang to foreigners and put the people of the two provinces to death. What traitors they are! As the Central Government does not take care of the people of the two provinces, what are we going to do?" (The audience cried—"If this

illegal loan is not cancelled, we will no longer recognise this evil Government!")

Mr. Liu Tse then followed:—"Now let us remember the man who has sold away the forests and mines of Kirin is no other than Hu Tsung-yin, the Chief of the Forestry Bureau of Kirin! He has been bold enough to buy up all the houses, lands and forests along the river in Kirin and sell them to foreigners, thus helping to extend the influence of the latter. This is what Government official of the Republic has done!" (The audience cried, "This fellow should be put to death!")

After the above three gentlemen and others had given their speeches, the Chairman declared that those who were willing to make appeals to the Civil and Military Governors might go together. A large number of those present at once fell in, preparing to march to the yamens of the Tuchun and Shengchang. Just then one Mr. Wu Yung-sen shouted to the crowd "As we are often forgetful and have been ridiculed by foreigners as a people who possess zeal which only lasts five minutes I will write a few words here to perpetuate the thing in our memory for ever." Thus saying Mr. Wu bit his finger and wrote eight characters with his blood, meaning "We would rather die than recognise the forestry and mining loan". On seeing the characters the crowd shouted their loudest "Our minds are just the same as Mr. Wu's and we would rather go into fire or boiling water or have our bodies cut into pieces than recognise this loan!"

As the citizens were so bitter against Hu Tsung-yin, Chief of the Forestry Bureau of Kirin, and Fan Han-sen, Translator of the office of the Diplomatic Office in Kirin, they wanted first to deal with them with drastic measures. Therefore, setting out, they first made for the private residence of Fan where they intended to search for proofs of his intrigu-

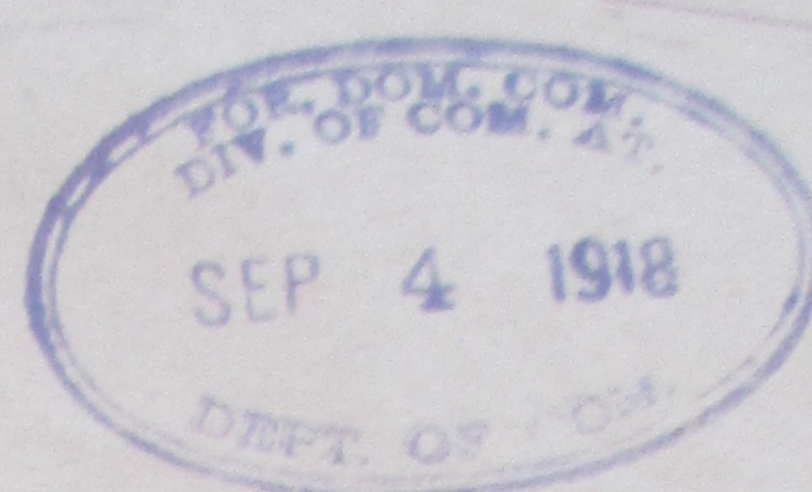


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ing with the Japanese. After some struggle they entered but found that Fan had made good his escape. However they collected altogether over hundred letters. Then they went to Hu's private residence in the rear of the Forestry Bureau. Hu having left for Peking on the 7th instant, bringing his seal with him, the citizens only made a search of his houses and collected several tens of letters to be brought back for examination. Thence they went to the Tuchun's office, and were received by the Tuchun at the gate to whom they bowed three times. First of all the representative of the citizens, Mr. Yu, explained to the Tuchun the reasons of their coming and then the former addressed the crowd as follows: Your coming here shows how urgent the matter is, so it is my duty to make strenuous efforts to request the Central Government to cancel the said illegal loan. At the beginning of the negotiations for this loan I had repeatedly wired to the Central Government, but so far I have not yet received any answer. As I have been living in this province for over ten years, I am practically a native of Kirin, so certainly I will convey the will of the people to Peking and help you until we have attained our object in entreating the Central Government to nullify this loan." At this the people were well satisfied and shouted, "Long live the Tuchun and long live the province of Kirin!"

Leaving the Tuchun's office they started for the Shengchang's yamen and were also met by the Shengchang at the gate. They bowed three times to him as they had done to the Tuchun and their representative once again explained the object of their coming. The Shengchang made practically the same declaration to them. He said "As I have been living in Kirin

or over ten years, I have practically become a native of the province. Regarding this loan I have despatched many telegrams to the Central Government. Now as you gentlemen are so anxious about the loan, of course I will give you every help to oppose it." Here the crowd again gave a loud shout and wished the Shengchang as well their native province, a long life.

On their return journey they met the Diplomatic Officer who was detained by them and asked if he had any knowledge of his translator Fan's treason against the country and whither the latter had gone to. To this the Diplomatic Officer replied that Fan was on leave. He was however not allowed to pass until he had promised to find out the whereabouts of his translator.

When they returned once more to the premises of the Provincial Assembly the various public bodies again held a meeting to discuss measures for the accomplishment of their objects. They arrived at the following decisions: (1) To telegraph to the newspapers in Tientsin and Peking, asking for special help. (2) To telegraph to Tuchun Chang Tso-lin of Fengtien asking him to make similar efforts to oppose the loan. (3) To telegraph to the representatives sent to Heilungkiang, informing them of the result of that day's meeting. (4) To find out the whereabouts of Fan. (5) Meetings to be held from time to time to push on the matter,

#### **The Kirin Governors' Joint Telegram to the Government.**

The following telegram was sent jointly by Tuchun Meng En-yuan and Civil Governor Kuo Chung-hsi of Kirin to the Central Government, informing the latter of the Kirin people's bitter feeling against the forestry loan.

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For the esteemed perusal of the Cabinet, the Ministry of Finance and the Ministry of Agriculture and Commerce: Regarding the Japanese loan secured on the forests and mines of Kirin, the General Chamber of Commerce, the Provincial Assembly, the gentry and other public bodies have risen up in opposition and are on the point of creating a riot. We have already worn our tongues and made our lips dry in expostulating with them, while Liu Shou-peng, Chief of the Financial Bureau, and Regimental Commander Wang Yu-chen have also repeatedly explained and argued with them. It is only open-heartedness and frankness that have so far prevented the people from going to extremes. As to how to devise means for the cancellation of the original agreement we request the Central Government to give us information and instructions as soon as possible."

**Telegram from the Kirin and Heilungkiang Public Bodies to the Government.**

The General Chambers, the gentry and other public bodies of Kirin and Heilungkiang have despatched the following telegram to the Government:

"The merchants and other classes of people of Kirin and Heilungkiang will never recognise the mortgaging of the forests and mines of the two provinces to the Japanese for a loan. We hereby earnestly request the Government to cancel the said loan in order to preserve the life of the people of the two provinces. We are eagerly waiting for a reply."

**Ten Kirin Representatives in Peking.**

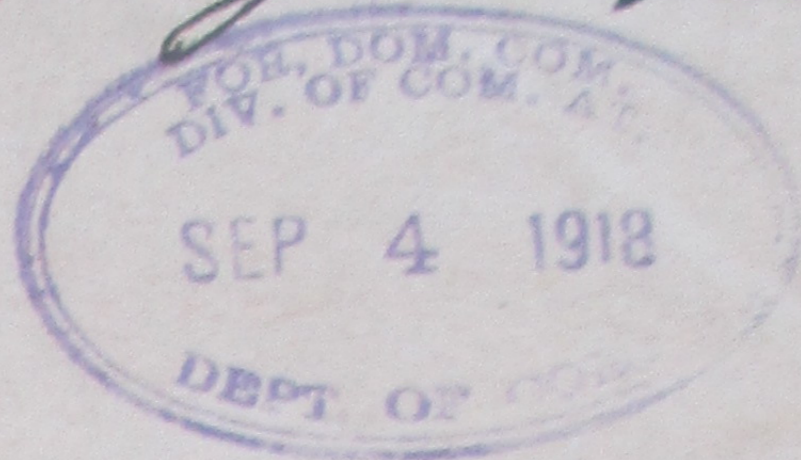
At a meeting, on the 13th instant, of the various public bodies in Kirin it was decided to send representatives to Peking. Consequently ten men were elected from among the various classes in the province; they left Kirin for the Capital by the night train on the same day and a large number of people saw them off at the station.

As to Fan Han-sen it seems he had been hiding in the house of his Japanese friends after the attack on his residence by the people, and left Kirin on the 13th instant in the disguise of a Japanese, bringing together with him four concubines who were also dressed in Japanese costumes.

**Manchu People also Indignant.**

The union of the various public bodies of Kirin has received a letter from Pei Chia-chu, Assistant Commander of the Manchu Red Bordered Banner in Kirin, saying: "As the Forestry and Mine Loan is closely connected with the life and death of the people of the two provinces of Kirin and Heilungkiang, it should be opposed even unto death, in order to preserve the life of the people and the sovereign rights of the country. Now the Manchu people of this Banner have been living in this province, so this loan has special relation to them. They have elected Mr. Chu Shun-wu as their representative. He will take concerted action with the public bodies of the two provinces in connexion with the question."

July 24-1918



## Kirin Forestry Loan.

### Text of Agreement.

#### Correspondence with the Exchange Bank.

The text of the recent agreement entered into between the Chinese Government and the Japanese banks for a loan to be secured on the forest and gold mines in Kirin and Heilungkiang has been made public by our vernacular contemporaries. The following is our translation of same :—

"An agreement is hereby entered into between the Government of the Chinese Republic of the one part (hereinafter called the "A" party) and the Exchange Bank of China (hereinafter called the "B" party) of the other part, for the negotiation of a loan of Yen 30,000,000 to be employed in the development of the gold mines and forests in the two provinces of Kirin and Heilungkiang. The conditions agreed to between the aforesaid parties are as follows :—

1. The amount of the loan shall be Yen 30,000,000.

2. The term of the agreement shall be 10 years, commencing from the date of the formal signature hereof, with the option of renewal if so desired by both parties after the expiry of the agreement.

3. Five years after the date of formal signature of this agreement, a portion of the loan may be repaid at any time by giving a 6 months' notice in advance.

4. The interest payable on this loan shall be charged at the rate of  $7\frac{1}{2}$  per cent in Japanese currency, that is, seven and half yen for every 100 yen. As to the interests to be charged on this loan after its renewal, the rate shall be fixed according to the current market value but with advantage to the "A" party.

5. The payment of interest shall be made every 6 months in advance. If the period between the first and last payments does not cover 6 months the interest shall be paid in advance in proportion to the days that the same shall be payable.

6. The amount of the loan shall be paid in full, with no discount whatsoever.

7. The payment of the loan, interest or other matters connected with this loan shall be conducted in Tokyo.

8. The "A" party agrees to pledge to the "B" party the following articles as security for the repayment of the loan and the payment of interest :

(1) All the gold mines and government owned forests in the two provinces of Kirin and Heilungkiang.

(2) The income from the said gold mines and forests to which the Government is entitled.

9. Whenever, during the currency of this agreement, the "A" party desires to contract a loan or loans from another party on the aforesaid gold mines and government owned forests or on other incomes derived therefrom, the said party shall consult with the "B" party beforehand.

The aforesaid "B" party agrees to enter into a formal agreement after it has held consultation with the several banking corporations, the banking representatives, and the Exchange Bank of China, the Bank of Taiwan, and the Chosen Bank.

Letter from the Minister of Agriculture and Commerce and the Minister of Finance to the Exchange Bank of China regarding the above loan.

2.

INDEX 6540  
7-57

Dear Sirs,

With reference to the draft agreement entered into between your company representing 3 Japanese Banking Corporations, the Hsin-yeh Bank (?) and those banking corporations represented by them, the Bank of Taiwan and the Chosen Bank, who agree to advance a loan to our Government secured on the gold mines and forests in the provinces of Kirin and Heilungkiang, we beg to state that we undertake to carry out the following measures for the development of the said mines and forests :—

(1) To effect an uniform control of all the gold mines in the provinces of Kirin and Heilungkiang and to make preparations to develop such mines and forests.

To provide full reserve funds for the issue of notes in gold currency.

To establish a Bureau for the purpose of carrying out the measures, to increase the income of the Government and also to control all affairs connected with these mines and forests which shall come under the direct control of the said Bureau.

After the Bureau is established records and statistics shall be kept for reference.

(2) To carry out the management of these forests in the provinces of Kirin and Heilungkiang under an uniform system, and to make preparations for the development of these forests a Bureau will be established under the direct control of the Central Government.

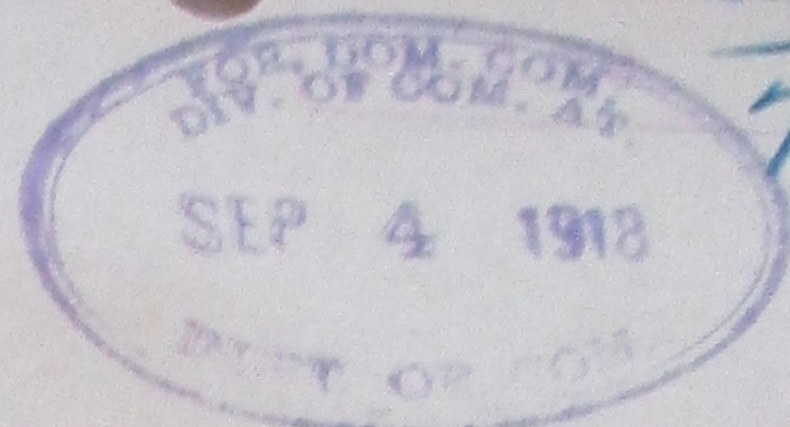
(Signed) The Minister of Agriculture  
and Commerce,  
The Minister of Finance,  
To the Exchange Bank of China,

In connexion with the above loan, four representatives sent by the citizens of Heilungkiang to Peking for the purpose of urging the authorities to cancel the Forestry and Mine Loan contracted with the Japanese arrived here the day before yesterday.

(To be continued)

Peking

Office of Commercial Attaché  
American Legation, Peking.



Dated July 25, 1918.

## Kirin Forestry Loan.

—) 000 (—)

### Correspondence with the Exchange Bank.

*(Concluded from Yesterday.)*

Yesterday we published the text of the Kirin Forestry Loan agreement as well as letter No. 1 between the Ministries of Agriculture and Commerce and Finance and the Exchange Bank of China. Today we conclude the series of correspondence between the aforesaid parties.

#### Employment of Japanese Engineers.

Letter (No. 2)

Dear Sirs:—With reference to the draft agreement entered into between your company, the Hsin-yeh Bank (?) representing some other banks, the Bank of Taiwan and the Chosen Bank for the advances to be made to our Government on the security of the gold mines and forests in the two provinces of Kirin and Heilungkiang we beg to state that we undertake to carry out the following conditions:—

To enable the Bureaux for the development of gold mines and forests to realize their objects and also to insure the means of obtaining funds for the repayment of the loan, it is hereby agreed that some Japanese engineers shall be employed to assist in the management of these Bureaux. For the employment of the Japanese engineers a separate agreement, will be entered into.

(Signed)

The Minister of Agriculture  
and Commerce.

The Minister of Finance.  
To the Exchange Bank of China.

#### Rights and Profits Guaranteed.

Letter (No. 3)

Dear Sirs:—We are in receipt of your letter in which you state that in consideration of the loan to be advanced to our Government through your kind services by the Banking Corporations represented by the Hsin Yeh Bank (?), the Bank of Taiwan and the Chosen Bank on the security of the gold mines and forests in the provinces of Kirin and Heilungkiang, for which a draft agreement has already been entered into you desire to make the following declarations defining the operations to be carried out in connexion with these mines and forests as well as the rights and profits to which the parties concerned are entitled, with a view to preventing them from being molested:—

(1) In regard to the gold mines in the provinces of Kirin and Heilungkiang, permission has already been granted by the Chinese Government to work the same, under the management of either officials or merchants, and all the rights or profits accruing from these mines should be upheld, and protection should also be given to the Bureaux to carry out their operations in order to effect the necessary reforms as well as increase the income of the Government.

(2) In regard to the forests in the provinces of Kirin and Heilungkiang, permission has already been granted by the Chinese Government to operate the same under the management of either officials or merchants, and all the rights or profits from these forests should be upheld, and protection given to the Bureaux to carry out their operations in order to effect the necessary reforms as well as increase the income of the Government.

In reply thereto we beg to say that as we find the above declarations are quite in order, we agree to carry them, besides having the same placed on record.

(Signed)

The Minister of Agriculture and  
Commerce.

The Minister of Finance.  
To the Exchange Bank of China.

SEP 4 1916  
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**Acknowledgment of Claim.**

Letter (No. 4)

Dear Sirs:—We are in receipt of your letter stating that the Banking Corporations represented by your bank and also the Hsin Yeh Bank (?) representing some other banks, the Bank of Taiwan and the Chosen Bank who have entered into an agreement with the Chinese Government for the advance of yen 30,000,000 for the development of the gold mines and forests in the provinces of Kirin and Heilungkiang, have made a request to you to ask the Chinese Government to issue at the time when the formal agreement is made the following letters of acknowledgment:

(1) To acknowledge that all the rights of the loan to be advanced by the 3 banks shall be given to your bank as security.

(2) To acknowledge that all the security offered to the 3 banks for the loan, namely, the gold mines and forests in the provinces of Kirin and Heilungkiang and all income derived therefrom shall be offered to you as additional security.

In reply we beg to say that we are willing to do so and will send you the letters of acknowledgment when the formal agreement is settled for transmission to the parties concerned.

(Signed.)

To Minister of  
Agriculture & Commerce.  
The Minister of Finance.

To the Exchange of  
Bank of China.

**Duplicate.**

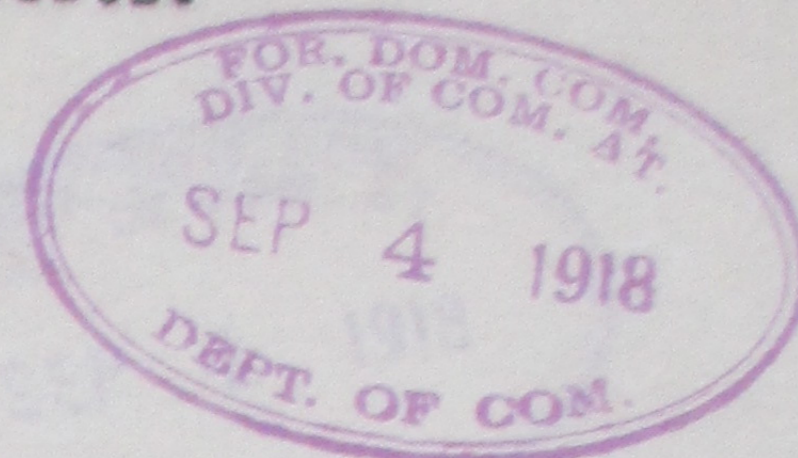
UNITED STATES  
DEPARTMENT OF COMMERCE  
BUREAU OF FOREIGN AND DOMESTIC COMMERCE

OFFICE OF COMMERCIAL ATTACHE  
PEKING, CHINA

AMERICAN LEGATION  
July 19, 1918.

Subject: **Japanese Loans on Manchurian Forests.**

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



Sir:

In a recent report upon the loan of 30,000,000 yen by Japanese bankers on the security of the forests and mineral resources of Kirin and Heilungkiang provinces, in Manchuria, I stated that I had applied to the Bureau of Forestry for information as to the extent and character of these forests.

I have now received a reply to this request, which is not illuminating, it being stated merely that there is no way to estimate the extent of the forests, which are composed of larch, pine, oak, linden, poplar, birch, some ash and some maple.

It is stated by the Manchuria Daily News, however, that the forest zone of Kirin covers one sixth of the whole province. The Changpai forest is 170 square miles in area, and the forest in Mengkiang prefecture yields 2,500,000 pieces a year, at which rate the forests should last 100 years without replanting. The total available output of Kirin province, according to the Manchuria Daily News, is 10,000,000 pieces a year for 100 years.

As is shown by the enclosed clippings, the people of Kirin are up in arms against this loan, and have sent representatives to Peking to oppose it, but the loan has been signed and I understand that part of the money has been or will be in a day or two advanced to the Central Government. The opposition of the people of Kirin seems to be belated and futile, but it is interesting as showing a spirit of independence manifestation of which has hitherto been lacking in the northern provinces.

I have the honor to be, Sir,

Your obedient servant,

A. W. Ferrin

Enclosures: as stated.

Commercial Attaché.

239

UNITED STATES  
DEPARTMENT OF COMMERCE  
BUREAU OF FOREIGN AND DOMESTIC COMMERCE

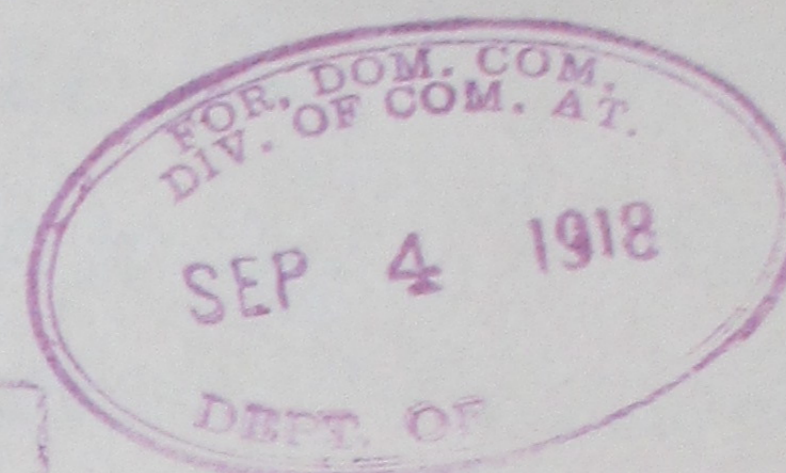
INDEXED 6540  
7-57

OFFICE OF COMMERCIAL ATTACHÉ  
PEKING, CHINA

American Legation.  
July 20, 1918.

Subject: Opposition to Japanese Loans.

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



B. F. D. C.	SEP 4 1918	8	19	8		
Sir:						
W. C. D.						

I have the honor to enclose herewith a clipping from the Japan Advertiser of July 13, 1918, on "Opposition to Peking's Many Loans."

This article is a reprint from the China Press, but it is significant that it should be given a prominent position on the first page of the Japan Advertiser.

In regard to the alleged cutting of timber in the neighborhood of the Eastern Tombs, referred to in the clipping, an excursion which had been planned by Mr. Lamb and me in that direction was countermanded about a month ago by Dr. Tenney, at the request of the Chinese authorities, who stated it was not safe for foreigners to go there on account of alleged activity of a strange band of persons resembling Boxers. I was subsequently informed from another quarter that the government's prohibition of travel toward the Eastern Tombs was not unlikely to have been due to a desire to conceal what was going on in the forests.

While the denuded character of the Chinese landscape as a whole would seem to indicate small reverence for trees, there is a growing sentiment in favor of conservation of what forests China still possesses, and the alleged timber cutting at the Eastern Tombs has caused much bitter criticism of the government, while, as shown by clippings in connection with another communication in this mail, the mortgaging of the Kirin and Heilungkiang forests to Japanese interests has created a condition approaching rebellion in those provinces.

I have the honor to be, Sir,

Your obedient servant,

*A. V. Ferris*

Commercial Attaché.

Enclosure: as stated.

Commercial Attaché  
Peking, China.

Dated

6540  
7-57  
July 13-18

## OPPOSITION DEVELOPING TO PEKING'S MANY LOANS

### *Tuan Government, Feeling Effect of Wide- spread Indignation, Stops Negotiations for More Funds*

Correspondence China Press

PEKING, July 4.—The loan situation grows more and more confusing every day, partly because the Government is beginning to find that it cannot play ducks and drakes with national assets without rousing a good deal of ill-feeling, and partly because other interested parties are beginning to make their sentiments known on the matter. During the past few days three loan projects have either been called off or are going very slow, these three being the Wine and Tobacco Loan, the Kwangtung Mines Loan and the Eastern Tombs timber concession.

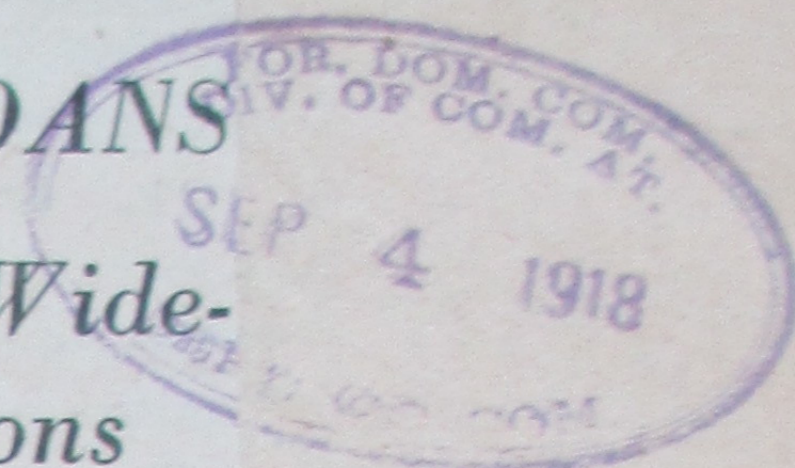
The negotiations for this last have been proceeding some time. Two years ago attention was called to the fact that timber was being felled in the neighborhood of the Eastern Tombs in an entirely improvident manner. It was evident that somebody or other had obtained the right to cut timber without being under any obligation to do any planting, and the then Minister of Commerce, Mr. Ku, was severely criticised in the matter. The result was that the felling suddenly stopped, and has apparently been suspended ever since until a few weeks ago, when it was resumed. About the same time, negotiations with a Japanese firm for the sole timber rights were begun, and the report gained currency that a timber concession had been definitely signed, and indiscriminate slaughter of trees was in progress.

#### Timber Being Felled

There seems to be no doubt that the felling of timber is going on, and there seems also to be no doubt that it is being conducted under Japanese auspices. Exactly what the rights of the lumberers are in the matter it is difficult to say, for I am assured on

the very best authority that no concession has been signed as yet. On the contrary, the Government is quite alive to the importance of timber preservation, and recently sent a small commission over the chief lines of railway to report on timber resources, on the possibility of reforesting the suitable timber areas within easy reach of the railways, and at the same time of adopting a scheme of reafforestation that would reduce erosion to a minimum, and thus enable something to be done to stop disastrous floods, at least within the railway territories. Reafforestation and prevention of erosion as such were but secondary considerations, the primary matter being the production of timber for railway sleepers, telegraph poles and like purposes. This is a step in the right direction, and if the Government is wise it will appoint the members of its commission of enquiry to undertake the actual carrying out of a comprehensive scheme.

The Government is going slow on the Kwangtung Mines Loan. It will be remembered that General Lung Chi-kwang, after his defeat in Kwangtung, came to Peking to place before the Government certain plans for the re-establishment of his position in the province, and amongst them was the financing of his troops. Hitherto General Lung had drawn on his own resources, that is to say, on what he could persuade his friends to advance to him; and for a long time he was in high favor here because he kept his army in being without persistently begging Peking to send him funds. He has evidently come to the end of his tether, and the Kwangtung Mines Loan was designed to relieve the situation. The Kwangtung Parliament, however, has tele-



no loan on the security of the Kwangtung mines will be recognized by the House of Representatives. The Government takes very little notice of telegrams from the South, but unfortunately for the Government outside investors do, and the result is that possible lenders are none too keen to commit themselves in this deal. It is stated that the Japanese group represented by Mr. Nishihara, which was in negotiation for this loan, has temporarily withdrawn.

The case of the Tobacco Loan is even worse. There is no question that negotiations for a loan on this security were in progress; the Exchange Bank of China, which was concerned in the matter, admitted the fact. It was known that both French and American creditors had a claim on the revenues of the Tobacco and Wine Monopoly, but the prospective new Japanese lenders proposed to buy them out. Negotiations between the prospective lenders and the officials of the Monopoly Bureau had proceeded a long way, but had not come under the official cognisance of the Japanese Legation, when the French interests already concerned made official enquiries and intimated that they were not inclined to be bought out. Their interest, it is stated, already amount to Fres. 150,000,000. Those of the Chicago lenders, as a second charge on the same security, amount at present to G.\$5,000,000. With these already heavy prior and preferential liabilities on the revenue of the Wines and Tobacco Bureau, any further loans became out of the question, and so the prospective Japanese lenders, and the Japanese Legation, making a virtue of necessity, the one issued a statement that no loan was contemplated whilst the other withdrew.

These failures have placed the Government in an awkward predicament, and so there is talk of various loans on railway profits. The point round which most of this talk centers is the Peking-Mukden Railway. From

the profits on this railway the Peking-Suiyuan line was built, and other undertakings have been financed. There is a considerable British interest in the line, and whilst there was no objection to the use of the surplus profits for the building of another railway, in which no other foreign interest was concerned, there will naturally be some objection to the hypothecation of any part of the profits to some other foreign interest, especially as the purpose for which the surplus profits are to be used is either ill defined or deliberately misstated.

#### No Funds for Fighting

The result of all these recent loan failures is very embarrassing for the Government. General Tuan has been talking lately, and in the only interview he has given to any foreign journalist he has emphasised the matter of a great campaign against Kwangtung that will bring the South to its knees in double quick time. But there are no funds with which to conduct a campaign and the appointments recently gazetted, of Tsao Kun and other northern Tuchuns to various commissionerships in the South, must for some time remain abortive for lack of funds. Neither the financial nor the military situation justifies the Government talk of re-conquering the South within forty days; and there are very grave doubts whether forty weeks or forty months would bring the present Government any nearer that goal, for it is too intent on other things really to care much about military campaigns.

One of its pre-occupations is the President. The Prime Minister's supporters in the Government are by no means sure that he will not throw in his lot with the South; and if he does that it is impossible to see what pattern the kaleidoscope will present then. Relations between the President and the Prime Minister are certainly very strained.

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UNITED STATES  
DEPARTMENT OF COMMERCE  
BUREAU OF FOREIGN AND DOMESTIC COMMERCE

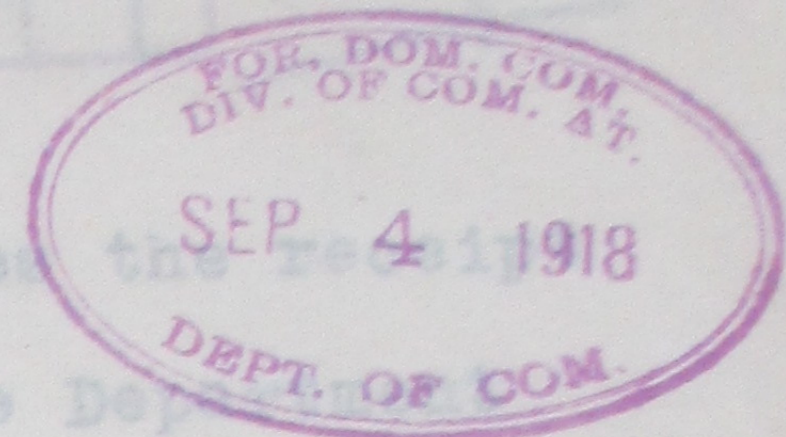
INDEXED 6548  
FILE NO. 7-2397

OFFICE OF COMMERCIAL ATTACHE  
PEKING, CHINA

AMERICAN LEGATION,  
July 20, 1918.

Subject: Opposition to Japanese Loans.

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



Sir:

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I have the honor to be, Sir,

Your obedient servant,

A. W. Perria

Commercial Attaché.

Enclosure: as stated.

DEPARTMENT OF COMMERCE  
BUREAU OF FOREIGN AND DOMESTIC COMMERCE

INDEXED 10540

ADDRESS OFFICIAL COMMUNICATIONS TO  
THE SECRETARY OF STATE  
WASHINGTON, D. C.



In reply refer to  
TA 893.51/1956

DEPARTMENT OF STATE  
WASHINGTON

INDEXED 6540  
FILE NO. 7-57

August 16, 1918.

U.S. DEPT. OF STATE  
RECEIVED

AUG 19 10 A.M.

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The Department of State acknowledges the receipt of the letter, dated August 12, from the Department of Commerce (Bureau of Foreign and Domestic Commerce), requesting the transmission of a message through the American Legation at Peking to the American Consul-General at Mukden relative to investment opportunities in the mineral and forest resources of Fengtien.

The Department has forwarded the message by cable to the Legation at Peking for transmission to Mukden.

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1029