


# AMERICAN CHAMBER OF COMMERCE



# BULLETIN

AUGUST 1927

SHANGHAI, CHINA.

No. 145

## ILLEGAL TAXATION

The original 2½% surtax was protested by the American Chamber in a resolution unanimously passed at the general meeting of the Chamber held on January 18th. Shanghai Importers are familiar with the method whereby these illegal surtaxes were collected by putting a collector at a desk in the Bank of China Customs Bank. The representative of the Nationalist Regime had to collect the surtax before the import declarations were passed by the representative of the Bank of China Customs Bank.

The Foreign Powers failed to prevent the collection of these illegal surtaxes, all of which are contrary to Treaty Rights and thereby left encouragement to the Nationalists to place other desks in the Customs Bank, each of which is presided over by a collector who demands his payment before the payment of the regular Customs taxes as authorized by Treaty.

With the announcement of the taxes to be imposed September 1st Your Board of Directors authorized the sending of the following letter to the American Consul-General, who transmitted by cable to the State Department in Washington and to the American Minister in Peking the resolution, which follows the letter.

Shanghai, August 3, 1927

U. S. Consul General,  
Shanghai,

Dear Sir,

I am instructed by the Board of Directors of the American Chamber of Commerce of Shanghai to forward to you the enclosed resolution, dated August 3, 1927, and to request that you transmit same by cable to the Secretary of State at Washington.

Unless America's present and prospective foreign trade with China is to be sacrificed for some reason known only to the Administration at Wash-

ington, it is essential that our Government formulate without delay a plan of action calculated to protect the interests of the people of the United States in their rapidly increasing demand for foreign markets to absorb the excess production of their factories.

This Chamber is convinced that a public declaration on the part of the Government of the United States, setting forth its intention to take appropriate action to enforce the treaty rights of its nationals in China, would go far toward solving the present difficulty. It is also the opinion of this Chamber that the desired end can be accomplished without augmenting the American forces already in China and by the adoption of a firm stand at those treaty ports which are readily accessible.

Very truly yours,

(Signed) C. H. FRENCH.

President.

WHEREAS various political and military factions in China have usurped the functions of government within the respective areas which they temporarily control, and are now seeking to levy import and other taxes in flagrant violation of existing international treaties and trade agreements; and

WHEREAS the Nanking faction, in specific contravention of the aforesaid treaties and agreements, has issued a proclamation dated July 20, 1927, declaring that effective September 1, 1927, all foreign goods imported into China shall be subject to an import duty of from 7½% to 57½% in addition to the present 5% duty; and

WHEREAS the aforesaid irregular and unlawful activities on the part of said factions are subversive to American foreign trade and to the fundamental rights of American citizens lawfully engaged in promoting such trade; and

WHEREAS until such time as the existing treaties shall have been revised or the provisions of the



Washington Conference Agreement shall have been met, the Chinese Maritime Customs is under treaty obligation to issue customs clearances in due form permitting the importation of such foreign goods as shall have paid the present legal 5% import duty and 2½% surtax.

**NOW THEREFORE BE IT RESOLVED BY THE AMERICAN CHAMBER OF COMMERCE OF SHANGHAI:**

**FIRST:** That the United States Government be and hereby is petitioned to take such action as may be necessary to protect American exports to China against all illegal taxes, impositions, levies, extortions and exactions in violation of existing treaties and trade agreements between the Republic of China and the United States of America, and that it immediately issue a public declaration of its intention so to do;

**SECOND:** That as a preliminary measure calculated to afford temporary protection, the United States Government be and is hereby requested to authorize its consular officials in China to accept on behalf of the Chinese Government payment of the present lawful 5% import duty and 2½% surtax on goods imported from the United States of America, and thereupon to issue in due form permits for the landing and delivery of such goods—this authority, however, to be exercised by the said consular officials only in case the Chinese Maritime Customs refuses or neglects to function as herein contemplated; and

**THIRD:** That the United States Government be and is hereby requested to authorize the employment of the American forces now in China to guard American goods against unlawful seizure or restraint while in process of importation into China.

**AMERICAN CHAMBER OF COMMERCE**

C. H. FRENCH,  
President.

Failing to receive any reply from the State Department, your Board, on August 13, sent the following letter to the American Consul-General:

Shanghai, August 13, 1927.

U. S. Consul General,  
Shanghai.

Dear Sir,

On August 3rd this Chamber petitioned the United States Government to take such action as may be necessary to protect American interests against all illegal taxes, impositions, levies, extortions and exactions in violation of existing treaties and trade agreements between the Republic of China and the United States of America, and to issue a public declaration of its intention so to do

In so far as we are aware, the Administration at Washington has taken no action on our petition. In the meantime the Nationalist faction in China continues to levy illegal taxes against American interests and persists in its intention to impose additional burdens effective September 1, 1927.

We cannot too strongly impress upon our Government the critical nature of the present situation and I am, therefore, instructed by our Board of Directors to advise you that this Chamber views with grave concern the continued inaction of the United States Government on a matter of such vital importance to the welfare of both Chinese and Americans.

We are thoroughly in accord with the principal of complete tariff autonomy for China as and when that country is in a position to assume the serious responsibility of exercising such autonomy through the medium of a stable government. We do oppose, however, any and all attempts on the part of the various political and military factions to usurp this function of government within the restricted areas which they temporarily control, and we are furthermore opposed to any and all compromises with such factions in the matter of illegal levies.

We particularly desire to bring to the attention of our Government the fact that the contemplated action by the Nanking faction in so far as relates to import duties will not only disrupt trade between America and those provinces now under the control of the Nationalists but will also seriously affect commercial relations between the United States and China as a whole. With reference to the proposed excise or production taxes, no thought has been given by the Nationalists to their destructive effect on local industries, and such members of this Chamber as are engaged in manufacturing in China are threatened with the imminent necessity of closing their plants and of taking action to salvage such part of their investments as may be recoverable under forced liquidation.

This Chamber has repeatedly emphasized the fact that America requires a future outlet for the rapidly increasing surplus products of her industries, and that the welfare of the people of the United States demands that our Government do everything possible to retain and develop this great potential market in Asia. The disorderly and lawless elements in China have been and are now pursuing a course of aggression against the United States calculated to destroy America's present and prospective foreign trade with China and to ruin American nationals who are engaged in promoting such trade. In this crisis we call upon our Government for the protection to which we, as loyal American citizens, are entitled under existing treaties; we call upon our Government to protect American foreign trade against the lawless activities of those who seek to destroy it; we call upon our Government to maintain the dignity of the United States of America in its relations with China and to insist upon proper respect for and observance of the present treaties until they shall have been abrogated or revised in accordance with recognized international procedure.

Very truly yours,

(Signed) C. H. FRENCH.

President.

**AMERICAN  
CHAMBER OF COMMERCE  
BULLETIN**

PUBLISHED MONTHLY BY THE  
AMERICAN CHAMBER OF COMMERCE  
305 Robert Dollar Building.

Shanghai, China.

Cable Address "Amchamcom."

Advertising Rates furnished upon request.

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**NEW MEMBERS**

The following have been elected individual members of the Chamber of Commerce since the amalgamation of the American Association:

W. C. Belknap	Otto Kabelitz
E. G. Berrien	A. Fleming Kimball
Dr. W. H. Bolton	S. C. Kingsbury
Wm. Cohen	E. Luebbert
T. J. Cokely	R. D. Marshall
C. D. Culbertson	H. F. Merrill
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Leon Friedman	C. J. Spiker
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C. B. Gardner	F. W. Tower
H. E. Gibson	Wm. Van Buskirk
W. S. Hibbard	P. H. Vanmeter
James M. Howes	Raymond G. Viloudaki
Capt. A. E. Jackson	E. M. Van Bergen

The following have been elected non-resident members of the Chamber of Commerce:

Centennial Mill Co., Seattle, Wash.	Imperial Candy Co., Seattle, Wash.
R. E. Dietz Company, New York City.	Kraft Cheese Co., Chicago, Ill. & Pocatello, Idaho.
A. F. Ghiglione & Son, Inc., Seattle, Wash.	Pan-Pacific Oil Co. Los Angeles, Calif.
D. Ghirardelli Co., San Francisco, Calif.	The U. S. Playing Card Co., Cincinnati, Ohio.

**A BUSY BOARD OF DIRECTORS**

The Board of Directors of the American Chamber of Commerce has met regularly each Friday noon for the past few months, with several special meetings held between times.

A short resume of some of the Board's activities will be printed on this page in each issue of the BULLETIN hereafter. There is much of a confidential nature which naturally cannot be printed.

June 3: A special committee was appointed to call upon and confer with General Leonard Wood as he was passing thru Shanghai, as he was unable to accept an invitation to address a meeting of the membership or confer with the Board.

Consul-General Cunningham, Judge Purdy, Commercial Attache Arnold and Trade Commissioner Calder were elected honorary members of the American Chamber of Commerce.

June 10: The report of the Shipping Committee was adopted, recommending the extension of the tramcar service to the Point and the erection of a public jetty down the river from Tengyuen Road Jetty.

July 8: The Board approved the printing of the Charity Endorsement Card, which has been distributed to the membership of the Chamber.

The Secretary was ordered to send a protest to the American Consul-General against the payment of the proposed Tonnage Dues.

Mr. C. B. Arthur was appointed to represent the Chamber at the meeting of the Shanghai General Chamber of Commerce to be held on July 12 to discuss the subject of surtaxes.

July 15: The Board endorsed the protest of the Asia Realty Co. regarding two months rent tax and filed same with the American Consul-General.

The Board approved of the report of the Shipping Committee covering the proposed Pilotage Regulations and forwarded same to the American Consul-General.

It was decided to invite the American Consul-General and the American Commercial Attache as guests to all meetings of the Board of Directors in future.

July 22: The bill-board tax levied by the Municipal Council was called to the attention of the Board by one of the members and a protest against levying of same was sent to the Municipal Council.

August 3: Messrs. V. G. Lyman, P. S. Hopkins and A. R. Hager were renominated by the Board to represent the American Chamber of Commerce on the American School Board.

The Board has held several special tiffins for distinguished visitors as follows:

June 23:	Senator Guy D. Goff of West Virginia.
June 24:	Senator Burton K. Wheeler of Montana.
June 30:	Senator Hiram Bingham of Connecticut.
July 6:	Representative L. C. Dyer of Missouri.
Aug. 12:	H. V. Kaltborn, Associate Editor of the Brooklyn Daily Eagle.



## BIGGER PROBLEMS OF CHINA

The world has been fed for the past year, so far as concerns China largely with propaganda calculated to distort fact and warp the viewpoint of those unfamiliar with conditions here, to the end that foreign governments shall be influenced by public opinion to take no positive action against the more sinister motives introduced into the China situation by the back door from Moscow. The enthusiasm of the Chinese in their Soviet-managed and engineered Nationalist movement has been kept alive by slogans and propaganda calculated to stir up racial hatred and anti-foreign feeling.

Fact and a balanced knowledge of the problems and issues have played small part in the general program under which both the Chinese public and foreigners in their home countries have been misled.

The foreigner in China has been pictured both to the peoples abroad and to the Chinese masses at home as an imposter and an exploiter of China and the Chinese people. No thought that China and the Chinese people have reaped untold benefits and have in the main gained very materially from contact with foreigners has been permitted to occupy space in the voluminous vilification of foreigners and exaggeration of circumstances and incidents under which foreigners have been criticized.

Communist ideas have been introduced into the purely domestic problems of China and every possible effort has been made to transplant to China the seeds of class hatred and anti-capitalism.

Whether the Chinese elements now seeking to drive out the Soviet influence succeed in so doing or not, the imprint will remain for some time to come and will continue to cause trouble in the relations between foreigners and Chinese.

Julean Arnold, American Commercial Attache, at a recent meeting of the Shanghai Rotary Club, a considerable proportion of the membership of which is Chinese, delivered an address in which he pointed out in a very impressive and succinct manner many of the misconceptions under which Chinese are laboring as regards their domestic problems and their relations with foreigners. This address which was given on the occasion of Washington's birthday is of value in contributing to a balanced viewpoint on the China situation. Pertinent extracts therefrom are given as follows:

"It is indeed unfortunate that the bigger issues in China's Revolution are being obscured by a multiplicity of different slogans. If those who have the welfare of their country at heart would for the time being centre their thoughts and activities upon the slogan 'down and out with militarism,' the sympathy of the outside world would be one hundred per cent. with the Chinese people.

### Shantung Migration

During ordinary years, 300,000 natives of Shantung go up into more spacious Manchuria to better their economic conditions. For the first six months of this year, 600,000 people have gone from Shantung into Manchuria. It is estimated that before the year is over as many as 1,000,000 natives of that Province will have migrated to the three Eastern Provinces. Thousands of these emigrants arrive in

Dairen in such distressed conditions financially that they are obliged to walk hundreds of miles into the interior of Manchuria in quest of opportunities for eking out a livelihood. They would rather take their chances among a pioneering society in the north-west than remain in their native province. The bandit military chieftain, Chang Chung-chang, has so taxed and oppressed the people of the territory over which he exercises control that hundreds of thousands are forced to go elsewhere to avoid starvation. Yet Chang Chung-chang is only one of many military overlords who have bled the nation during these past 15 years for the advancement of their own selfish ends. No thinking man anywhere will dispute the fact that ridding China of its militarists is one of China's real outstanding problems.

### Question Of Slogans

Are the Chinese people justified in linking the slogans "down with militarism" with the slogans "down with imperialism" and "down with unequal treaties?" Is it not likely that once the great issue, militarism, has been solved, China's problems as have to do with these two slogans will be comparatively easy of adjustment? If by imperialism it is intended to imply the oppression of capitalism, whether domestic or foreign, are these not matters of evolution rather than revolution?

### Value Of Capitalism

The labourer in the United States receives a daily wage of from G.\$5 to G.\$10. I can recall the time when he received less than a fifth of this amount. This evolution was not brought about by tearing down the institution known as capitalism. In fact, capital has been an important factor in making the American labourer the productive agent in his society which he today is. It is estimated that every man, woman and child in the United States has at his command the equivalent of 25 to 30 mechanical slaves. With these supplementary agencies, some visible and others invisible, which a moderately developed economic society such as the United States has evolved, the individual labourer in the United States is made so much more of a productive factor in his society that he is able to command wages 25 to 40 fold greater than those which a labourer in China can command, who must measure his worth by animal rather than by mechanical power.

The labourer in China should be educated to understand that the more mechanical aids and other agencies of a modern economic society that can be brought to his assistance, the greater will be his compensation. It is futile for him to strike for hours and wages out of harmony with his productive capacity. He is entitled to and should receive the equivalent of the full measure of his productive capacity but he should be encouraged at the same time to take a sympathetic attitude toward those things calculated to increase his productive ability.

### Striking Contrasts

It is interesting to note the contrasts in economic and industrial conditions of China and the United States, because they indicate to a certain degree the potentialities of China. In physical characteristics these two countries have many striking

similarities. America is considered the greatest capitalist country and yet the masses in America enjoy a greater measure of prosperity and happiness than they do in any other country on the face of the earth. For instance there are 22,000,000 motor vehicles in operation in the United States. Over 55 per cent. of all American families own motor cars. It is not an uncommon sight to behold hundreds of motor cars parked about a building under course of construction in one of the big cities in the United States, representing the cars owned by the carpenters, masons and other workmen erecting the building. Furthermore, the labourer in America is rapidly merging into the category of the capitalist as he is investing some of his savings in shares in the company in which he is employed upon special advantageous terms made to him by the company.

By way of contrast, there are in the whole of China less than 22,000 motor cars and in Russia less than 10,000. Yet, both China and Russia are larger in area than the United States and China has from three to four times the population of the American Republic. America has 3,000,000 miles of improved roads compared with about 30,000 in China. In railway mileage, China's 7,000 miles are insignificant compared with the 250,000 miles in operation in the United States. The United States has 17,000,000 telephones while China has at present not more than 100,000. In coal output, the United States produces annually nearly 600,000,000 tons compared with China's output of not more than 25,000,000 tons. Yet China is rich in coal and iron resources. The per capita iron and steel consumption of the people of the United States is 180 times greater than that of the people of China. In blast furnaces, the annual capacity of the United States is 45,000,000 tons while that of China is only 500,000. In electric power capacity, the United States has 14,000,000 kilowatts compared with China's 250,000 kilowatts. In cotton spindles, the United States operates 37,000,000 compared with 3,500,000 in China and in cotton looms, 625,000 compared with 25,000. In raw cotton, the United States produces six fold more than China.

### Agricultural Population

It is estimated that 80 per cent. of the people of China are in the agricultural population while in the United States about 35 per cent. comprise the agricultural masses, yet the American people are far better fed and have a larger surplus for export than have the Chinese. America's foreign trade is figured at G.80.00 per capita compared with China's G.\$3.00 per capita. In natural resources China is not poor. As already indicated, the country is larger in area than the United States, lies between pretty much the same degrees of latitude, and it has a wealth of man power in an industrious population from three to four times greater than that of the United States. America's population is probably equivalent in terms of economic effectiveness to that of 3,000,000,000 human beings in China. In other words, we may reckon China's 400,000,000 in the aggregate as about one-eighth as effective economically as the population of the United States. It is estimated that there are 6,000,000 children in school in China. If China had the same proportionate number in schools as there are in the United States, she would have 80,000,000 under instruction rather than 6,000,000. In light of these glaring contrasts, is the present moment opportune for emphasizing such slogans as "down with capitalists"?

### More Subtle Method

A more subtle way of denouncing the capitalist is to tax him in a manner so as to reduce very materially his productive capacity. Chinese abroad—there are hundreds of thousands of them—probably fare better in a productive capacity, both as capitalists and labourers, than they do in their own country. It is true, in the past many of China's capitalists have been very lightly taxed. I am not unmindful of the crying needs of revenues for those who would establish a stabilized civil administration in this country. An ideal system of taxes is that which proceeds on the basis of gauging the measure of ability to pay and which works in such a manner as to offer the minimum of necessary disruption to the economic machinery of society.

### Nationalists' Intentions

There are expressed intentions on the part of the Nationalist government to make substantial increases in China's import tariffs. I believe it is not the desire of those in charge of this matter seriously to dislocate China's foreign trade as they must realize that more damage than good may result from a too sudden advance in China's import or export tariffs.

### U. S. Import Tariffs

There is an erroneous impression abroad that the United States has the highest import tariff of any nation in the world. It may be of interest to you to know that 60 per cent. of America's imports, which aggregate G.\$4,500,000,000, are admitted into the United States duty free. The average tariff on the aggregate value of dutiable goods or imports into the United States is 36 per cent. while the average on the grand total of imports is about 15 per cent. Another factor of importance in America's tariff is that the purchasing power of the American people is greater than that of any other nation in the world, hence they can absorb a higher tax than can those with a lower per capita wealth. A tax of \$50.00 a piece on 10,000 motor cars would yield a revenue of \$500,000 while a tax of \$250.00 a piece on 2,000 cars would yield the same aggregate sum. In the former case, there would be a likelihood of an increase in the number of motor cars used whereas in the latter case the prospects are there would be a decrease in the numbers in operation. It is very important under the present necessities of raising revenues in support of the government, that care be exercised to avoid killing the goose that lays the golden egg, or to make tax exactions in such a hasty manner as seriously to dislocate trade and industry. China should also avoid the mistakes made by the Philippine Government when it attempted to engage in private business, with such disastrous consequence. The principle now followed by the American people is that of more business in the Government and the Government less in business.

### Maligned Foreigners

What about the foreign imperialist in China? The way foreigners have been maligned in some of the propaganda which has been spread far and wide over this country during the past year would undoubtedly lead some to believe that they, rather than the militarists, are the chief source of China's troubles. It is true some of them have behaved themselves badly. I had the privilege, six or seven weeks ago in Peking, to inspect the mass of material taken from the Russian Embassy. I spent three hours in the Metropolitan Police Station going over some of this material. There were tons of it. I did



not find a single thing which flavored of anything constructive. I imagine when the history of present day China is written a few decades hence, the so-called imperialist nations of today will not be rated China's worst enemies.

I recall, when a boy in Sacramento, how deeply I was impressed by the scheme whereby a department store continued to do business in a set of old buildings while a new one was erected in its place. Business went on pretty much as usual in spite of the fact the old buildings were being torn down and a new one rising on the same spot. Naturally there were inconveniences and interruptions but these were skillfully reduced to the minimum. The owners of the shop could not afford to close down while the old buildings were being scrapped and a new one erected in their place nor could they afford to move elsewhere in the interval. Furthermore, much of the material in the old buildings was salvaged and used in the new structure.

#### Wrong Ideas

The ideas of some of the revolutionists in China seem to be to force business to close down while the old structure is being demolished. Can China afford to adopt this policy? Is there not much in the old that can be advantageously salvaged for use in the new? Certainly there is no other place to which the people of the country can move while the tearing down is going on. Would it not be a wiser policy to build the new around the old and gradually tear the old away so that some day when the new edifice is completed, the old will have disappeared almost as if by magic and the new will stand out in all its glory and radiance. This is what the majority of foreigners in China would wish to see, for it would mean the most both to China and to China's foreign trade, the Chinese people ultimately reaping the fullest benefits.

Andrew Carnegie, who a few decades ago was America's outstanding industrial leader once made the statement that he attributed his success to his ability in knowing how to use other peoples' brains. The Chinese might well take a lesson from this canny Scotchman. What have the Chinese to fear today from the mere handful of foreigners in their country? Aside from the Soviet Russian agents in China who are apparently here for the purpose of creating as much by way of disruption of established institutions as possible, and who represent the only country which has during the past ten years made new encroachments upon China's territorial integrity, I believe the foreigners in China today, taken, in the aggregate, will prove a greater blessing than a handicap to China's laudable aspirations. It is well to bear in mind that all peoples everywhere have their faults and their shortcomings. None of us pretend to be perfect. I do, however, believe that it is the desire of the greater majority of foreigners resident in China today to co-operate in every way possible in making for more cordial and more intelligent relations between Chinese and foreigners. Furthermore, when conditions become fairly stabilized under a fairly well ordered civil administration I would not be surprised if the special privileges which foreigners enjoy were to disappear as readily as does the mist before the morning sun.

#### Nothing To Fear

There is probably no other country on the face of the earth that has in reality less to fear from the foreigner in its midst than has China, so long as that

foreigner, is not bent upon disrupting her society. Where in China can foreigners colonize to advantage? America's great concern about foreign immigrants was because of the likelihood of discordant elements colonizing there and building up a form of government and political institutions repugnant to her own ideas and ideals. At one time, nearly one fifth of the population of the State of California was Chinese. In my home town, Sacramento, I can recall the time when one third of the population of that city was Chinese. If there were as many Americans in China today proportionate to the population of Chinese in the United States, there would be 300,000 Americans here instead of only ten or twelve thousand.

#### Foreign Business Man

The foreign business man in China is a greater asset to the Chinese people than most Chinese seem to realize. He is an advance agent of prosperity. The more prosperous the country, the better his chance for business. Furthermore, the more prosperous his Chinese clients, the better his prospects. American business success is based largely upon the principle that both the buyer and seller in a commercial transaction must profit thereby. A few decades ago, much of the foreign trade of the United States was in the hands of non-American concerns. We were too busy with our domestic developments to bother about foreign trade, so this was taken care of in the larger measure by others. When we had arrived at that stage in our internal developments, when foreign trade became necessary to our larger economic growth, we found the trails already blazed and we profited greatly thereby. Even in our internal developments we profited greatly by the investments of Capital from abroad. If all the foreign trading establishments were withdrawn from China, what would happen to China's foreign trade? Instead of increasing year by year, would it not stagnate?

The Chinese government and the Chinese people have not yet built up the essentials to the successful development of a large foreign trade. In exports, the manufacturer abroad must have standardized, graded products. The foreign export house in China, through a system of inspection and grading, is able to give the buyers abroad something approximating his requirements in standard, graded goods.

#### Temptation To Squeeze

Some years ago, when I was at Hankow, I entertained the members of the committee of the Chinese Chamber of Commerce. I asked them to let me have their suggestions to how we might best advance Chinese and American trade. Several weeks later they gave me the results of their deliberations. In the main, they suggested the establishment of a big Chinese-American trading company with offices in China and the United States, the China offices to be under Chinese direction and control and the American offices to be manned by Americans. By this method, the supposedly large profits which now go to foreigners in business houses in China would be eliminated. I asked the spokesman of the Chamber what would happen if this company were to receive an order from the United States for 100 tons of wood oil. Would the American manufacturer be assured that he would receive an unadulterated product? He frankly admitted that he would not always be able to guarantee that this company would always ship wood oil unadulterated with cheaper vegetable oils. The temptation to make an extra profit now at

the expense of the future of the trade would, he confessed, be hard to withstand, unless there were agencies in China which would make such practices difficult if not impossible. Human nature is pretty much the same the world over. Until China has chambers of commerce and trade organizations capable and determined to enforce honest practices in trade and until China has a code of modern law and courts to enforce this law, adulterations and other illicit practices in trade will continue as they do in other countries where such agencies do not function effectively.

#### Silk Industry

During the past fifteen years, China's exports of raw silk to the United States have increased three or four fold. Who is responsible for initiating the movement which led to this increased trade? Certainly it was not the Chinese silk producers nor the Chinese chambers of commerce, nor even the Chinese government. It was initiated by the silk manufacturers in the United States who have put several hundreds of thousands of dollars into encouraging improved methods in the silk industry in China, so as to be able to draw upon the Chinese market as a larger source of supply for this material. Not only have they put money into the project but they have had to send their own men to China to see that this money was wisely expended. Some of it has been turned over to certain American missionary colleges in support of schools of sericulture. Some has been used to encourage the productions of disease-free eggs for growers of cocoons.

It is gratifying to be able to state that the Chinese do realize the importance of this work as attested by the fact that they are giving to it an increasingly larger measure of support. Chekiang Province this year produced a \$30,000,000 cocoon crop. With disease-free eggs and improved method of reeling, this crop might have been doubled without devoting more land to mulberry or raising more silk worms.

Can we imagine that the exports of bean and bean products from China, which have advanced from an aggregate total of Tls. 52,000,000 in 1913 to Tls. 142,000,000 in 1925, would have grown to these elegant proportions had it not been for foreign participation in the preparation and export of these products from China? So also were the phenomenal developments in the exports of egg products, peanuts, wood oil, skins, hides and furs, bristles, sheeps wool, rugs, etc. The position of the foreigner in the growth of this business is one of commanding importance. Without it, China's aggregate sum total of exports would be only a fraction of what it is today.

#### Buy And Sell

China must buy if she would sell. No nation can expect to be an exporter only. In fact it is to the advantage of the Chinese that they should build up an import trade in those commodities which she herself can not advantageously produce, and which are needed for China's modern industrial development. As these developments progress we may expect important readjustments in the character of both imports and exports. For instance, China is rapidly advancing to the position of an exporter of

cotton goods. America takes China's silk, wood oil, sheeps wool, egg products, straw braid, bristles, vegetable tallow, etc., etc. In return, China takes from the United States steel, machinery, motor cars, raw cotton, kerosene, leaf tobacco, dyes, etc.

In the handling of this foreign trade, the question of financing is one of great importance. The goods arrive in Shanghai and the Chinese buyer may not be ready to take delivery of but a fraction of the order, hence arrangements must be made for financing the shipment until the dealer is able to take delivery of it. Furthermore, disputes in regard to shipping claims, insurance claims, adjustments in failure to meet sample requirements, are all matters that enlist the services of organizations having the contacts for making these necessary adjustments. The Chinese are gradually developing facilities for this work, but, with the increase of the importations into China of highly technical goods, such as machinery, tools, etc., the assistance of trained experts is often needed in setting up these materials and in guaranteeing their proper operating. In other words, expert trained service has become an important essential to much of the import trade in China.

The foreign import and export houses in China serve as excellent training schools for Chinese who may aspire to become importers and exporters on their own account. It is true China is gradually building up import and export concerns. However, as conditions internally become stabilized, there will, in my opinion, be greater opportunities and inducements for Chinese capital and energy in domestic rather than in foreign trade. The Chinese people would do well not to discourage the foreign trader in this country, as through this medium the productive wealth of the country can be further enhanced.

#### American Trade

As Commercial Attache for the United States Government in China, I am keenly interested in everything that helps to better the conditions of the Chinese people. America is now China's principal customer. It purchases more of China's products than does any other foreign nation. Our Department of Commerce realizes fully that the greater the purchasing power of the Chinese people, the greater the markets in China for American products. Every additional one hundred miles of railways in China adds several tens of millions to the potentialities of Chinese foreign trade and incidentally increases America's chances for the sale of its manufactured commodities in this country. Thus, we rejoice in any arrangements which make it possible for China to secure a greater railway mileage or to improve its economic conditions otherwise. Through improved economic transportation in China, resources in raw material will be tapped which will make it possible for America and other countries to buy more of China's products. So soon as railways and good roads tap regions now out of touch with economic transportation, prices of commodities in those sections will increase, wages will advance and the whole economic structure in society will be lifted to a higher plane. These improvements will lead to an increased purchasing power on the part of the masses in those sections affected thereby.

We are not alarmed over the fact that China might increase her cotton spindles from the present



three and one-half million to America's 37,000,000, for we know that with this greater equipment for the manufacture of cotton goods, wages in China will advance and the great mass of Chinese people will wear more and better clothes. They will on that account be larger consumers of cotton goods. If we do not sell our cotton goods in China we may sell our cotton machinery and our motor cars.

When the ricksha has disappeared from the streets of the cities of China and when the Chinese workman can go to the factory in a car owned and operated by himself, we shall then find China a one hundred fold better market for our products than she is today. When the farmers and labourers in Soviet Russia are riding around in their own motor cars, Soviet Russia will then, in my opinion, be in a far better position than she is today to advise the Chinese labourers and farmers as to how they too might advance to that envious state in their society. Unfortunately Soviet Russia can today boast of even fewer motor cars, than has China.

#### Rapid Advance

It used to be said that one cannot rush the East. The East is now moving so rapidly that unless those who are in control exercise unusual skill in steering the course of events there is grave danger that they may be faced with some serious catastrophes. Young China has become exceedingly impatient. Is it not attempting to accomplish too much in too short a time? From a medieval economic and political society to a modern organization is a huge jump. China not only needs the brains and brawn of the man power of its own nation to make this transition successful but would do well to impress into service the capital, brains and skill of those of the West who may be of service to her. The element of "face" in China might well be relegated to the back ground for the time being, for once China has successfully embarked upon a modern economic society, she should experience no difficulty in establishing her position among the other peoples of the world and be prepared to make her special contributions to the welfare of the great family of nations.

Thus I contend that China's bigger problems today are, firstly the elimination of militarism and the establishment of a stable civil government and secondly the improvement of her domestic economic conditions. Foreign capital and foreign brains can contribute substantially toward these ends. Foreigners in China are not averse to the idea of relinquishing their special privileges and revising their so-called unequal treaties as they realize full well that these old treaties are not in harmony with changing conditions in China. They would welcome a condition which would make it possible for them to live in China on terms of equality with the Chinese so long as they may be assured of a reasonable degree of security of life and property under these conditions."

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July 1927 issue:

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SHANGHAI

CHINA

## REAL FACTS REGARDING CHINA ARE APPRECIATED

New York, June 24, 1927.

"The so-called Nationalist propagandists in this country are, as you know, very active. It is always surprising and disgusting to me to note the extent to which our public will go in substituting unadulterated mush for disinterested and genuine altruism. You can get a larger collection of shouters who don't know anything about China, but who will make the most positive and ridiculous statements about it, than you can about almost any other subject that can be brought up here. It was refreshing to hear Rea's blunt spoken presentation of the situation."

O. K. Davis  
Secretary

National Foreign Trade Council

The Nagle Engine & Boiler Works under date of July 20th, acknowledged receipt of THE SOVIET IN CHINA UNMASKED as follows:

"We are in receipt of your favor of June 17th, with the copy of the pamphlet issued by the American Chamber of Commerce of Shanghai, for which we wish to thank you. This is certainly interesting reading, and puts a new light on some things, as well as a great deal of additional light on others. We have read it very carefully, and are now forwarding the copy to the office of the Manufacturers' Association of Erie."

ERIE, PA. July 21, 1927.

"Copy of the pamphlet you have distributed entitled The Soviet in China Unmasked, has come into our hands and we will appreciate it if you can send us two more copies.

It is high time the rank and file of the people in this country awoke to the fact that there are people abroad in the land with ulterior motives, and it is such publications as yours that will help to awaken them.

May your good work continue."

MANUFACTURERS ASSOCIATION OF ERIE.

New York, June 21, 1927.

"We have read with much interest the copy of 'CHINA IN CHAOS' which you sent us. A wide distribution of this book in the U.S.A. will do much good as people here are greatly misled by newspaper articles written by professional theorists, and who seem to take as a starting point in their arguments human nature as they think it ought to be instead of as it actually is at the present time."

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F. E. VINCENT  
MANAGER



# AMERICAN CHAMBER OF COMMERCE BULLETIN

NOVEMBER 1927

SHANGHAI, CHINA.

No. 148

## CHINA

### AND WHAT HER TRADE MEANS TO AMERICA

This article, dealing with the business of China and the United States, has been specially prepared for the American Chamber of Commerce in Shanghai to point out the growing importance of China as an American market.

The figures quoted are not presented with any thought of a propaganda effort to induce American business houses to come to China at the present time, but with the view of presenting to American business men, politicians, journalists and writers certain facts which should not be overlooked when dealing with the China situation.

Needless to say, if the present turmoil in China could be eliminated, there would be a resultant increase in business that would materially advance China in the list of America's foreign customers.

The enviable position which America holds is evidenced by the fact that for the year 1926 China bought and sold more goods with the United States than any other country, with the single exception of Japan.

The following table tells the story:

	Imports from	Exports to	Total of
	U. S. A.	U. S. A.	U. S. A.
	U. S. A.	U. S. A.	U. S. A.
	In Haikwan Taels equal to about G.\$0.76		
Japan	336,909,441	211,740,889	548,650,330
U. S. A.	187,647,086	150,113,103	337,760,189
Hongkong	124,472,673	93,802,031	218,274,704
Great Britain	116,269,419	55,835,783	172,105,202
British India	79,191,013	15,922,101	95,113,114

(From The Maritime Customs Report—  
China—for 1926)

The above table shows the five leading importers and exporters with China for the year 1926. It will be noted that if the three totals for goods of British origin, namely, Hongkong, Great Britain and British India, be added together, the total would exceed that for the United States. On the other hand, a considerable percentage of the commodities handled by Japan are exported to or imported from America, with Japanese firms acting as middlemen between China and America.

(Continued on page 4)



## FACTS REGARDING CHINA ARE APPRECIATED

Letter from Mr. Cyril McNear, President of the Oil Export Company.

"I received the Bulletin issued by the American Chamber of Commerce dated July, 1927, No. 144. This is the most interesting reading I have had in a long time regarding the situation in China. I enjoyed every bit of it and have used some of it on some of my political friends here.

Please keep me on the mailing list for all of this kind of material.

The following letter was received by the Secretary of the American Chamber from a retired business man, who has done millions of dollars worth of business with China, having had a large office in Shanghai for many years and, therefore, knows whereof he speaks.

"We differ about China and Chinese, not because I don't see the truth of the conditions and the merits and justice of the merchants' viewpoint, the same as you do, but I feel the governments are not going to support their nationals. Apparently you do.

Since the War and Wilson proclaimed his impossible idealistic principles, and the Self Determination Policy, all nations hesitate to take any action in behalf of their own people that may seem to conflict with these principles, which, though not really accepted, yet are in influence today. The Chinese situation demands Action of Force. In the absence of it the Chinese go on creating turmoil and wretchedness, at the same time growing more arrogant and impossible in their demands. No one nation will act alone in a strong way because of fear not of China but of the other nations. The Chinese realize and take advantage of the Jealousies of the outside nations.

It is the very small minority in Russia, also in Mexico, that causes all the trouble. Eliminate this 1 per cent of agitators and things would soon get back to normalcy. It seems to me China is plagued by the same tribe, and though they get nowhere, or ever can in clarifying the situation, they ruin their own people and worry the outside world.

I read the article in the Chamber of Commerce Bulletin and agree entirely with the views expressed. I also read a book recently called "Why China Sees Red" which seemed to me a statement of facts by one who knew.

The most hopeful sign I have noticed is the British in Hankow have appealed to their government to do something forceful in their behalf. England hesitates because of other nations. Here it makes political capital; if the Republicans run to favor action the Democrats would oppose, so we get nowhere. This morning's papers indicate Chan is again in the ascendant. My hope is Japan's action in Manchuria will precipitate something that will force China to call on the other nations for help and a way can then be found to intervene, the Chinese being unable to help themselves.

Dean and Professor Emeritus  
College of Agriculture  
University of Illinois

THE MAPLES  
E. DAVENPORT  
WOODLAND, MICHIGAN

Oct. 28, 1927.

I wish to thank you for the courtesy and the bulletins which I shall gladly read. It is very difficult to sort out the reliable from the sensational in the current press.

Very truly yours,  
(Signed) E. DAVENPORT

CHRYSLER SALES CORPORATION  
Detroit, Michigan, U.S.A.

Oct. 29, 1927

Referring to your circular letter of September 30th; we have received copy of the August and September issues of the "Bulletin", which we have read with much interest.

Wishing you every success in your work, we are

Very truly yours,  
(Signed) E. C. MORSE  
Director of Export Sales.

UNION TRUST COMPANY

Chicago, Oct. 29, 1927.

American Chamber of Commerce,  
Robert Dollar Bldg.,  
Post Office Box 357,  
Shanghai, China.  
Gentlemen:

Thank you very much for your letter of September 30th in which you advise us that we will in future receive the monthly bulletin with such other publications as you distribute from time to time.

We have looked over two bulletins sent with your letter and have found them very interesting, and we are pleased that Mr. Britton has been good enough to have us placed on your mailing list.

Very truly yours,  
(Signed) F. B. TEDFORD  
Manager Foreign Dept.

LIGGETT & MYERS TOBACCO CO.  
ST. LOUIS, MO.

E. H. THURSTON Secretary  
October 25, 1927.

Mr. Warren Manley, Secretary,  
American Chamber of Commerce,  
Robert Dollar Bldg.,  
Post Office Box 357,  
Shanghai, China.  
Dear Sir:

Your favor of the 30th is received, with enclosures, and I wish to express sincere appreciation of your kindness in placing my name on your mailing list at the suggestion of Mr. C. B. Arthur.

Hoping that your efforts to have the truth brought to "home folks" will be entirely successful, and with all good wishes, I am

Very truly yours,  
(Signed) E. H. THURSTON

## AMERICAN CHAMBER OF COMMERCE BULLETIN

PUBLISHED MONTHLY BY THE  
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305 Robert Dollar Building.

Telephone Central 4742

Shanghai, China.

Cable Address "Amchamcom."

Advertising Rates furnished upon request.

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C. B. GARDNER, Standard Oil Co. of N. Y.

J. V. MURRAY, The Texas Co.

WARREN MANLEY, Secretary.

on the committee to be known as the American School Committee of the American Chamber of Commerce, were thereby appointed to such committee,— Messrs. S. R. Brown, R. T. Bryan, Jr., A. R. Hager, P. S. Hopkins, V. G. Lyman, F. J. Raven, E. C. Stocker.

President French welcomed the Hon. Ross A. Collins, Congressman from Mississippi, who was present as a guest. Mr. Collins then addressed the Board.

Oct. 21 President French appointed the Shipping Committee, consisting of Messrs. Cokely (Chairman), Lankey, Pond and Duff, along with Messrs. Seitz, Lyman and Martinez, who were appointed temporarily to take the places of the three absent members of the Shipping Committee, to attend the meeting of the Shanghai General Chamber of Commerce on Oct. 28.

Chairman Kingsbury reported on the work accomplished and the meetings held by the Chinese-American Relations Committee.

Mr. V. G. Lyman was present as guest of the Board and in his remarks praised the Chamber for the work accomplished, at the same time telling of his recent visit to America, especially as regards business conditions there.

Oct. 24: A special meeting of the Board with the members of the Chinese-American Relations Committee was held on this date to discuss the subject of the kidnapping of prominent Chinese.

Oct. 28: Admiral Mark L. Bristol was present as a guest of the Board and the Chinese-American Relations Committee, accompanied by his aide, Capt. Castleman. The Admiral addressed the Board at length, after which each member of the Board and the Committee was given an opportunity to briefly express his views.

Nov. 4: The report of the Civilian Relief Committee was accepted as read.

Chairman Cokely of the Shipping Committee reported on the meeting held in the Shanghai General Chamber of Commerce on November 2 regarding pay demanded by the wharf coolies.

The Secretary reported on the 2½% Parcels Post Package Tax levied by Nationalist officials in the Chinese Post Office on all parcels shipped to America, foreign countries, treaty ports and other outports, stating that the matter had been referred to the American Consul General.

Nov. 11: Prof. Geo. H. Blakeslee of Clark University and leader on conferences at Williamstown in 1926 and just recently in Honolulu, was present as a guest of the Board and Chinese-American Relations Committee, whom he addressed at length. Consul General Cunningham and Trade Commissioner Calder were also present as guests.

Sept. 30: Chairman Kingsbury reported on the meeting of the Shanghai General Chamber of Commerce, which took up the question of Native Orders.

The Chamber appropriated \$350.00 for the expenses in connection with the observance of Thanksgiving Day.

Mr. Julean Arnold, American Commercial Attache addressed the Board on the work of the Department of Commerce in China.

Oct. 7: Owing to the lateness in the year, it was decided not to print the Annual Report of the Chamber for the year 1926 at this time (same having been held up owing to the inability to obtain Customs figures), but that the information be incorporated in various issues of the BULLETIN.

Oct. 14: Chairman Kingsbury reported on the progress made by the Chinese-American Relations Committee. Correspondence received relative to Registration of Trademarks in Nationalist Territory was referred to the American Consul General for action.

The seven members of the Shanghai American School Board, nominated by the American Chamber of Commerce, all having expressed their willingness to serve



(Continued from Page 1)

China without any appreciable amount of railroads or roadways must be considered a virgin field. Her exports will increase tremendously once transportation is provided to bring her products to deep water, and there will follow a corresponding increase in imports.

As an example of the possibilities of trade, once law and order is restored and maintained in the eighteen provinces of China, it is interesting to note that Japan, with one-eighth the population of China, carries on twice as much business with America.

U. S. Grand Total Exports to all Countries, 1926—\$4,808,465,005.

To China	\$110,205,014
To Hongkong	12,818,752
To Kwantung L. T.	6,465,742

Total..... \$129,489,508  
or 2.69% of grand total.

To Japan ..... \$260,754,079  
or 5.42% of grand total.

The average layman undoubtedly believes that America buys more from Europe than from any other continent, whereas as a matter of fact, we buy more from Asia than from Europe. During 1926, Asia furnished 31.6% of America's imports, which was a larger percentage than in any previous year and over twice as great as during the average of the pre-war years, 1910-1914.

Europe continues to take a much greater share of America's export trade than any other continent, in consequence of its large population of relatively high purchasing power. Its proportion to the total trade, however, has been declining for over 30 years. Exports to Europe, which amounted to 79.5 per cent of the total in 1891-1895, declined to 72.3 per cent in 1901-1905, to 63.2 per cent in 1911-1915, and to 52.7 per cent in 1921-1925. This ratio showed a further decline to 48 per cent in 1926, which was the first year on record in which less than half of the United States exports were shipped to Europe.

France has claimed a front page in the American newspapers of late owing to the new commercial treaty with France. We hear a great deal in America of the importation of French-made articles. "Made in France" has always carried weight with American sales and yet America imports as much from China as from France.

America's trade with China is greater than with Australia, Belgium, Denmark, Norway, Sweden, the Netherlands, Colombia and many other smaller countries.

The volume of America's trade to and from China exceeds that of any country in South America.

Much has been written regarding the possibilities of trade with the Philippines and yet America's trade with China greatly exceeds that with the Philippines, in spite of the fact that America has free trade with the Philippines.

Bearing in mind that trade with China is in its infancy, all of these facts and figures become particularly impressive when one realizes the enormous possibilities for increase under normal conditions, and considers the importance of such increase to American manufacturers and producers.

The following are some of the leading commodities imported by China from America.

## RAW COTTON

	Hk. Tls.
British India	50,998,137
Japan	25,554,736
U. S. A.	18,031,675
Grand total imported from all countries	95,473,810

## KEROSENE

U. S. A.	47,352,259
Hongkong	3,428,873
Singapore	2,179,677
Dutch Indies	1,312,623
Grand total	57,079,479

## TOBACCO

Cigarettes	
U. S. A.	15,386,014
Great Britain	3,984,213
Cigars from the Philippines	62%
Leaf Tobacco from America	90%

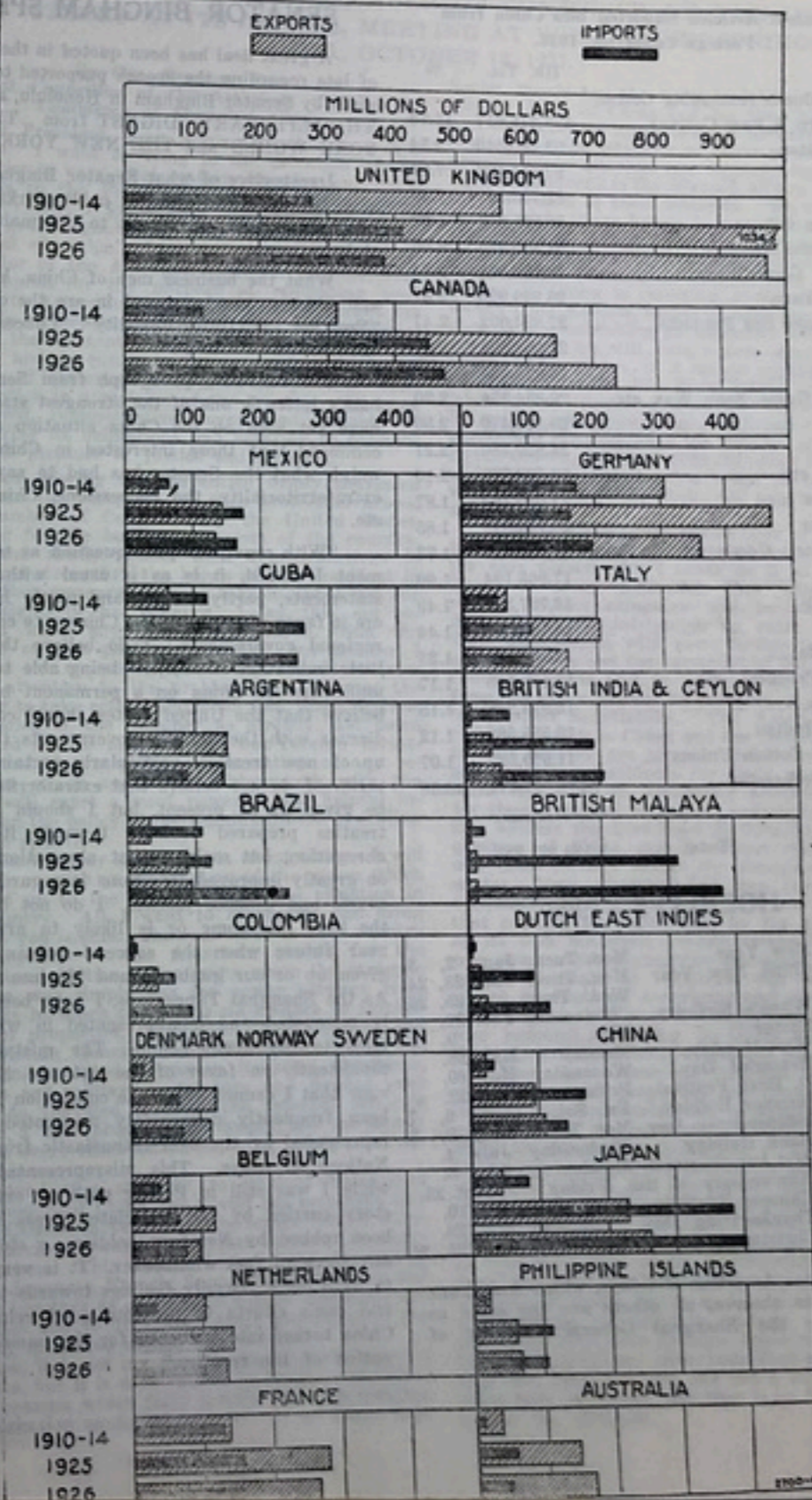
## FLOUR—WHEAT

Japan	8,714,179
U. S. A.	7,880,345
Canada	5,240,690

## TIMBER

U. S. A.	8,145,761
Philippines	2,709,317
Japan	1,453,524

## Foreign Trade of the United States by Leading Countries





Principal Articles Imported into China from Foreign Countries, 1926.

	Hk. Tls.	%
Cotton Goods (excluding Cotton Yarn & Raw Cotton)	177,216,617	15.76
Raw Cotton	93,750,540	8.34
Rice	89,844,423	7.99
Sugar	82,753,139	7.36
Kerosene Oil	56,595,342	5.03
Metals and Minerals	52,346,995	4.66
Woolen Goods	29,652,871	2.64
Cotton Yarn	28,249,920	2.51
Fishery and Sea Products	27,824,022	2.47
Paper	27,668,692	2.46
Coal	26,933,024	2.40
Candles, Gums, Soap, Wax, etc.	25,854,354	2.30
Tobacco	25,813,470	2.30
Flour	24,820,480	2.21
Cereals, etc.	23,622,770	2.10
Chemicals	21,039,169	1.87
Cigarettes	20,764,879	1.85
Hemp, etc., Goods	19,936,019	1.77
Wheat	17,965,194	1.60
Machinery	16,737,530	1.49
Timber	16,143,682	1.44
Silk Goods	14,188,265	1.26
Animal Products, etc.	13,199,545	1.17
Hides, etc.	12,973,926	1.15
Artificial Indigo	12,535,582	1.12
Wool and Cotton Unions	11,979,527	1.07
Other Merchandise	153,811,277	13.68
<b>Total</b>	<b>1,124,221,253</b>	

HOLIDAYS—1928

2 days	New Year	Mon. Tues.	Jan. 2, 3.
4 days	China New Year	Mon. Tues. Wed. Thur.	Jan. 23, 24, 25, 26.
*1 day	W'ton's Birthday	Wednesday	Feb. 22.
3 days	Easter	Mon.	9.
1 day	Whit-Monday	Monday	May 28.
*1 day	Memorial Day	Wednesday	May 30.
1 day	D. Boat Festival	Friday	June 22.
2 day	Summer Holiday	Fri. Sat.	Apr. 6, 7.
*1 day	Independence Day	Mon. Tues.	July 2, 3.
1 day	Bank Holiday	Wednesday	July 4.
1 day	Mid Aut. Festival	Monday	Aug. 6.
1 day	Anniversary of the Chinese Republic	Friday	Sept. 28.
		Wednesday	Oct. 10.
*1 day	Thanksgiving Day	Thursday	Nov. 29.
2 days	Christmas	Tues. Wed.	Dec. 25, 26.

\*Indicates American Holidays, which Americans may wish to observe, all others are the same as adopted by the Shanghai General Chamber of Commerce.

SENATOR BINGHAM SPEAKS

A great deal has been quoted in the local press of late regarding the speech purported to have been made by Senator Bingham in Honolulu, as quoted in THE LITERARY DIGEST from THE NEW YORK WORLD and THE NEW YORK POST.

Irrespective of what Senator Bingham actually said, the matter of signs in public parks, admission to clubs, etc., is irrelevant to the main issues at stake.

What the business men of China, both foreign and Chinese, are interested in are the questions of "Treaties" "Extraterritoriality" "Concessions" and "Protection."

The following paragraph from Senator Bingham's letter is one of the strongest statements we have yet seen on the China situation and we recommend that those interested in China carefully weigh what the Senator has had to say regarding extraterritoriality, the concessions, Chinese courts, etc.

"With regard to your question as to the statement I issued, it is as is usual with newspaper statements, partly correct and partly incorrect. I am in favor of assisting the Chinese to create strong regional governments. I do believe that there is little indication of any-one being able to affect the unification of China on a permanent basis. I do believe that the United States should commence to discuss with the *de facto* governments the drawing up of new treaties, particularly pertaining to the tariff. I do not believe that extraterritoriality can be given up at present, but I should like to see treaties prepared looking towards its eventual abrogation, but making that abrogation dependent on greatly improved conditions in regard to Chinese courts and Chinese justice. I do not believe that the time has come or is likely to arrive in the near future when the concessions can wisely be given up or our gunboats and Marines withdrawn. As the Shanghai Times says, I have been repeatedly misquoted and misrepresented in what I have tried to say about China. The mistakes are so consistently in favor of the extreme Nationalist's view that I cannot avoid the conclusion that I have been frequently deliberately misquoted and misrepresented by the over-enthusiastic friends of the Nationalist cause. This misrepresentation began while I was still in Peking with an extraordinary story carried by the Associated Press that I had been robbed by Northern soldiers, a story without any basis of fact whatsoever. It is very annoying to have one's friendly feelings towards the Chinese and one's efforts to promote good relations with China turned into advocacy for the immediate abrogation of the treaties."

ADDRESS BEFORE THE CHAMBER OF COMMERCE OF THE UNITED STATES AT ITS ANNUAL MEETING AT WEST BADEN SPRINGS, IND., OCTOBER 18, 1927.

By Geo. Bronson Rea  
National Councillor of the American Chamber of Commerce of Shanghai, China

Mr. President, I am going to talk only a few minutes. I want to bring to the attention of the convention a very vital matter affecting our trade interests in the Far East. When I arrived here the other day, I knew very little about the work of this great organization. My attendance has been a liberal education. I came here as the National Councillor of the American Chamber of Commerce of Shanghai for the purpose of requesting your support to its resolution asking our Government for adequate protection to American lives and properties during the present disturbed conditions in that country and, to ensure as far as possible, the maintenance of American treaty rights pending their modification in a revision of the treaties with some recognized, representative government capable of discharging its obligations and assuring to foreigners some measure of justice and security.

I am leaving the convention firmly convinced that when the necessity for such protection arises, the Chamber of Commerce of the United States, speaking for the business interests of the country, will stand firmly behind their representatives in China and strengthen the hands of the President in any further measures he may take in upholding our treaty rights in that country. I say, this, not because I have any definite assurance from the chamber on this particular subject, but because I feel that the course of events will sooner or later compel attention to the problem and influence the chamber to take action, and when that times arrives, the policies of the chamber as already laid down in regard to the protection of our foreign investments, and its outspoken condemnation of any recognition of or commercial intercourse with the Soviet, will exert a most powerful and helpful influence on the policy of the Administration in dealing with the situation.

I want to say a few words about China. I will not tire you with an explanation of the causes which have led up to the present deplorable situation in that country. All I want to emphasize and bring home to you is this. The real issue in that country the sympathy of the American people for the Kuomintang faction. For many years the struggle in China was simply one for power between rival war-lords in which there was no menace to foreign rights or properties. But, when the Cantonese and the Christian General Feng Yu-hsiang, let in the Soviet and accepted its money, its arms, munitions, advisers and military instructors and handed over control to the Red element, the internal struggle took on a new phase which deeply and intimately concerns every other nation enjoying treaty relations with China.

Instead of a struggle to implant Nationalist ideals throughout China, the Soviet has employed this worthy Chinese movement as the screen behind which it has carried forward its warfare against the capitalist nations. This menace brought the Americans, British, Japanese, French, Spaniards, Portuguese and Italians together as one man to defend their lives and properties and to urge upon their governments the necessity of united armed intervention.

Now, it is not my purpose to advocate extreme measures, but it is only fair to invite your attention to the reasons which fully justify such intervention if the occasion again demands it. If we admit that

Soviet Russia has the right to intervene in the internal affairs of China and use the Chinese armies as a screen behind which to carry forward its warfare against the interests of other powers, then the powers whose interests are menaced have the same right to intervene in the internal affairs of China for the protection of their interests. We cannot apply one principle where Russia is concerned and deny the application of that principle to other nations whose interests are placed in jeopardy. Gentlemen, that is fundamental. Remember that as long as any one faction in China is receiving arms, munitions and money from Moscow, sooner or later that faction will succeed in establishing its authority over the whole country, and we will face a new menace, a Red China. This means, if it means anything at all, a repetition of what has gone before in Russia; of what we are witnessing to a lesser degree in Mexico. It means debt repudiation, confiscation of foreign properties, cancellation of the treaties, abolition of all rights now enjoyed by foreigners under those treaties and the inauguration of a reign of terror before which the deeds of the Cheka will pale into insignificance.

I could consume the entire time of this convention detailing to you the facts of this situation, and the only reason why I touch on it at all, is this. There is every indication that when Congress meets, another campaign will be started to influence the Administration to enter into immediate negotiations with some faction for a revision of the treaties and the surrender of our rights. The Chinese tactics will be centered on separating us from the other powers by inducing us to enter into independent negotiations. The American commercial community in China and the American Minister to that country are already under fire by Chinese and Soviet sympathizers for their uncompromising stand last April in demanding adequate protection for their lives and properties and urging united action against the Sovietized Nationalist armies. The question of China and American rights in China will come forcibly before the American public this winter. Now, whatever has been done to date to adequately protect American lives and properties in that country has been done by the administration on its own initiative. While tremendous pressure was being exerted upon the President and the Secretary of State to withdraw our war-ships and troops, evacuate all Americans and surrender immediately to the Nationalist demands, only two American concerns operating in China approached the State Department with a request for protection.

Now these American business men in China whose lives and properties are menaced, are your men, your representatives, struggling to defend and preserve the interests confided to their care. They are out on the firing line of world commerce in the most competitive market in the world, fighting your battles for commercial expansion. You cannot dissociate your interests from theirs. They are part of you. You cannot exist without them. Our trade representatives in foreign countries are an important part of the commercial system. The head, the heart, the brains, the vision, may be located here at home, but the feet that are carrying you forward to ultimate victory and continued prosperity are your foreign trade representatives. Of course, you can have your feet amputated and still live, grow fat and eke out a comfortable existence here at home. But that is as far as you will get in the struggle.



Can you afford to have your feet cut off without a protest or putting up a fight? Can you afford to have your representatives get out of China under pressure and surrender that market to your commercial rivals? If our firms are ever forced to get out of China or close up shop, you can depend upon it, that it will be a long time before they return. In the meantime, American business in the Orient will be handed over to our competitors.

It is absolutely imperative for the future growth and prosperity of this country, that American business men remain in China to conduct our business for us. Why? Because it is the most potential market in the world. You will have to turn more and more to the Far East to get rid of your products and to invest your capital. We are forced to go to China in order to sell our products there, simply because the Chinese will not come to us. Up to the present time, the Chinese have developed only one responsible import and export firm which has opened offices in this country to deal direct with our manufacturers. They lack the machinery for foreign trade, and until they have set up this machinery, the American manufacturer and producer must maintain his own channels of doing business with China, or, hand their representations over to the British or the Japanese, who between them, already sell probably fifty per cent of our exports to China.

That is a rather remarkable statement. I listened to the Japanese Consul General in New York about a month ago making a statement on this subject, and he asserted that about 49 per cent of American exports to China are purchased in this country by Japanese firms in New York for Japanese enterprises in China, so that practically one-half of our exports to China today is in the hands of the Japanese, destined for their railways, mines, sugar factories, and other industrial establishments in China. If we have to get out, practically the only people who will be able to do business on the ground will be the Japanese.

The Chinese are practically unanimous in demanding the immediate revision of the so-called unequal treaties and there is an influential element in this country favorably disposed to their demands. Sooner or later, we must face this issue. Now the policy of the American Government towards China is embraced in what is known as the Open Door Doctrine, which, briefly stated, is an international agreement to respect the principle of equal opportunity for the trade of all nations with that country and incidentally to guarantee its territorial integrity at a time when it looked as though China would be partitioned amongst the powers.

We talk about a revision of the treaties, but very few people know what it means. A revision of the existing treaties recognizing the full sovereignty of the Chinese Government in all matters, especially those concerned with its contractual independence to enter into development contracts, will automatically kill the Open Door Doctrine. Our trade and status in that country will then be defined and governed by the most favored nation treatment. China will then be able to exercise her full sovereign rights over contracts, loans, concessions and other development enterprises upon which to such a large extent Americans must depend in the future for the expansion of their trade with that country. China can borrow from whoever will lend and set aside as security whatever may be most acceptable to the lender, without any interference on the part of our Government or any other

Government which may think the terms conflict with the principle of equal opportunity.

Treaty revision means the disappearance of the Open Door Doctrine and our right to intervene further in China's affairs. We must then either surrender our leadership to those nations which have the greatest commercial stake in that country, or, devise and put into force some other policy that will retain for the United States its preferred position.

I might add here that the British stake in China is \$1,750,000,000; the Japanese stake \$1,300,000,000, actual money invested. The Americans stake is \$160,000,000, half of which represents missionary investments. So our stake is really a very small one, and when it comes to a revision of the existing treaties, our position will be a very weak one compared with those nations whose investments are ten times greater.

A new American policy towards China must be based on a friendly or benevolent intervention, either alone or in conjunction with the other interested powers. This intervention must be exerted to save China from coming completely under the Red influence of Moscow. We can take our choice: sit still and permit the Soviet to establish itself firmly in China and drive out our traders and close that great market to foreign commerce and delay for another generation the development of its resources, or, we can intervene in some friendly manner that will unite the opposing factions in some form of compromise government, bring peace to the people and open up the country to our capital and our manufactured products to an extent that it will ensure to us an enhanced prosperity for another quarter century.

For, deep down at the bottom, the Chinese problem is an economic one, a desperate struggle for mere existence on the part of the masses, due in large part to arrested development arising from the lack of capital to create much needed public works. No compromise, no lasting peace, can be established in China until some means are found to provide immediate employment for hundreds of thousands of men who now eke out a precarious existence through the possession of a rifle. You can never disband these armies, until work is in sight for the disarmed soldiery. Russia recognizes the situation and provides the rifles and munitions which are being used to prevent China from becoming a market for foreign manufacturing nations, and contributing to their prosperity.

It is impossible for me with the length of time at my disposal to go deeper into these questions. The problem of China and our future policy towards that country is bound to come to the fore in the near future. Whether this government will be called upon to defend American lives and properties and ensure as far as possible the carrying out of the existing treaties pending their revision, or, whether the problem turns upon the creation and application of a new American policy towards that country, Americans in China look to this chamber for such aid and support as will strengthen their position and guide the Administration and Congress in formulating a new program.

From what I have learned here in the last few days of the aims and aspirations of this organization, I am satisfied that in this Chamber, the American commercial community in China has its most powerful and effective champion, and when these questions arise, as they will arise during the winter, we look confidently to you to help us out.

The following resolution was adopted at the Annual Meeting of the Chamber of Commerce of U.S.A., held at West Baden Springs, Ind., October 18, 1927.

#### BE IT RESOLVED THAT:

In the interest of foreign trade the American Chamber of Commerce at Shanghai requests the cooperation of the Chamber of Commerce of the United States of America in asking the American Government to give American citizens in China protection of their lives and property during the present disturbed conditions. That the American Government be requested to continue the Washington Conference policy of co-operation with other Treaty Powers. In pursuance of this policy and pending revision of the treaties by negotiations with a recognized government representing the people of China, that the American Government ensure, as far as possible, to American citizens in China not only the protection of the law, but the impartial enforcement of obligations and equal enjoyment of rights.

The quotation that follows is taken from a letter received by a member of the American Chamber of Commerce from one of the best informed authorities on China. This letter was written by the party in question on his way back to America from Shanghai.

"Naturally the matter of China and the problems presented thereby has come up for discussion. It may interest you to know that the consensus of opinion is in accord with the views held by the American business element in China. The need for setting the American people straight on the actual facts of the situation is clearly recognized—even though there is a feeling that the undertaking if difficult is not an impossible one. However, the only hope for China—no less than for foreign business interests there—lies in bringing our public (and Congress) to realize that permitting things to drift as at present will not only spell tragedy for the great body of the Chinese people, but involves a likely disturbance of world peace with all its attendant calamities.

THE FAR EASTERN REVIEW is the authoritative journal on Engineering, Finance and Commerce in the Far East covering these subjects in China, Japan, Korea, The Philippines, Indo-China, Java, Straits, Siam, etc.

THE FAR EASTERN REVIEW is an American—OWNED, American—EDITED and American—INSPIRED publication.

Its editorial policy is not controlled by but is in harmony with the policies of the American Chamber of Commerce.

#### READ

"Is Shanghai Outgrowing Itself" in the October 1927 issue.

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Motor cars.
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Importers of dyes, paints, chemicals, explosives, etc.
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Business Equipment.
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Certified public accountants.
- Heacock & Cheek Company,  
Manufacturers' representatives and wholesale  
jewellers.
- H. S. Honigsberg & Co., Inc.,  
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- J. W. Huck, General Agent,  
Great Northern Railway.
- Lam, Glines & Co., Inc.,  
Importers, exporters, engineers and contractors,  
Import of iron and steel products/machinery,  
electrical equipment, engines, etc.
- Robert Lang, Fed. Inc., U.S.A.,  
Silks and silk machinery.
- Liggett & Myers Tobacco Co.,  
Tobacco products.
- McKesson & Robbins, Inc.,  
Exporters—Chinese produce.
- Mark L. Moody, Fed. Inc., U.S.A.,  
Motor car distributors.
- David L. Moss & Co., Inc.,  
Importers and exporters.
- National Aniline & Chemical Co., Inc.,  
Manufacturers and importers of synthetic indigo,  
aniline dyes and chemicals.
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- Universal Leaf Tobacco Co. of China, Inc.,  
Leaf tobacco.
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- Upton Paint Co., Inc.,  
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- Vacuum Oil Co., Inc.,  
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- Viloudaki & Company,  
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of silk goods.
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# AMERICAN CHAMBER OF COMMERCE BULLETIN

SEPTEMBER 1927

SHANGHAI, CHINA.

No. 146

## CHINESE CHAMBER WANTS NEW TARIFF MOVE POSTPONED

Nationalist Project, It Is Urged Would Cause Hardships

*(Kuo Wen News Agency)*

The Shanghai General Chamber of Commerce has addressed telegrams to the Nationalist Government at Nanking and the Nationalist Ministry of Finance asking for postponement of the declaration of tariff autonomy for the following reasons in brief.

They are (1) that the announcement of the new policy has been too late for the merchants to be prepared for the new arrangement.

(2) that no sufficient explanations are at hand as regards luxuries.

(3) that inasmuch as the abolition of likin does not take place simultaneously in the various provinces, the merchants' sufferings will be simply intensified.

(4) that the production duty would handicap domestic industry, and cause unemployment of hundreds or thousands, and

(5) that the realization of the new plan would curtail the export business as no special privilege is granted to Chinese manufacturers.

The above protest of the Chinese General Chamber of Commerce in Shanghai, most effectively sums up the intolerable situation which would have existed, had the proposed illegal taxes been allowed to become effective.

We congratulate the Chinese Chamber of Commerce on their stand and wish to add that their protest not only presents the situation most emphatically but that it carries more weight than any protest we have made.

The cry of the downtrodden Chinese merchants, who have been taxed beyond all conceivable reason, gives a perfect picture of the difficulties and the handicaps under which they must operate. Unless the Chinese merchants and business men can carry on legitimate business in China, foreign merchants cannot prosper. Our interests are identical and unless China is prosperous and peaceful neither the Chinese nor the Foreigners can operate successfully.

### American Consulate-General

Shanghai, China, September 1, 1927.

Subject: Surtax Tonnage Dues Abolition.

Dear Mr. French:

In reference to the surtax tonnage dues, I have now received information which confirms the rumor that the surtax tonnage dues are to be abolished from today. Consequently, last night, the following telegram was sent to the Department of State:

(Continued on page 4 Column 1)

### American Consulate-General

Shanghai, China, September 1, 1927.

Dear Mr. French:

To complete your records, I take pleasure in advising you that official information has been received from the Nationalist Government stating that it has now decided, in view of existing circumstances, to temporarily postpone the enforcement of:

- (a) Law and abolishing of internal transit dues;
- (b) Provisional law on National Import Tariff;

(Continued on page 4 Column 2)



## REAL FACTS REGARDING CHINA ARE APPRECIATED

Continuing the letters published in the last issue of the "Bulletin" we take pleasure in publishing additional letters received by members of the American Chamber, acknowledging receipt of literature and other information on the China situation, sent home to friends and business connections.

### "THE PHILADELPHIA COMMERCIAL MUSEUM PHILADELPHIA.

We have received your letter of June 17th sending us a pamphlet entitled "The Soviet in China Unmasked"

We sincerely appreciate your kindness in sending this to us and we know we will find the information it contains of great interest.

Very truly yours,  
THE COMMERCIAL MUSEUM  
(Sgd.) Geo. C. Gibson  
Business Manager"

### "ACME CARD SYSTEM COMPANY, CHICAGO.

Thanks for yours of June 17 and I have read with interest the several articles which you sent me having to do with chaos existing in China at the present time.

I was particularly interested in the article by Mr. Sowerby which briefly and concisely described conditions which demand immediate attention as well as foreign interests in that country.

While I was somewhat acquainted with the machinations of the "Soviet", the booklet, "The Soviet in China Unmasked" gave me a new picture of their extensive operations in China.

Mr. Belknap is now in Europe; he will be pleased to have me tell him he was remembered by you.

Yours truly,  
ACME CARD SYSTEM COMPANY  
(Sgd.) F. H. Johnston  
General Manager"

### "OFFICE APPLIANCES, CHICAGO.

The book of Soviet documents and the reprints from the Chinese papers are intensely interesting.

Mr. Sowerby's article on the Chinese problem and its solution is daring.

The influence of Russia is certainly pernicious. I have long expected its government to topple but it would appear to get better grounded month by month.

You on the ground have a slant at the Chinese problem that we who are remote cannot have. We hear much and read much but on account of the arguments presented it is difficult to arrive at conclusions.

Sincerely,  
(Sgd.) Evan Johnson  
Editor and Proprietor

### "UNIVERSITY OF MISSOURI, COLUMBIA.

I was delighted to have the letter from you and to receive by the next mail the little booklet about China. It was very interesting and I have had occasion to show

it to a number of university people that are particularly interested in the Far East situation. I appreciate your thinking of me.

Fraternally yours,  
(Sgd.) C. L. Brewer  
UNIVERSITY OF MISSOURI"

### "DICTAPHONE CORPORATION, BRIDGEPORT, CONN.

I want to acknowledge and thank you for the book you sent to me, "The Soviet in China Unmasked" which is indeed a very amazing collection of documents, and while I have not been able to read it thoroughly, yet I have spent some time gathering the main features, and I am astounded at the audacity of the whole movement.

Yours very truly,  
(Sgd.) Bevan Lawson  
Executive Sales Manager"

### "NATIONAL CASH REGISTER CO., DAYTON, OHIO.

This will acknowledge with thanks the receipt of your letter of June 17, together with the three publications sent us under separate cover.

We find these publications very interesting in giving us an exact understanding of the present conditions in China and appreciate your having sent them to us.

Yours very truly,  
(Sgd.) F. L. Batson  
Foreign Department"

### "RADIO CORPORATION, NEW YORK.

Your letter of June 17th and copy of "The Soviet in China Unmasked" have just been received.

"Thank you very much for sending me this booklet, which I shall read with great interest.

Sincerely yours,  
(Sgd.) J. G. Harbord President"

### "UNITED STATES SENATE,

I greatly appreciate your letter of June 20, 1927, together with enclosures, which I am looking forward to reading at the very first opportunity. I am very much interested in this subject and know I will enjoy reading your booklet "The Soviet in China Unmasked".

With best wishes, I remain  
Yours very truly,  
(Sgd.) Reed Smoot"

## AMERICAN CHAMBER OF COMMERCE BULLETIN

PUBLISHED MONTHLY BY THE AMERICAN CHAMBER OF COMMERCE

305 Robert Dollar Building,  
Shanghai, China.

Cable Address "Amchamcom."

Advertising Rates furnished upon request.

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## GENERAL MEETING OF THE CHAMBER

A general meeting of the members of the American Chamber of Commerce was held in the Assembly Room of the American Club, on Friday August 26th which was attended by representatives of most of the Corporate Members and many of the Individual Members.

President French outlined to the meeting what had been accomplished by the Board of Directors, on behalf of the membership, in protesting against the illegal taxes which the Nationalist regime had attempted to impose. Mr. French also read cables that had been sent the State Department thru the American Consulate General, as published in the last issue of the "Bulletin".

Mr. Franklin introduced a resolution, which was seconded by Mr. Hager, commending the Board of Directors for their efforts, as reproduced herewith.

Now that the Surtax Tonnage Dues and the Proposed Illegal Taxes which were to have been imposed September 1st, have all been abolished, as announced elsewhere in this issue, the situation is temporarily relieved.

Mr. President:

The American Chamber of Commerce is faced with a serious situation because Americans in China, regardless of location or business or calling are all

faced with a serious situation and American trade with China is on the verge of destruction. Whatever affects American citizens and American trade vitally affects the Chamber of Commerce which is an organization whose reason for existence is the promotion of American trade and the assistance of American trade and the assistance of American citizens resident in China in their lawful pursuits and their legal activities.

My use of the word "legal" was intentional. The Anglo-Saxon is essentially a creature of law. His respect for law is proverbial. Tell him certain things are illegal and you have advanced the most cogent reason to most Americans why such have advanced the most cogent reason to most Americans why such things should not be done. On the other hand he is extremely jealous of his legal rights. Infringe those rights, deprive him unlawfully of his liberty or his property and you take from him his most cherished heritage. The progress of modern civilization has been coincident with the stabilization of law and the enforcement of order and its continuance is dependent upon the recognition of rights and privileges definitely accorded by law until the law is changed.

And that is all, Mr. President, that the Chamber of Commerce is asking. We are not seeking any favors, we do not want any preferential treatment, we only ask our rights definitely established by the Treaties until those Treaties are modified or abrogated in accordance with international law. Our legal position is unassailable and we go before our government with clean hands. By the Constitution of the United States a treaty is the fundamental law of the land and by International law a treaty is the fundamental law of China. And any nation, my friends, that considers a treaty solemnly entered into as a mere scrap of paper to be violated or disregarded at will should be looked upon as beyond the pale and treated accordingly. By our treaties the American business man and the American missionary have a right to be in China, they have a right to carry on their lawful activities, they are entitled to certain rights and privileges under the treaties, and they are entitled to the support of their government in insisting that China respect those treaties and abide by them.

The Chamber is to be congratulated upon the way in which its Board of Directors have petitioned our government for support and have protested against the failure of our government to render the support to which we are entitled. The communications which have gone forward have all been clear, forceful and dignified, have appealed to reason and to law and not to sentiment, and have demanded nothing more than our rights. The correspondence shows that while Nero may be fiddling in Washington no one in authority in China is playing a second fiddle. I heartily approve of the action that has been taken and I now move that the Chamber accord the Board of Directors a vote of confidence, approve what they have done and authorize further action along the lines already followed.

I. DELBOURGO has been elected a Corporate member of the American Chamber of Commerce.



## READ THIS PAGE FIRST

The following statement issued by the News Agency is textually reproduced as received by us. The Kuo Min News Agency is an organ of the Nationalist Government in Nanking; the spokesman is, on the statement of the agency in question, speaking in behalf of the Ministry for Foreign Affairs.

Shanghai, Aug. 29.

The attention of the Nationalist Government authorities has been called to the activities of the American Chamber of Commerce in Shanghai, which organization apparently has departed from the usual policy of a trade chamber and is devoting itself to propaganda calculated to induce the American Government to intervene in a military way in China.

In this connection, a spokesman of the Ministry of Foreign Affairs said to-day that particular attention had been directed to recent resolutions and cables which have been sent to Washington, D. C., by the American Chamber demanding that the American Marines be used to prevent China from increasing her Customs duties.

In addition to this recent action, reports have reached the Government from the United States that the American Chamber of Commerce in Shanghai has been circulating newspapers and trade bodies in America with "literature" compiled by notorious tools of local "diehard" interests which contain unwarranted attacks upon the Nationalist Government and its officials, the general purpose of which apparently is to get the American Government to become embroiled in the imperialist conspiracy for military intervention in China.

In reference to the activities of the American Chamber of Commerce in Shanghai, referred to in the foregoing, the Foreign Office spokesman pointed out that whilst the Nationalist Government welcomes legitimate criticism and co-operation on the part of foreign commercial organizations in China, nevertheless when a foreign chamber of commerce, such as the American organization, departs from legitimate commercial pursuits and transforms itself into a propaganda organization for the dissemination of information inimical to the friendly relations of China and America, then it becomes a matter of

(Continued from page 1 Column 1)

"It is published in today's vernacular press that the surtax tonnage dues have been abolished. This has been confirmed verbally to me by the Commissioner for Foreign Affairs as effective September 1 1927."

Sincerely yours,

Edwin S. Cunningham.

C. H. French, Esquire,  
President, American Chamber of Commerce,  
SHANGHAI.

serious concern which the Nationalist Government cannot overlook.

China and America have enjoyed peaceful and friendly relations for nearly a century and a half, the first American commercial ship visiting Canton only a short time following the successful conclusion of the American Revolution against domination by European Imperialism. For many years American merchants traded peacefully at Canton with the Chinese merchants even before China and America entered into treaty relationship. America has never been aggressive toward China as have other nations; and China has almost always been able to look to America as a disinterested friend at critical periods as for instance, the Open Door Policy, the return of the Boxer Indemnity, and the efforts of Secretary Hughes to give China a square deal at the Washington Conference.

Unfortunately, however, the local American Chamber of Commerce seems to have come under the influence of certain European imperialistic interests and for several months has been conducting a propaganda which is detrimental to the friendly relations of China and America and also detrimental to the best interests of those American merchants solely concerned in the development of trade between China and the United States. In view of the fact that the American Chamber has its headquarters on Chinese soil, the Nationalist Government is forced to call attention to this matter and to issue a warning that, unless the American Chamber ceases its under-handed activities, the Nationalist Government will be forced to bring the matter to the attention of the American authorities and ask that action may be taken by the American authorities to curb the Chamber whose pro-imperialist activities serve merely to provoke and alienate all Chinese interested in the continuance of friendly relations between our country and America.  
—Kuo Min.

(Continued from page 1 Column 2)

(c) Law on Excise Duty which was proclaimed on July 29th as becoming effective September 1, 1927.

In transmitting the information, the Minister of Foreign Affairs stated as regards the tariff autonomy for China which was proclaimed to take effect September 1, 1927, that this will nevertheless remain in force in aeternum.

Sincerely yours,

Edwin S. Cunningham.

C. H. French, Esquire,  
President, American Chamber of Commerce,  
SHANGHAI.

## FOLLOWED BY THIS EDITORIAL

## The North-China Daily News

IMPARTIAL NOT NEUTRAL.

SHANGHAI, SEPTEMBER 1, 1927.

AMERICAN CHAMBER  
DENOUNCED

The public will have gathered from the gratuitous attack launched against the American Chamber of Commerce, which we published in full on Tuesday morning, that the "Nationalist" authorities, who spoke in their denunciation of the Chamber through their Kuo News Agency, are alarmed, distressed, and indignant because the facts of this situation here are getting a little publicity in America and because the action which they disseminate at so much pains and cost does not get all the publicity. The American Chamber of Commerce indulges in no underground propaganda abroad. Its official statements are exceedingly moderate and restrained in tone, as well as strictly accurate in point of fact. They do call upon the American Government for the protection of commercial interests here in keeping with the treaties, under which these interests were established, and they tell enough of conditions as they actually exist to provide overwhelmingly good reason for the use of all available resources, diplomatic and military, in the business of holding the various Chinese factions to the letter of the treaties.

Their right to resort to such publicity is just as obvious as is the right of an individual to demand police protection when he has good reason to believe that he and his property are threatened with extermination. But because it does not suit the exterminating faction in this instance the Nanking "Nationalists" such perfectly legitimate appeals for the support which America owes its traders here against imposition and extortion at the hands of unrecognized folk who cannot claim to represent China or the Chinese people, the American Chamber's published correspondence is bitterly denounced.

America and the Americans are not supposed to deal in facts about China but in sentiments and fancies. The American people in their homeland are so easily cajoled into tearful sympathy for any cause, righteous or otherwise, that is advertised as a struggle for liberty, and is so ready to accept any mendacious report from the professional propagandists of that cause and reject the observations and opinions of the best men whom their Government can send to study conditions, that the propagandist feels cheated and hurt when he finds any element in the United States giving ear to a recital of unadorned fact. The "Nationalist" publicity people must, of necessity, feel that the American Chamber of Commerce has come to be very un-American in that it shows an obstinate unwillingness to be duped and imposed upon. It is un-American in that it does not express its sympathy with organized anti-foreignism and lend its energies to condoning outrage, extortion and gross misgovernments wherever such flourish behind a barrage of slogan, designed to appeal to the true American heart. The Chamber is the ally of cruel Imperialism because it does not join "Nationalism" in advocating the sweeping denunciation of treaties essential to

the foreigner's continued residence and commerce in this chaotic and bewildered country. All of its messages home must, therefore, be pernicious propaganda and in conveying any message at all it is found guilty, in "Nationalist" circles, of departing from its functions as a commercial organization and of indulging in "propaganda." What wicked business propaganda is when it operates in contravention of our own elaborate and expensive publicity system!

The appeal embodied in the Kuo Min News Agency report to the memory of a century and a half of unbroken friendship between America and China is both hypocritical and maudlin. Obviously it is not designed for local consumption nor for the consumption of intelligent people elsewhere, but for the obfuscation of the uninformed abroad. Read here in Shanghai, it is as sad an effort as the absurd little leaflets that were recently circulated in the names of the revolutionary workers in the Defence Forces. After all the deliberate hostility which the "Nationalists" have shown American missionaries throughout the interior, after the unatoned Nanking incidents and the persistent anti-foreign campaign here, which bore as heavily upon Americans as upon any others, one would think it would take a Borodin agent to make an appeal against an American Chamber of Commerce domiciled in Shanghai in the name of China's traditional friendship for the U.S.A., or any other Power for that matter. It is claimed that the publication of truths about this situation abroad by the Chamber and appeals for Government support against highly organized destruction of foreign interests are detrimental to these friendly relations." This argument has been brought to bear upon every foreign critic of every Chinese faction that has created trouble for the foreigner for fifteen years past.

The foreign nations that really wish China well and their nationals in this country, have a real liking and esteem for the Chinese people and want a friendly understanding with them; and the corollary to this assertion is that they have no use whatever for the exploiters and oppressors of the people, for those who stand between the Chinese people and their foreign well-wishers, and put not the slightest valuation upon their friendship. If the American Chamber of Commerce is, therefore, guilty of publicity which is detrimental to friendship between destructive elements in present day China, wreckers of China's economic structure and perverters of national ethics, and elements in America which are influential enough to shape policy, the American Chamber is doing the Chinese people and the Chinese nation of the future a great service. If the American Chamber can contribute to an appreciation abroad of the fact that the noisiest elements in China and those that shout the loudest of liberty and the like, do not make up the China that we want to help but are exploiting and devastating it, this certainly is no sin against China at large and the denunciation of such an effort from any source ought to react, in the public mind, against the faction which such publicity offends and alarms rather than against American interests in the long run. The threat of measures to "curb the Chamber" in its "pro-Imperialistic (fragrant memories of Borodini) activities" is a typical survival in tactics of the Russian influence. The Red interpretation of the meaning of freedom of speech and publication is one of the many things that the Soviet planted too well in Chinese "Nationalist" soil to be easily uprooted.



## AMERICA'S CHINESE POLICY FROM THE BUSINESS MAN'S VIEWPOINT

A reply to the Argument that Extraterritorial Rights in China be Abandoned

BY WARRACK WALLACE

(Editorial Note: The following article, reproduced from "Export Trade and Finance" a weekly publication edited in New York and having circulation among American manufacturers, export houses and banks engaged in foreign trading operations, is reproduced in the Chamber's BULLETIN in order that the membership may be advised of the gradual development of an understanding in the United States on the China situation. Mr. Wallace's remarks are in the category of "plain talk" straight from the shoulder and his unvarnished statements are endorsed by the Chamber as truths the publication of which will be of mutual benefit to both Chinese and Americans. The Chamber, the members of which represent several hundreds of American manufacturers, is hopeful for early peace and economic prosperity for the Chinese people. Economic prosperity for the Chinese people will mean both enlightenment to America and to China. America needs increased markets for her surplus products of the soil and the factory. Our efficiency of production is already being felt. The American producer of exportable products and the American manufacturer of exportable products and commodities machinery or equipment which can be used abroad, already finds home markets nearing the point of oversupply and trade rivalry at home is increasing to the point where he must expend a large part of his energy in evolving new plans to meet competition. The immense potentialities of China as a market for these American products and as a source of supply of certain products required in American industry are virtually closed to the American producer and can well remain closed indefinitely unless an intelligent comprehension of the issues surrounding the present disruption can be arrived at by the present generation. This Chamber emphatically is not, as the professional agitators would probably like to have the world believe, opposed to the legitimate National aspirations of the Chinese people. On the contrary, it is entirely in sympathy with them. The Chamber's efforts to bring the truth of the situation to the attention of its members in China and in the United States and to Americans interested in foreign trade development are based on the incontrovertible evidence that shibboleths, slogans and catchwords employed by the self-appointed factions, which have operated up to the present largely under Soviet guidance, cannot lay claim to being the expressions of the Chinese people. It is our belief that the Chinese people have been misled to a far greater extent than peoples abroad in the past months of propagandistic effort, and they have certainly suffered even greater burdens and injustice under the regime which promised them much, than under the normal conditions of poverty and lack of opportunity with which the Chinese people have at all times been confronted in the past. We believe the cry of the Chinese people if articulate to-day would be for peace and the unmolested opportunity to earn food. These are the vital problems of the masses of Chinese people who have never been permitted to get beyond this aspect to the larger enjoyment of life. The slogans and hullabaloo, as Mr. Wallace terms it, are the manufactured products of the professional agitators and opportunists, who find that their activities in this direction pay handsome returns in cash and power at the expense rather than to the benefit of the deluded Chinese people.)

If historians of a century hence should discourse upon the strange and remarkable characteristics of the people of the United States during the early part of the twentieth century, prominent among these characteristics must be the weird obsession for an eager acceptance of any foreign opinion that is in derogation of the political conscience or international policies of the United States.

If Americans are branded as imperialistic money grubbers with a dollar sign as symbolic of all ideals, the brand is almost enthusiastically adopted by a vociferous many. Yet the plain fact is that Uncle Sam is the Santa Claus of all nations and all time.

If the United States is hailed as imperialistic in its international relations and aspirations,—senators, editors and clergy bolster up the accusation by dramatic oration and denunciation.

Extremists and hobby-riders, having a constitutional right to vociferate to heart's content, take the stump upon the slightest pretext. The easiest method of procuring an audience being to thump the Government, these calamity howlers delight in lying awake nights conjuring up sentimental and illogical arguments against governmental policies.

This type of critic is not unusual and, probably is one of the necessary off-shoots of a democracy or

a republic in which the bootblack feels quite capable of denouncing the foreign policy of the Secretary of State. But the really remarkable feature exists in this: Let a few of the critics denounce for but a few brief moments and the American press tumbles over itself lining up behind the denouncers.

Recently, the flare for criticism has been pointed at international relations.

In Mexico, where Americans are kidnaped and shot, and properties, duly paid for to what purported to be the owner, are confiscated, it is almost generally conceded that Uncle Samuel was, is, and always will be, an out-and-out red handed villain.

In Nicaragua, the presence of an American marine seems to horrify public sentiment. True, the sentiment is not based on a study of conditions and upon conclusions formed after analysis, but the sentiment is none the less present and none the less vehement.

And as to China, it is safe to say that 90 per cent of editorial comment has branded all American connections and relations with that unwieldy hulk as pernicious and execrable.

If a missionary be killed by gun toting coolies, said missionary was an ass not to be elsewhere. If a business traveler be brained with a bamboo carry-

pole, the traveler was a sap not to be safely ensconced in Paducah at the time. If a Yankee gob be punctured by a bandit in uniform, the gob was a victim of his Government's imperialism and the President and Secretary of State ought to be hung for murder.

Judging from editorial comment, every treaty with China has been conceived in sin; every tract of leased territory has been extracted from a reluctant yellow by a western Imperialist with an active cannon; every dollar gleaned from China commerce is tainted with the ignominy flowing from oppression of the weak.

Unequal treaties should be consigned to the waste-basket; leases cancelled; extraterritorial rights relinquished and all westerners in the Orient should catch the first boat going East and cast away their business and their property.

The sources of such opinions lie in the organized resources of broadcasting which are provided by two very different types of organizations,—the good boys of the world, the missionary bodies, and the bad boys of the world, the Soviets. The reason for the acceptance of such opinions is that people usually believe that which is reiterated so often that it becomes an habitual mouthing, unchallenged by a repeated forceful contradiction. This is particularly true of a people quick to accept detrimental opinions of themselves in their international relations.

No business man in China who has accepted the benefits of missionary teaching in the shape of English-speaking translators, interpreters and accountants, and who has spent many a pleasant hour with missionaries, the only fellow white men deep in the interior of China, can look upon the missionary element with other than feelings of respect and liking.

The missionary has been of untold practical benefit to the business man in the Orient in innumerable ways. The business man who knows them should at once concede their almost universal sincerity, their devotion to their ideals and purposes. True, the vast majority of missionaries live in comfortable homes, with all of the comforts and luxuries of living which even small salaries can provide in a poverty-stricken country. Their lot is not a hard one except in the few instances in which they go Chinese and live upon a pittance in the Chinese way. But it would be an unfair person who grudged them these comforts. There is no reason why a missionary should be uncomfortable just because he is a missionary.

They have been worth while as an investment, though their cost has been great.

But they do present serious problems.

As a rule, the American missionary lives for six years in China and then comes home for a furlough of one year. This year has a double-barreled purpose,—it is for rest and it is for money raising purposes. The missionary is a creature supported by society,—by business men,—and he must collect before he can spend. His year at home, then, is largely devoted to lectures and writings which are calculated, directly or indirectly, to raise funds for his work in the field.

His lectures and writings are for a purpose, and it is not humanly possible that the lecturer or writer can adhere to the cold unglorified facts. He inevitably colors his discussions with stories of the wonderful results of past philanthropical expendi-

tures and of the progress of the Chinese in religious and social endeavors. He must believe this to be true or his existence as a missionary has not been justified from the missionary standpoint. The years of work and the millions expended require some results and the prospective donor wants to know what has been accomplished with money already devoted to the purposes for which he is asked to give.

The missionary must sell his project. He must believe in it and must discard ifs and buts. He is positive. He is a full-fledged optimist.

He believes, and sincerely, that the labors of his kind have produced wonderful consequences, which are always just on the point of remaking the Chinese people into a people quite in accord with the missionary's ideals.

And it follows that what he would like to have true he believes to be true. And the missionary, therefore, is the world's worst drawer of conclusions.

Let any particular military bandit spring forth into unusual prominence and look like a good bet against the field, and the missionaries en masse pile upon his band wagon. Let this bandit profess sympathy with the Bible or indulge in hymns, and he is the Christian salvationist who will provide the panacea for all Chinese ailments.

When Wu Pei Fu, some years ago, looked like the strong man of China, he was hailed as the Christian general and lauded to the skies. He was good, able, altruistic and patriotic, and prayers were rendered for his success. Wu, today, is anathema.

When Feng Yu Hsiang kicked up his heels, and introduced hymnals and Bible teachings, he was, in turn, hailed as the Christian general and the liberator of China. His title is fading now, however, as the Nationalists are the vogue of the day. Perhaps he will loom forth again in all his glory by virtue of a combination with the Nationalists,—perhaps not.

Wu, Feng, and now Chiang Kai Shek (Nationalist military commander) have taken their turn in missionary fancy, each fancied most when he was strongest. Each has been a paragon in turn. One wonders when disillusionment as to Chiang will eventuate.

Hopes that these promising strong men would be what China needed, blinded the chronic optimists to obvious facts. Each has been advertised as the advertiser would like to have him be in fact. Fancy and reality have been far apart.

It was only with the third of these men, Chiang Kai Shek, that the foreign powers were forced to sit up and take notice. The first two had only local significance; the third was, and is, stirring the international pot.

And the American advertisers of Chiang have had a wonderful assistance in boosting his stock, for the world's bad boys have been doing all they can in their own ingenious ways to paint Chiang as a liberator, his party as a step towards Chinese salvation, and his principles the cry of a great democracy turning upside down in its cradle.

The American press has swallowed the bait,—hook, line and sinker. Accustomed to demagogues, inured to shibboleths, the glaring ads of the Nationalists have been considered excellent first-page material. To a country maudlin with generous sentiment, such slogans as "Self-determination," "China for Chinese," "Unequal treaties," "Freedom,



liberty and emancipation," are captivating. They are our own not quite outgrown political language. They appeal to Santa Claus. And Santa Claus, good natured and uninquiring, accepts the slogans without asking about the basic facts.

It might be well to see who is yelling these war-cries. The missionaries and the Soviets spread them to the four corners of the world but the Chinese who claim them as their own ought to be considered.

The Nationalist party is an outgrowth of Sun Yat Sen's party. Sun was the first President of China, holding office over night and giving way to Yuan Shih Kai, Yuan being in a position to demand it. Sun gave up with bad grace and refused to play with this Chinese Republic of Yuan's. He went down to Kwang Tung province, in South China, and set up his own republic with himself at the head. Therein lies a noteworthy national characteristic. The Chinese can organize and combine and work in concert in business but no two Chinese were ever known to work together in politics, politics being a strictly individual matter and the state being of such slight importance that individual interests cannot be sacrificed therefor.

Sun ran his own province, or unrecognized Republic, until his death. It would probably be fair to say that the better informed opinion seems to believe that Sun was really devoted to ideals of progress and betterment for his country. It would be also fair to say that nothing would have been acceptable to Sun unless he had been the head of it. It would also be fair to say that rarely, if ever, did Kwang Tung province have as horrible an administration as Sun gave it.

Sun bled the province dry. He foisted Yunnan troops, speaking a different language, upon the indignant populace; he confiscated properties for his troops and for his Government without pretense of payment; he taxed along all accepted lines in rates previously undreamed of and taxed along new lines only conceivable to hardpressed ingenuity. He opened wide gambling and opium dens for the purpose of obtaining revenue.

He, in short, behaved like the worst tyrant of centuries in his craze for money and more money to pay his troops and prosecute his campaigns, and he finally drove a peaceful people distracted to the extent of forming citizens' military bodies for protection against Sun's mercenaries.

During the entire period from 1912 until a year or so before Sun's death, Sun had no anti-foreign plank in his platform. It was a Sun platform, pure and simple, constructed on the theory that Sun only was competent to take hold. It had modern features, in theory, but, in ten years or so, the modern features didn't bless the only chance Sun ever had to practice what he preached.

Then, shortly before Sun died, his need for money being urgent, the foreign powers were painted into the picture. Sun wanted the customs revenue which was collected and remitted to Peking, —the feat of the only recognized Government. His demands were refused and then and there, Sun affiliated with the international bad boys and declared venomously against all other foreign powers, "Unequal treaties" became a password.

Any Chinese military leader will take help any place he can get it. Sun's party, with its hostility towards foreign powers, was a wonderful playmate

for the Soviets with their international hatred.

The alliances Sun sowed have blossomed into full bouquets. The Nationalists, aided and abetted and advised by Soviets, have trudged northwards to Hankow and swept down the Yangtze Valley to Shanghai. Every step of the way has been paved by the regular Soviet preparation of bunk and hullabaloo.

The conquest of this entire territory has been achieved without the semblance of a battle. Opposition evaporated before the wheedling promises of boisterous advance men.

There was never a more promising country in which to foment discontent. The great mass of the people are a day or two ahead of starvation,—that is all. Social Nirvana can be accepted as an imminent prospect by people of no education, no perspective and no intelligence, and a social Nirvana is worth a gamble on stakes which are negligible.

The advance appeal has been predicted upon exploitation of China by the foreign powers. The appeal has been founded upon the assumption that the foreign imperialists have been robbing the Chinese of their birthright and grinding them under heel. The promise has been that the foreigners will be gotten rid of and then, over night, the great Nationalist Republic will bring peace and happiness to the Chinese people.

It is a campaign based upon lies and misconceptions. Yet the press of this country has just about swallowed it whole.

The missionaries, at first, advocated the Nationalist cause most furiously and preached its virtues to the United States until the United States believed. Now, after the incident of Socony Hill, many of the missionaries, looted and shot at, have retracted in toto and admit the folly of their original optimism. This goes farther in retraction than missionaries are wont to go.

The Nationalists are chiefly distinguished from other factions in China by their intense anti-foreignism. It is that feature which marks them as different and, paradoxically, it seems to be that feature which draws support from the press of this country.

The anti-foreignism can be boiled down to two main complaints. First,—the Nationalists want the foreign concessions turned back. Second,—they want all extraterritorial rights abolished forthwith.

The claim with regard to both is that, though China, through its undoubted, recognized governments at the times, effected treaties and leases granting the rights complained of, the rights were procured by duress and imperialistic bull-dozing.

The concession complaint draws sympathy. Holding land in a foreign country and immunizing that land and its inhabitants from the foreign law seem to create a unique condition. And, when it is considered that the various foreign concessions are, without exception, built up with elaborate and expensive offices and homes and are the centers of trade in their respective ports, it seems at first glance that the foreigners have taken the cream.

The truth is that the foreigners took practically nothing and made it much.

Each concession could be named in turn and it could be said that the land leased or ceded was land of insignificant value which was turned over to the foreigner barren of improvements and which the foreigners have built up by their own capital and their own enterprise into prosperous settlements.

The Yangtze concessions are fair examples. The Kiu Kiang concession is about two city blocks in length and two in width. It lies on the river bank and a wall separates it from the Chinese city of Kiu Kiang. The concession lies on ground outside of the old Kiu Kiang city wall and, when it was leased, the land was not even of the value of cheap rice land, because it lay mostly under water.

It was a practically useless spot to the Chinese and, when it was leased to the British, the Chinese never for a moment thought they were leasing anything of value. As a matter of fact, they were right. The land could have no value except as value was added to it.

Now, after reclamation from the Yangtze, the concession is the only prosperous looking spot in the vicinity. The steamer wharves are there; the go-downs are there; the foreign offices and homes are there. On either end of this two-block length lies Chinese city. The concession has no advantageous location upon the river bank which runs along for miles on either side in precisely the same manner, and yet, the foreign concession has become the shipping center. The Chinese shipping company laid its wharf right next door to the foreign concessions; the native launch companies approached as close as they could.

The concession appears prosperous; the surroundings poverty-stricken. The foreigners took nothing and made something and now the Nationalists want the something. That wish isn't even decent. On a basis of plain fairness, the taking over of these valuable properties would be an outrageous confiscation.

The same situation exists at Wuhu,—cheap rice land and land of slight value reclaimed by the foreigners. Chin Kiang has a concession a little larger than Kiu Kiang's. Hankow has concessions of greater area, but the value of the land when first leased was not a large sum.

Shanghai's international settlement, its land and improvements now worth many millions, is another example of foreign enterprise. The old walled native city of Shanghai was not an important point, as the Chinese had no international relations and Shanghai was not a port worthy of the name.

The powers, however, upon the leased premises built up a tremendous investment, making Shanghai one of the greatest ports of the world.

The concession itself has been open to residence for the Chinese and the present Chinese residents far outnumber the present foreign residents. BUT, THE CHINESE PAY TAXES AND CANNOT VOTE.—AND THIS IS ADVERTISED AS AN EXAMPLE OF IMPERIALISTIC INEQUALITY.

THE TRUTH OF THE MATTER IS THAT THE CHINESE CAME INTO THE CONCESSION TO LIVE BECAUSE CHINESE HAD NO VOICE IN MUNICIPAL GOVERNMENT. THAT WAS THE PRIME DRAWING CARD. THEY WANTED A PLACE TO LIVE IN WHERE FELLOW CHINESE COULD NOT TAX THEM OUT OF THEIR POSSESSIONS AND WHERE THEY WOULD ENJOY REASONABLE PERSONAL SECURITY AGAINST PERSECUTION.

They were overjoyed to live in a district where the government was orderly, honest and efficient and, unless they have gone temporarily insane over Soviet promises, it is a safe bet to make that the

present Chinese residents in the foreign concession still want the municipal government to remain out of Chinese control.

And why not? There is no place in China where a Chinese receives the security to property and self that he receives in a foreign concession. The military bandit of the moment cannot levy upon his goods; his person cannot be seized for military service or for decapitation.

Does he like this? Well,—he always has and, if he keeps his wits about him, he will not want to change the system until his own country provides a stable orderly government with the same guarantees that the foreign municipal government provides.

And whatever his likes, is it just that these properties, wholly built by foreigners, be turned over to the mercies of the brigand of the moment?

Perhaps Chiang may attain control and stabilize affairs. Perhaps he will forget his little red brothers when he does. (He seems to be trying to shake a few of them off now.) Then, it will be time to discuss the concessions again, but not before. The Nationalists have already split in two, right in the flush of conquest, and no one knows whether they will win or lose or split again. And no one can say that any Chinese leader gives any promise of stability and any guarantee of his promise until his position has been tested by the lapse of time.

Assuming Chiang would protect the lives and property of foreigners in the concessions and the powers, therefore, should give up extraordinary rights, then what happens if Chiang is displaced by one less charitably disposed? Anyway, in the only trial which the Nationalist party has had in running a concession,—at Hankow,—it failed miserably to even prevent wholesome looting.

The stock argument for the self-determinatists in the United States who try to shout away Chinese concessions is, "Suppose the Chinese had a concession near Chicago. What would you think of that?"

Well, suppose they did have a concession near Chicago. And suppose, moreover, that there were Generals Smith, Jones, Roberts and What-not with headquarters in New York, Cleveland, Minneapolis and Oshkosh. And suppose all of these generals were trapezing all over the lot and President Coolidge didn't even dare to chide them about it, having no troops whatsoever of his own, and rather betting on General Smith anyway.

And suppose all of these generals looted every city they entered or left, and lopped off heads without a trial, and indulged in the death of the thousand tortures, and confiscated everything worth toting away. And suppose Chicago changed hands right along and was looted each time.

And suppose there was a Chinese concession near Chicago where a few thousand Chinese ran their own affairs and minded their own legitimate trade with the harried citizens of the United States, and where ten times that many American citizens lived also in peace and comfort and security.

And suppose General Smith while triumphant, told the Chinese that though they had leased from the United States Government, the leases had to be cancelled as he didn't like them and he wanted to run the place.



If anyone can really imagine all of this and the other myriad facts of China as existent in the United States, then it is fair to ask that person the stock question heretofore stated. Otherwise,—not.

As to extraterritorial rights in general,—it is shocking that the only official utterance that we have on the subject is rarely referred to, never quoted, and treated, in short, like an effusion of nit-wits. There is a reduction to writing of an honest and conscientious investigation of nearly a year by a very intelligent United States Commissioner, Silas H. Strawn, and the representatives of 12 other powers,—and yet it is not given the space that is granted to Mrs. Sun Yat Sen's college education.

That document has been discussed,—albeit inadequately,—in a previous article published in Export Trade and Finance and a statement here of its findings would be repetition, but it should be emphasized that it is one of the few responsible documents in existence which bears directly on the subject, and it emphatically declares by its many statements of fact that China, at the time of the rendition of the report, was less capable of providing security for foreign lives and property than at any other time in modern history.

Have a few months of Nationalist supremacy along the Yangtze altered the pertinency of this report? Can a party,—advised by the international bad boys and which is at least half under that sort of domination, and which has been back of the Socony Hill incident and the Hankow disturbances and the disorder everywhere along the Yangtze,—claim that it is the guarantor of security and that in it the foreign powers should repose perfect confidence?

The Nationalists have not the facts upon which to claim unjustified imperialistic exploitation. The foreigners have come into China under objection, but their concessions, now a sore point, were never grudged until they were made of value; their extraterritorial rights were never blamed as the cause for Chinese ills until the Soviets took the helm of the Nationalist party.

No one can deny that there have been instances, and many of them, in which foreigners have gotten valuable rights from the officials in the saddle, the officials profiting therefrom. But it can be denied, emphatically, that China has been oppressed by the Western barbarians, and it should be denied that the Westerners have taken more value than they have received.

It is a popular fad to defend Chinese philosophy and civilization. Just why,—it is difficult to know. Certainly, both have had a long time in which to be tested and given a fair trial and, certainly, the real test lies not in abstract conceptions but in practical consequences. Anyone who wanders through China and emerges impressed with the merit of living conditions ought to be locked up quickly.

It won't do to say that the Chinese have produced wonderful works of art, marvelous porcelains, paper and many other artistic and practical contributions to the world's enjoyment and convenience. The pertinent questions are what does it produce now,—how do the people live?—The answers are easy. It produces filth, disease and poverty and the people exist submerged in these productions.

No amount of theorizing can dodge these facts. The missionaries, particularly the medical men, have done a great deal within their necessarily narrow compass to better living conditions. The business men have done much with their rail-roads,

steamers, telegraph and many other things, and, also, by the bringing of comparative prosperity to any native fortunate enough to achieve employment in a foreigner's enterprise.

The missionaries take no profit, so there is no exploitation there. The business men take their profits, but they take them for foreign goods which the Chinese want or upon Chinese goods which the Chinese want to export. There certainly is no exploitation in that type of trade.

As to exploitation of China by the United States Government, anyone knows that it is absolutely nonexistent. The only claim of exploitation lies in the extraterritoriality phase and, if the concessions were worth nothing when they were leased, and the right to be tried under one's own law inflicts no loss upon the Chinese people,—then where is exploitation?

Trade isn't exploitation and our "imperialism" has been an insistence upon trade,—nothing more.

History shows beyond all doubt that a weaker, backward people will be forced to trade with other peoples, whether it likes to or not, and history shows, also, that any nation of consequence is willing to trade.

The Chinese do not wish to discontinue international relations now. Their trade is of tremendous consequence. They cannot hope to trade and still require that no foreigners set foot in China. And they have never yet approached sufficient honesty and fairness in government to provide any earnest to any foreign residence of a fair disposition of his rights and wrongs.

The business man would hate to see the departure of extraterritoriality at this time. Perhaps the business man is near-sighted and wrong, but it is only fair to him that any such determination be arrived at upon a consideration of facts and not upon a high-sounding declaration of policy by the Chinese leader of the hour.

Young China should grow a few whiskers before he earns confidence. Moreover, he should kick his naughty red playmate out of his backyard and stop repeating his swear words.

The policy of the powers would be, ordinarily, to insist forcibly that existing treaty rights be regarded with respect, but the extraordinary complications presented by the mad Soviet interest to stir up dissension and create bitterness against all Western powers, increases the difficulties a hundred-fold.

Russia lost its extraterritorial rights during the war and the Soviets don't care a bit if everyone else loses them. Also, the world revolution idea seems to be a still prevalent thought in red circles and China is a perfect place for involving the great nations in hostilities.

Great Britain, of course is keenly aware of the possibilities of a forceful step. Each power trends warily along its own course for fear of committing itself definitely to a large-sized schedule and having to go it alone along the chosen path, possibly picking up additional adversaries along the way.

Rarely has the world seen the British lion so meek as during the Hankow row, when a mob of Nationalist troops were permitted to oust the British from their concession. It wasn't the Nationalist soldiers who forced the issue. It was the fear of the Nationalists, plus their Soviet backers, and a disturbance which the two could foment which would have drawn a British boycott in China, and which might have brought on another world war.

So the lion took its slap in the face, and bided its time.

In the Socony Hill incident at Nanking, the American and British forbore until further forbearance meant death to about 100 of their nationals. Then the gun-boats opened up and laid a protective barrage around the refuge of the foreigners and drove the attacking Nationalist soldiers into their holes. This Nationalist attack was premeditated and organized.

It is a striking commentary upon popular sentiment in this country that the plight of these fellow Americans stirred little sympathy. The press seemed not only apathetic, but rather condemnatory of using shells even to protect American life. Excuses for the Nationalists were proffered on every hand. Liberators, emancipators,—they just got a little too enthusiastic!

And why didn't the Americans come home, anyway?

The reason they didn't come home was that their property and their business was in Nanking. Treaties of their own Government gave them certain guarantees which they relied upon. It did not seem reasonable to them that they should give up the ship because the Soviets had stirred up trouble for them.

It is easy to say that danger was plain and they had time to get out and away. But no one cares to sacrifice everything he has in the world when he believes that the sacrifice is the consequence of plain piracy.

The international complications inherent in the Chinese situation are so complex that the casual observer cannot grasp them. The State Department, with its trained corps of observers and many sources of information, must be trusted to keep informed, and must be trusted to guide governmental policy.

So far, that policy has been consistent. Treaties have laid down the principle that this Government will give up extraterritoriality when the Chinese get their house in such condition that a self-respecting person can live in it: the Extraterritoriality Commission has said that the Chinese house was never so uninhabitable as at present; the Nationalists have placed dynamite about the premises instead of cleaning up,—and this Government's policy has been to be moderate and self-restrained,—very,—but to insist upon the protection of American lives and property.

There can be no sensible talk of abolishment of extraterritoriality until the Nationalists or Chang or somebody gets into the saddle firmly enough to be worth talking to. And it seems obvious that any fair-minded person should recognize this clear fact.

The only sensible thing the Government can do is to stick to its rights until some responsible party stabilizes conditions in China. And, while this is being accomplished, it would be a welcome relief if the sentimentalists, and shouters of imperialism and unequal treaties, would retire into their holes and not be so anxious to sacrifice the property and persons of other people.

**Note**—Since the above article was written Chiang Kai Shek has "resigned" which eliminates him from the picture.

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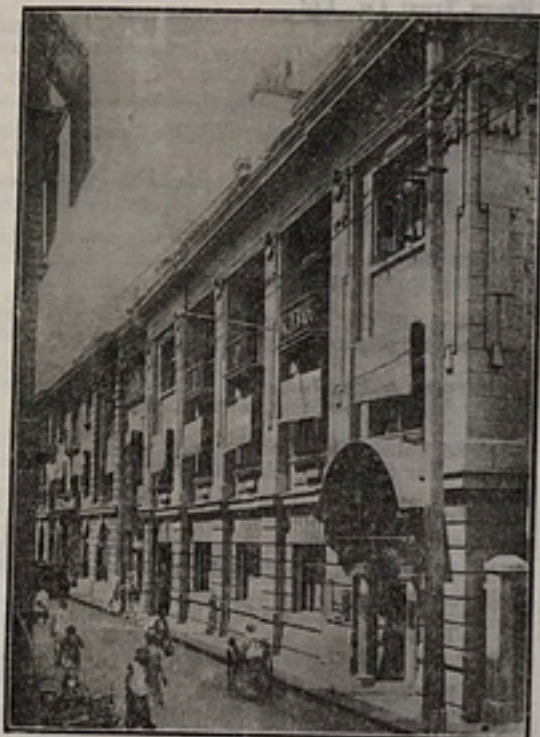


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