

JILEY K. HORNBECK

CHINA: SHEPHERD, WILLIAM C., "CHINA AS A
CUSTOMER"

The Customer is



Herbert
American tobacco, mild and sweet, in
cigarette form, caught the Chinese fancy

The great nations have been scrambling in China for something that doesn't exist—great natural resources. China is now the world's greatest potential customer. And, as every business man knows, the customer is always right. The scramble will go on, but not for power. The world's business interests now want China's good will, and Americans have the inside track

A SEEDY-LOOKING individual near Weepah, Nevada, took a swig one morning recently, unlimbered his shovel from his fivver and began desperately to dig a hole along the roadside.

Other motorists stopped to watch; comments began to fly:

"He shovels like an old-timer."

"Wonder if he thinks there's gold there."

Nervousness seized upon the gold-hungry bystanders. One man rushed to his car, took out a pick and shovel, and started to dig a hole of his own. That was a signal for a little gold rush. Soon the dirt was flying from twenty holes. There were twenty fist fights and dozens of black eyes.

By this time the seedy-looking person had dug himself down so deep that he was lost to sight.

At sundown no one had struck gold. The despairing diggers remembered the man who had started the little panic.

Fifteen feet below he was sound asleep beside an empty whisky bottle.

"Hey!" one man yelled. "Didja find any gold?"

"Gold? I wasn't huntin' gold. If I could strike water along the road somewhere, I could make a million dollars sellin' it to tourists."

So peace returned to the Weepah roadside.

Not long ago a mining engineer told me a story which proves that nations are just like people.

"About thirty years ago, when the nations of Europe got to worrying about mineral resources, word got around among the governments and the business interests of Europe that China was richer below the surface than above it.

"Remember those polite words, 'spheres of influence,' which the Europeans used when they tried to divide China up among themselves and each European government promised to let the others rule in their own 'spheres'?"

"Well, that was all a great mineral rush. John Hay stopped that land-grabbing business by declaring for the 'Open Door' in China. But he didn't stop prospecting; the nations still went on hunting for coal, oil, gold, iron."

And now here's a bit of international "inside baseball."

Shortly before the disarmament conference in Washington American financiers and mining men laid their cards on the table in front of the financiers of other nations.

The Nations Came to Their Senses

"WE'VE been all over China hunting for oil and iron and what else might be in the earth, and we're frank to say that we haven't found anything worth talking about," they confessed. "Now, will you gentlemen speak frankly with us and tell us what the mineral scramble in China is all about?"

"We didn't find anything, but we were afraid the other fellows would"—that, in undiplomatic language, was the gist of their replies.

Like the diggers of Weepah, the nations came to their senses. The peace of disappointed mineral seekers came over them. It is a deep peace that ends land-grabbing, for the wealth of China

is above the ground.

All the gold there is "on the hoof." It lies in THE CONSUMING POWER OF 400,000,000 HUMAN BEINGS.

"If you have wondered why the nations of Europe have not gone in to clean up China," one of these mining-financial-diplomatic experts told me, "all I can tell you is that every nation wants to be friendly with the Chinese people. I can tell you right now that no one is going to whip China and try to stop her revolution."

We have a business motto in the United States that suits the case—"The customer is always right."

The British have had a sad experience with unfriendliness of the Chinese toward British goods. It has been estimated that a six months' boycott of British imports cost British merchants over \$100,000,000. Since then the British too, in China, have shown signs of adopting the American policy regarding the goings-on of customers.

As customers the Chinese promise to be a gold mine, sooner or later, richer than any mineral deposit. They are trying, through the Nationalist movement and otherwise, to reach a higher standard of living, to get more out of life and to shake off shackling traditions thousands of years old. Every move they make in this direction presents a future rosier, in the long run, for the manufacturers and merchants of the world.

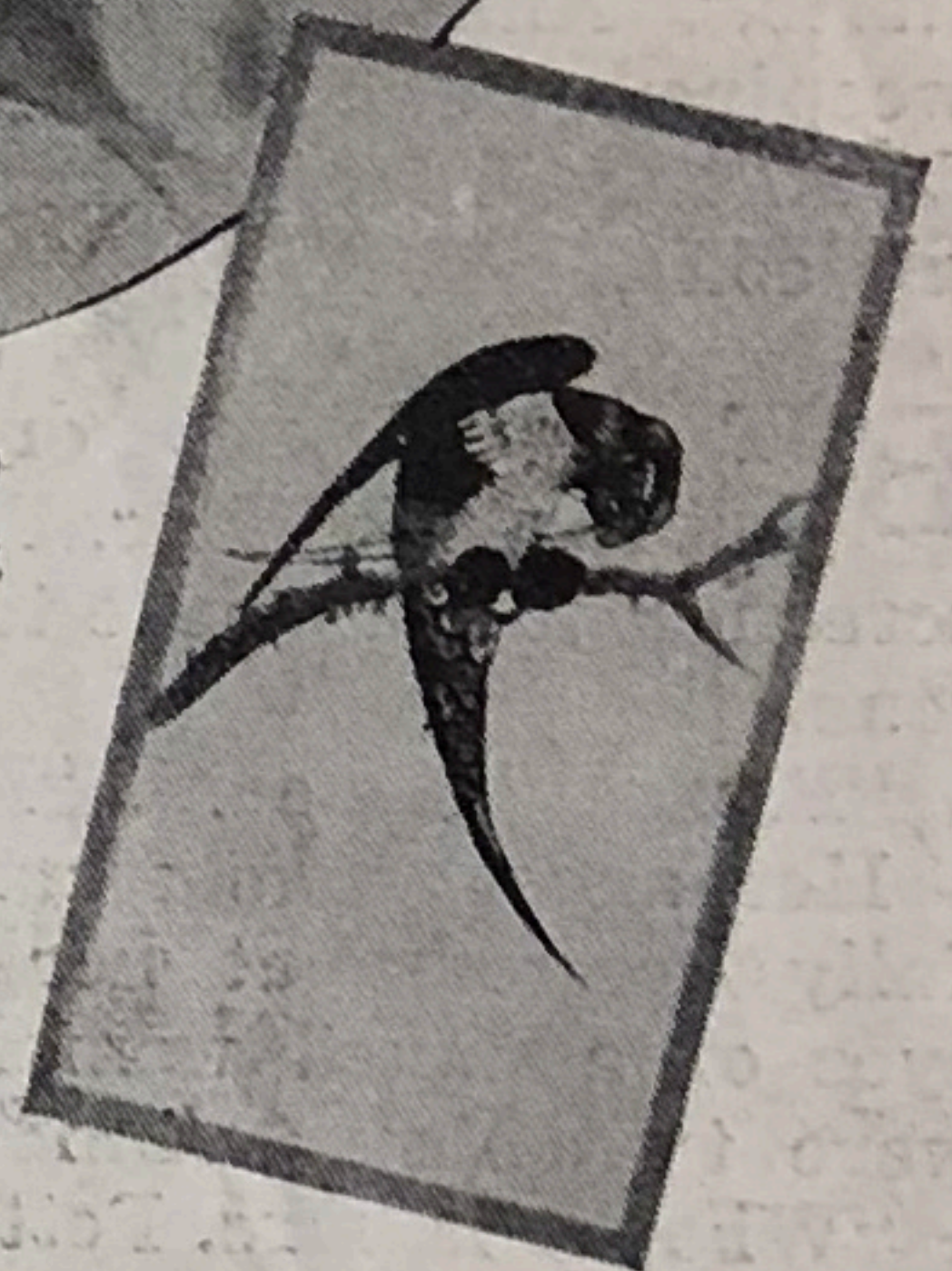
As customers the Chinese have been picking up tremendously since they kicked out the imperial dynasty sixteen years ago. They are good buyers; they have been doing the best they can, under the circumstances. For example:

I saw a little red tin lamp that would hold a few tablespoonfuls of kerosene. The glass chimney was only six inches or so high, and you could barely have squeezed a silver quarter through its



The little colored lamp
that enlightened China

The Chinese are now "collecting" cigarette pictures (right)



top. The wick was as wide, perhaps, as the diameter of a dime. It was a toy of a lamp, but strong and well-made. If someone had not picked it out as a sample from millions of its brothers, it would have been lighting up some Chinese peasant's home instead of reclining here in this palace of business—the great Standard Oil Building in New York City.

"Do you remember when talking machines were new?" asked an old "China hand," now with the United States Department of Commerce. "Do you remember how the family that got the first talking machine in the neighborhood invited everybody in to hear it? Well, it was just like that when these little American kerosene lamps first turned up in China about twenty years ago.

No Night Life for the Chinese

"CHINESE families didn't sit up much of evenings; didn't have any useful light. Of course they had their ancient lanterns, and their vegetable oil illuminants, but as encouragements to night life these couldn't be called a success. A Chinese university figured out that there were 600,000,000 chickens

ways Right

By WILLIAM G. SHEPHERD



in China. Well, the 400,000,000 Chinese generally used to go to bed with the 600,000,000 chickens.

"All of a sudden along came an American business firm that gave away free, here and there, these little red lamps, providing the recipient would buy a certain quantity of the new strange oil to burn in them. The liveliest families in a neighborhood made the bargain. And for weeks and months the neighbors ran over to see the Mei-Foo Lamp—that's what they call them—light up the dark corners of their friends' homes.

Millions of Little Red Lamps

THE lamps were also manufactured in yellow and in blue. Thus the Chinese national colors were represented—sound sales attractiveness.

"After that China began to sit up o' nights. That little seven-and-one-half-cent apparatus was just as wonderful to them as the automobile or the radio ever was to us; it added billions of hours to their lives.

little red or blue or yellow lamps in China today. There isn't a town in China where wicks and chimneys for them are not sold. And to carry to Chinese homes the hundreds of millions of tablespoonfuls of kerosene which keeps these lamps shining, a great armada of oil tankers must keep plowing through the world's greatest ocean, back and forth from the shores of the United States, to help China get the 200,000,000 gallons of kerosene which it now uses yearly.

"A toe hold on commerce—that's what that lamp was," continued Mr. Moser. "It wasn't just an American form of something that everybody else was selling to the Chinese, like cloth or shoes. That little lamp did something new for China. And what the people want in China, after 4,000 years of what they've been having, is something new that will change their lives—and they are

all these things make almost every American picture, no matter what its theme, a travelogue in a land of marvels.

But there are other superlative points in American pictures for the Chinese. The endings of many of the European motion pictures are tragic; rarely so American pictures.

A Chinese audience will not endure an unhappy

dren in clashes with their parents violates the Chinese tradition of respect for one's elders and is likely to play to empty two-cent seats in any village in China where movies are shown.

It's the American comedy film, however, that most pleases the Chinese audience.

An old-time journalist of world-wide experience told me: "It's funny, but a Chinaman will always roar at the very same thing in a picture that an American will roar (Continued on page 42)



Herbert

Farming is too hard in parts of China so "covered wagon days" have come with migration

"Nor was its blessing wholly social. Silk factory illumination was by means of cups, or other small receptacles, containing oil into which a strip of rag was thrust. The result, of course, was a glimmer—not a light. And the smoke from scores of these smoldering oily rags left its taint on the silks. Factory owners took up the new smokeless and bright lights with celerity, adding to working hours without spoiling silks.

"I always said," continued the old-timer—he is Charles K. Moser, who has charge of the Far Eastern Division for the Department of Commerce and has spent most of his official life in the Far East—"that this little kerosene lamp carried the first real light into what people call Dark China. You couldn't have much reading and writing in China, unless folks had time to read outside of working hours after nightfall."

There are tens of millions of these

friends of anybody who can give it to them. The whole 400,000,000 of them are beginning to wonder how the rest of the world lives. And they're wondering why they can't have what other people have."

"How do they know what other people have?" I asked.

"Moving pictures! And the American motion picture enjoys far greater popularity among the Chinese than do the films of any other foreign country."

Comedy in China

IT IS the lavishness of American pictures that seems to catch their fancy—the comforts of life which they see shown: fine furniture, warmth and cleanliness, shower baths, attractive clothing, comfortable schoolrooms, books, newspapers, signs of plentiful food, electrical home appliances, automobiles, industrial wonders, modern devices—

"He wears beggar's clothes, but he's funny," says China

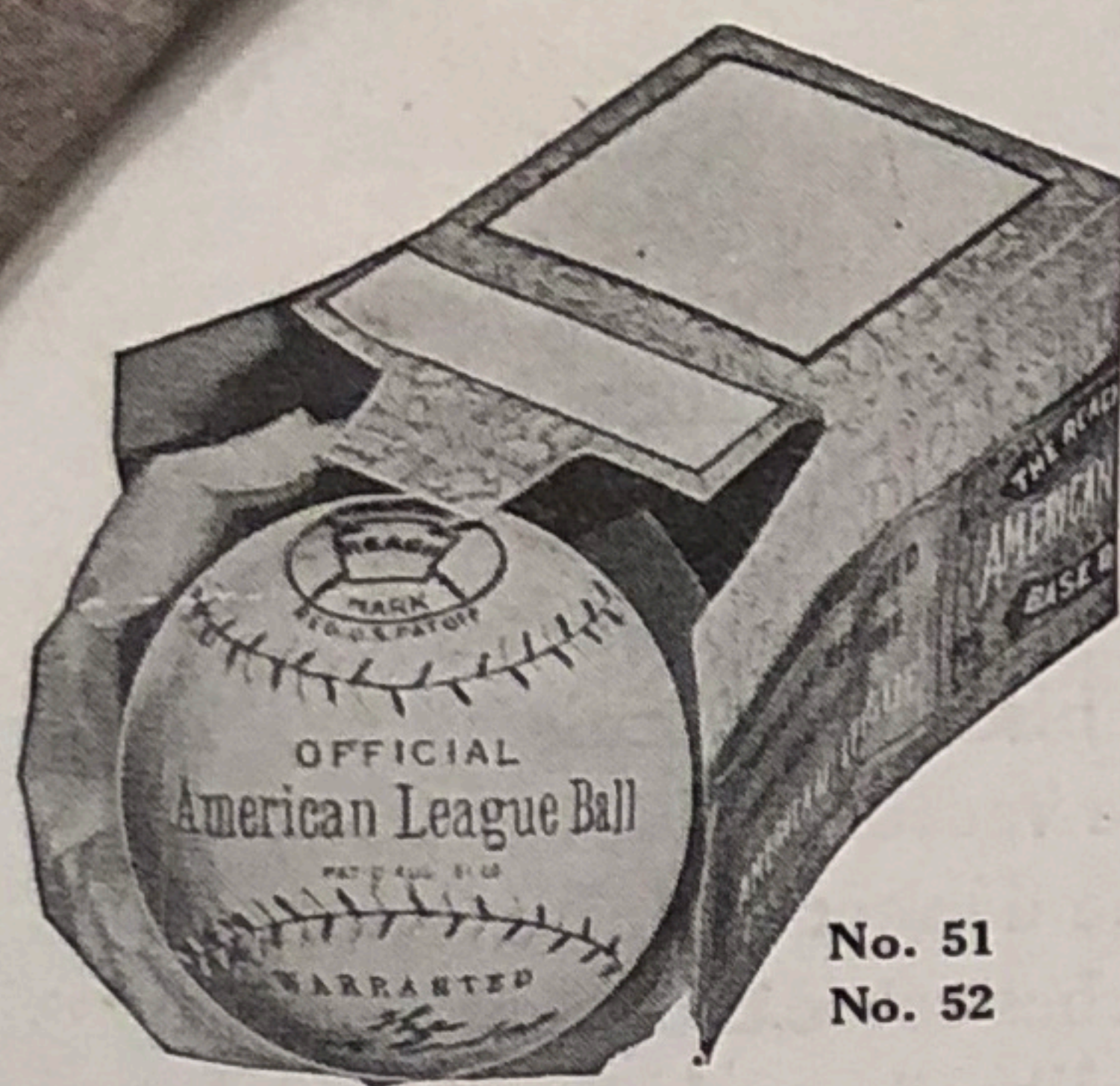
ending. Like Americans, they demand that things turn out all right in the end for everybody except the villain. "Right" must triumph over "wrong" in the moving pictures that draw and hold the two-cent ticket buyers in China.

Pictures that dwell on the "social triangle" do not take well with the Chinese, because the woman who commits adultery in their land is frequently and effectively advised to commit suicide. Clean love stories of an idyllic nature always take, but a "jazz age" picture showing chil-



Herbert

Ball, Boys!



No. 51
No. 52

How would you like to win this baseball in a few hours and earn some money besides? Sure it can be done! How?

Well, if you're a real live wire, we'll give you a Junior Sales Agency in your town so that you can build up a regular route of customers for Woman's Home Companion, The American Magazine and Collier's, The National Weekly. You sell single copies only and collect for each copy at the time you deliver it. There's no such thing as a cash in advance collection.

You make a cash profit on each sale and in addition you receive a coupon for each sale. The coupons are redeemable for all kinds of dandy prizes shown in the Prize Catalogue which we will send to you if you want to start in now.

Bear in mind that we are asking for only a few hours of your time each week. You work whenever you want and you are your own boss! You couldn't ask for anything more than that, could you?

If you want to start a business for yourself that requires no investment on your part, just fill in the coupon below and mail it to me. I'll explain fully what you are to do—how you are to do it and will also send you all necessary supplies.

Act now!

---clip---clip---clip---

Jim Thayer,
The Crowell Publishing Co.,
Dept. AA-70,
Springfield, Ohio

Dear Jim: Please tell me how I can win Baseball material and earn money besides.

Name

Address

Town..... State.....

The Customer is Always Right

Continued from page 15

at. Let out your old American laugh there whenever you feel like it. You won't be laughing alone. The whole audience will be roaring with you."

The names of at least three American film actors are household words the country over—Charlie Chaplin, Douglas Fairbanks and Harold Lloyd. Many Chinamen, however, are doubtful about Chaplin; with his old clothes, they consider him a funny beggar concerning which they say "there's no such animal."

Pictures featuring American child life and American children run the comedy pictures a close second. Many's the young Chinese heart that pulses under a padded cotton coat with a boy's ambition to be like Jackie Coogan.

And, if you don't think the Chinese are a proud people, try to put on an American film which shows a Chinese as a servant, a comic character or a villain! It's as much as the roof of any moving-picture theatre is worth.

It's also dangerous, in the inland cities, not to give the villain a full dose of punishment; the audience is very likely to take things in hand itself if the villain seems likely to get off easily.

You wonder, perhaps, how the audience reads English captions. They don't. In some places there's a witty interpreter; in others a small second screen, with the story in Chinese.

\$65,000,000,000 Trade Promised

THE speed with which the Chinese have embraced American tobacco is another instance of their growing desire for luxuries.

The Chinese have had tobacco of their own since the year 1600. But such tobacco! They smoked it in tiny pipes—the smaller the pipe the better.

But American tobacco, mild and sweet, in cigarette form, caught the Chinese fancy. Back in 1890 cartons of cigarettes were sent from America to a few Chinese firms to distribute. Customers took to them immediately.

Then the American tobacco men got an idea—"cigarette pictures," a picture to a package.

China took the idea without a halt. Pictures of Chinese statesmen, going back to heroes of over 2,000 years ago, led in popularity. Next came a series of pictures showing the birds of China. These pictures were drawn by the best Chinese artists, and it became a vogue to attempt to secure the entire series.

Today the Chinese smoke 40,000,000,000 cigarettes a year, as against America's 90,000,000,000, and American tobacco advertisements appear constantly in all the Chinese magazines and newspapers.

What kind of an American business prospect is the man whom we, against his wishes, call a Chinaman?

"If you can ever get the Chinese to wanting things the way Americans want things, they'll make the whole world richer than it is today," says Mr. Moser. "The industrial West won't be able to keep up with their demands."

China buys one billion dollars' worth of outside goods every year: But that's only a drop in the bucket compared with what this customer may buy some day. "When the per capita foreign trade of China," runs one government report, "is equal to that of Australia, the total will be SIXTY-FIVE BILLION DOLLARS a year which China will pay to the outside world for her imports."

"You can't help seeing American business grow in China," a business man from China told me. "Why, it has multiplied itself by four within the past dozen years. It's eight times bigger than it was thirty years ago."

"Twenty years ago a Chinese who possessed \$3,000 was considered rich. Today a Chinese merchant must have \$50,000 before he's considered well-fixed."

One trouble with John Chinaman was that he was satisfied with so little: he didn't know other folks had more than he had.

He would be a mere dub among our Cumberland mountaineers, unspeakably poorer than they. Of 400,000,000 Chinese, 360,000,000 are farmers.

Farming may seem hard in the United States, at times; but consider these facts about the average Chinese farmer: His farm, in size, averages one acre. On about 100,000,000 average farms the farmer handles less than \$4 in cash every year. There isn't much margin for movies or pleasures or comforts; not even for tablespoonfuls of kerosene for the little colored lamps, for that matter, or for many of the 17,000,000,000 cigarettes of American tobacco which are sold in China yearly, many of them at twenty for a nickel.

What he can get along with, this Chinese, is amazing. There's his hat, for instance. He can do without a hat or get along with a headpiece or an umbrella made of paper and bamboo. There are shoes. Tens of millions of Chinese never wear them; others wear cheap cloth slipperlike shoes. His clothes are of cotton, for the most part.

We buy Chinese cotton for certain purposes; it is short and of low grade. The Japanese do a tremendous cotton business with the Chinese.

As a general thing, someone other than a Chinese weaves John Chinaman's white cotton shirt.

The country IS crowded in places, unspeakably so. But over 300,000,000 Chinese live on less than one third of their land; the remaining two thirds of China is practically uninhabited and undeveloped. But within this century the "covered wagon days" have come to China. There are a dozen Iowas, a dozen fertile Kansases, with a Texas or two thrown in, that are ready for the farmer or the cattle raiser.

"Manchuria, especially northern Manchuria," Mr. Moser told me, "has been almost wholly settled since 1902 by Chinese farmers from the overcrowded Central Provinces, especially from Shantung Province. Every train is crowded with them."

The wonder of China is what it achieves with what it does possess. The 600,000,000 chickens already mentioned bring in over \$23,000,000 a year of foreign money. Immense cargoes of albumen, taken from eggs, are shipped to the United States and Great Britain. This albumen is used in tanning leather, in thickening inks, in glossing paper, in preparing camera plates and films and in printing certain sorts of calico. Yolks and whites of eggs, dried or frozen, are sent to other countries for the use of pie and cake makers and confectioners.

The egg business of China is fairly new; so is the human hair business, which furnishes the material for hair nets. The silk and tea trades have been established in a big way for decades; they go back to the old clipper-ship days.

The Chinese is the best business man in the East. He knows how to sell.

The Chinese invented the "fur cross." The Chinese merchants matched skins and sewed eight of them together, in the form of a Greek cross, so that the buyer couldn't make a mistake. Their business in skins increased tremendously with this improvement in merchandising. They're always hunting up new ways to sell things.

American business men who deal in China tell you that the Chinese are going to have their own way in their country in the immediate future.

"Today," one expert told me, "these people are on their way toward getting national as well as local control of their country into their own hands. You can't whip 400,000,000 people. Better let 'em go ahead." Then he added: "I'd like to see anyone stop 'em!"

"It wouldn't pay in a business way to stop them, but it WILL pay to let them fight their way upward, as a people, into a place in the world where every last one of the 400,000,000 will dare to want the comforts of modern life."

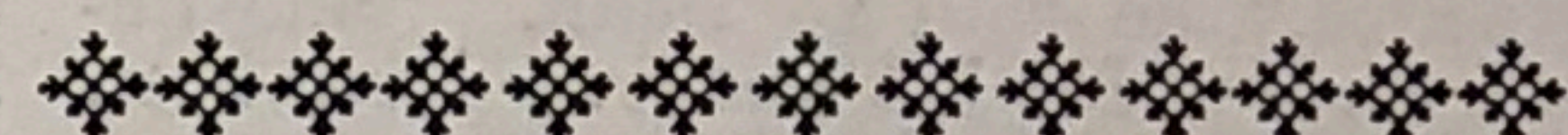
The point to consider just now is that America looks on China from a different

viewpoint than the other nations do; and China looks upon us differently. By America I mean not only official and diplomatic America but also BUSINESS America, that portion of America which earns money and makes profits out of international commerce. American business leaders do not wish America to treat China as European nations have done; they are glad she has not done so.

Some years ago Wellington Koo, eminent Chinese statesman, graduate of Columbia University, was the guest at a great dinner in the Republican Club in New York.

"Gentlemen," he said, "I come here this evening to thank the United States for what it has NOT done in China."

America has played square in China and will have an inside track in China



Here's
Something
New!



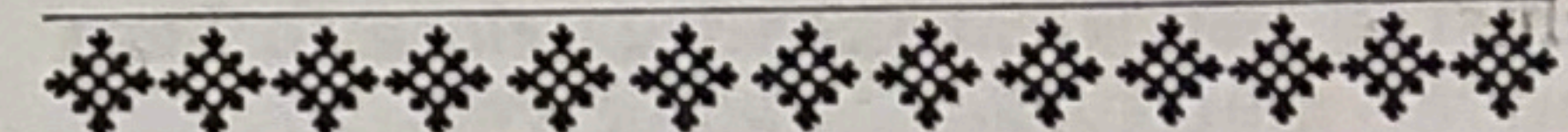
George
M.

Cohan's

FIRST SHORT STORY

"A Ham
from the West"

IN NEXT WEEK'S COLLIER'S



against the commerce of other nations.

I found buried away in the records of the Department of Commerce in Washington a seven-year-old report from an American attaché in China.

"The Chinese character," he wrote, "resembles the American character in certain essential aspects. There is no caste in China. The people are democratic, peaceful and industrious and possess a sense of humor and a strong sense of justice. They are reasonable and are intent on culture."

He concluded: "The United States ranks second among the nations of the world in supplying the wants of China." Japan, incidentally, leads.

Half a million bales of cotton sent to Japan, much of it for Chinese consumption; \$9,000,000 worth of our high-grade cotton sold directly to China; half a million barrels of third-grade flour; 300,000,000 feet of soft wood lumber; \$5,000,000 worth of machinery; \$4,000,000 worth of sugar; \$4,000,000 worth of electrical equipment all are a measure of annual Chinese trade. A million dollars' worth of this, a million dollars' worth of that—needles, condensed milk, dies, railroad ties, hats, shoes, fruit, soap, rubber goods, velvet, medicines, clocks, coal, watches, printing paper—these millions in annual trade are only China's first signal to the business world that she is waking up.

It's a louder signal than that of the guns along the Yangtze.

And America's business world is waiting expectantly, with the clean record of its government behind it, to answer the signal when the time comes.