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CHINA'S PROBLEMS.

MR. STRAWN'S ADDRESS AT
TSINGHUA.

CHINA'S PROBLEMS INTERNAL NOT
EXTERNAL.



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U.S. DOES NOT WANT TO KEEP UNFAIR TREATIES.

CHINA'S PROBLEMS INTERNAL NOT EXTERNAL.

The following is the text of the address delivered at Tsing Hua College, January 15, 1926, by Mr. Silas H. Strawn, American delegate to the Customs Conference and American member of the Commission on Extraterritoriality.

It gives me much pleasure to be here this afternoon because I realize that this group of young men perhaps has more in common with the young men of America than has any other group in China. I say this for the reason that I know each year a large number of young men go from this College to the United States to complete their education. Thus they become acquainted with our people, our form of Government and our commercial and industrial activities. The young men of China seem to be coming to a realization of the undeniable fact that no nation can become great and its people become prosperous unless it extends its commerce with the other nations of the earth.

I have been in China too short a time to criticise her educational system. China was at one time regarded as the most cultured empire in the world and it may well be that in the long run her present system of education is superior to the systems of other countries which are more intensively commercial than China. In passing, however, I cannot refrain from giving expression to a few ideas on the subject of education which come to me as the result of an experience of more than 39 years in the active practice of the law with the ramifications into the fields of finance and commerce to which my legal activities lead.

To-day no one can expect to attain to any considerable degree of success in any field of human endeavour unless one be thoroughly prepared for the work undertaken.

This preparation necessarily means a thorough education. This education must first be general in its character in order that the requisite background may

be established, and then special, relating to the particular activity which is to be pursued.

By a general education, I mean that the student not only should be well grounded in the classics, in history and in literature, but should also have a general knowledge of the sciences so that he may be able to realize his ideals.

EDUCATION MUST BE USED.

Ideals are of little avail in making one's livelihood or in contributing to the welfare of one's family or of one's country unless one is able to employ those ideals in developing something that is practical. Education is of no value unless one has the capacity to make use of it.

Unless one inherits from ancestors an abundant competence, the struggle for existence not only in China, but everywhere else is too keen, in these days, to permit one to spend but a very small part of one's life in idealizing.

I would not be understood as discouraging the development of ideals because in the final analysis I believe that everything that is practical must have its inception in an ideal. The peril I would point out is that we must not indulge the ideal to the exclusion of the practical.

I have been very much interested visiting the various palaces, temples and walls which I have seen in China, constructed and decorated with marvellous skill and infinite effort. These are indicative of a glorious past. To them the people of China may well point with pride. But I submit, that if China is to take the place among the great nations of the earth which her inexhaustible natural resources and the intelligence, frugality and industry of her people warrant, the attention of her people must be devoted not to revelling in the glories of the past but rather to the development of her great resources, her industries and her commerce.

The most encouraging signs of the future possibilities of China that I have seen here are these colleges and universities, erected and carried on for the purpose of enabling the young men of to-day to prepare successfully to meet and solve the many problems, governmental, social, economic, industrial and commercial, before the young men of China.

We hear much about China being the victim of unequal treaties; that she is being ground under the heel of imperialism; that her people are suffering from the injustices of extraterritorial rights, and that her sovereign dignity is continuously impinged. Since I have been in China it has been my duty to study the economic, political and social conditions obtaining here, and while it would be absurd for me to assert that I could accurately diagnose all of these conditions, I believe I can confidently state that I have thus far seen no convincing evidence that China's present day troubles are in any degree attributable to the so-called unequal treaties, or to the imperialistic attitude of the foreign powers.

CHINA'S TROUBLES INTERNAL.

On the contrary, the evidence seems to be overwhelming that the troubles of China to-day are internal rather than external, and that unequal treaties, extraterritoriality, tariff autonomy and imperialism are political slogans which are availed of by the agitators to excite the people of China into a frenzy of criticism and unrest. I cannot take the time to go into the various reasons for the assertions I have made, but I ask you, as careful students of Chinese history, and as young men who have the welfare of China upper-most in your hearts, not to be led astray by propaganda or political slogans, but that each of you sit down calmly and carefully and study the facts about present conditions in China before you come to a conclusion as to the cause.

While, as I have said, I do not believe that the so-called unequal treaties have anything to do with present conditions in China, nevertheless I am conscious of the fact that whether I am right or wrong in my conclusion, there are a vast number of intelligent people in China who believe that the so-called unequal treaties have something to do with present conditions. Recognizing this feeling, I conceive it to be my duty as a Delegate to the Tariff Conference, as well as a Commissioner studying the subject of extraterritoriality in China, to do everything in my power to remove the so-called inequalities in the treaties of which the Chinese people are now complaining. There is no desire on the part of the United States to retain any treaty with China which the Chinese people regard as unequal or unfair. My effort is to try to ascertain what the Chinese people really want.

China is a country of vast resources and great diversity of climate. Although in extent of territory China is but one million square miles larger than the United States, there are living here more than four times as many people. We have in our country more than 260,000 miles of railway; China has less than 7,000 miles; in addition to the railways we have hundreds of thousands of miles of motor highways running in every direction. There is no part of our country, however remote, that is not in communication every day by rail or motor with every other part of the country.

I noticed a few days ago that there were in China about 8,000 motor cars. At the same time I noticed that on a single day in the month of October last, one automobile factory in the city of Detroit turned out 9,109 motor cars, and that for the month of October the production of that plant was 204,827 motor cars. There are now in operation in the United States more than 18 million motor cars and trucks. I give you these figures not to boast about my own country nor to make any invidious comparison between China and the United States, but simply to indicate to you perhaps some of the reasons why the poor man in my country has a better home, better clothing, more food, better schools, more amusement and more of everything that goes to make him happy than has the poor man of any other country.

CHINA HAS GREAT POSSIBILITIES.

The resources of China are just as varied and just as rich in everything that would go to make her people happy and prosperous as are the resources of the United States. With a stable Government, no wars and the means of communication established, I am sure the people of China would be happy and prosperous instead of being as they are now, engaged in a desperate daily struggle with starvation.

The people of China cannot accumulate anything for to-morrow's needs because the margin between what they create and what they consume is continuously exhausted and dissipated in futile and purposeless wars. Wars carried on not to establish any principle, not against a common enemy assailing the integrity of the county, but for the sole purpose of satisfying the ambition of the warlords for greed and aggrandizement.

One of the most potentially prosperous railroads in the world is the line running from Peking to Hankow, through what may be called one of the garden spots of the earth.

This railroad which has an enormous earning capacity and is very much needed not only as a means of through communication, but to serve the people along the way, can run but a small portion of the time in the service of the public because its equipment is seized, its operation demoralized and its revenues appropriated by the warlords. I quote from the last official report of the Ministry of Communications to the Chief Executive of the Chinese Republic (September, 1925):

"From the Kin Han Railway alone \$10,000,000 are annually appropriated by the militarists. The amount taken from other railways and the telegraph administration is also enormous. The railways and telegraph administration have even been forced to finance the purchase of warships, aeroplanes and munitions by promissory notes. High military officers sometimes even pledge the incomes of communications to secure loans directly. On the other hand, the railway and the telegraph administrations are frequently without the means to maintain themselves and are forced to borrow money at high rates of interest to pay wages and buy materials for urgent requirements. The total amount of money that has been detained by militarists, up to the end of the 13th Year of the Republic amounts to \$180,000,000.-or \$250,000,000 including interest. It is obvious that the only source of income of communications comes from operation and it is absolutely necessary that the properties pertaining to the different systems shall be properly maintained and the operating funds protected, * * * Moreover, business conditions vary from year to year and district to district. To have a balanced development, the situation of all branches of communications must be considered as a whole, so that the profit of one may be used to help the development of another, the income of one district may be devoted to the aid of a less fortunate

one, and the revenues of good years may be laid aside for the deficit incurred in bad times. By a systematic plan of adjustment and reserve, the enterprises of communication may be promoted and expanded to the advantage of the country as a whole. But if the funds at their disposal are taken away at will and recklessly spent for non-productive projects, leaving the various equipments to deteriorate the enterprises themselves will suffer and the nation will go down with the decline of communications."

No railroad can be operated and no country can prosper with conditions such as that report describes.

Your president has asked me to state to you the policy of the United States toward China. Our policy toward China has been so frequently stated during the last few months that you are doubtless all familiar with it. That there may be no misunderstanding, I shall repeat, very briefly, our policy :

AMERICA'S FRIENDLY POLICY.

Under date of September 3, 1925, our Secretary of State transmitted to the Chinese Foreign Office a note, from which I quote : . . .

After making that declaration we further offered to do the following (a) To authorize the levy of a surtax of $2\frac{1}{2}$ per cent. to be effective on all goods on February 1, 1926, and to collaborate immediately in the preparation of a schedule of luxuries upon which a rate of 5 per cent. shall become effective not later than July 1, 1926, (b) To prepare a new treaty which should provide that until tariff autonomy should be effected there should be a new and uniformly enforced schedule of rates from 5 per cent., the present rate, up to $12\frac{1}{2}$ per cent. on imports, and from 5 per cent., the present rate, up to $7\frac{1}{2}$ per cent. on exports.

This is not the time or place for me to go into a discussion of the reasons why our plan has not been adopted. Suffice it for me to say that the American Delegation has at all times since the beginning of the Conference been willing to concede to China the utmost limit of tariff that the traffic will bear.

The United States is but one of thirteen nations sitting in that Tariff Conference, each of which has its own ideas about tariffs, without any reflection on any of the other nations or my colleagues, each of whom, I believe, is actuated by an earnest desire to do what he can to relieve the situation in China. It is obvious that it requires time for all of those nations to come to an understanding.

DOUBLE TARIFF PROBLEM.

It must be remembered that the ultimate Consumers (the Chinese people in this instance) have the tariff to pay, and that however great the necessities of China may be, the tariff must not be raised so high as to deprive the citizens of China of the right to purchase foreign goods and at the same time fail to

produce increased revenue because the traffic will not stand the proposed burden.

The Chinese Delegates in the Tariff Conference are gentlemen of great ability, loyalty and integrity and are striving their best to formulate a just tariff plan and to come to an understanding with the other powers about the many difficult problems that are to be solved, in order that the maximum of revenue from the tariff may be raised and that China's national credit and integrity may be maintained.

I believe the more thoughtful citizens of China have confidence in their representatives and are patiently waiting the outcome of their efforts.

EXTRATERRITORIALITY.

Our extraterritorial rights were freely given to us by China in the treaty of 1844 at a time when China was very glad to be relieved of the responsibility of administering justice among foreigners. That treaty was not the result of coercion or duress. Indeed the absurdity of the assertion that China was coerced into her extraterritorial treaties is apparent when we remember that China concluded an extraterritorial treaty with Switzerland as late as June, 1918. Certainly it cannot be said that China was coerced, by the Swiss navy, there being no such thing.

Our policy on the question of extraterritoriality is concisely put in the note of the Secretary of State from which I have quoted. More than 22 years ago our Government expressed a desire to surrender those rights when the state of Chinese laws and the arrangements for their administration warranted such action. The purpose of the inquiry now being made by the Commissioners representing the foreign powers is to ascertain the facts about the state of the Chinese laws and the arrangements for their administration.

There is no desire on the part of the United States to retain its extraterritorial rights in China a moment longer than the protection of the lives and property of its citizens seems to require. Were there a stable Government in China, the problem would be easy of solution.

Finally, my young friends, I repeat, the trouble with China is internal not external. Too much war and too many taxes of all kinds to pay for war. The other nations are willing to let China raise her tariff just as high as her needs seem to require.

They have already signified their willingness that China shall enjoy tariff autonomy on January 1, 1926, exactly as proposed by the Chinese Delegation. The solicitude of other nations is that the tariff shall not be so high as to produce no revenue and that the revenue thus produced shall not be dissipated by the warlords in futile and sanguinary wars.

The foreign nations wish that the Chinese people shall receive the benefit of the revenues they create to the end that a new China may be born and the Chinese people may become comfortable and independent, if not indeed prosperous and rich.—*Peking Leader*.