

Trinity College

Trinity College Digital Repository

East Collection

Library Digital Collections

1919

America's opportunity in China

Maurice Angus Oudin

Follow this and additional works at: <https://digitalrepository.trincoll.edu/eastbooks>

Recommended Citation

Oudin, Maurice Angus, "America's opportunity in China" (1919). *East Collection*. 38.
<https://digitalrepository.trincoll.edu/eastbooks/38>

This Article is brought to you for free and open access by the Library Digital Collections at Trinity College Digital Repository. It has been accepted for inclusion in East Collection by an authorized administrator of Trinity College Digital Repository.

Trinity College
HARTFORD CONNECTICUT

L.
E4

Trinity LSF



A0003611

50.20-SMM

2523

Eastern
Academic
Scholars'
Trust



STOR.

AC
901
.M6
no.E4



Trinity LSF

611



TRINITY COLLEGE
LIBRARY

MOORE
COLLECTION
RELATING
TO THE
FAR EAST

CLASS NO. _____
BOOK NO. _____
VOLUME _____
ACCESSION NO. _____

SCRIBNER'S MAGAZINE.VOLUME 65, NO. 6, JUNE 1919.

OUDIN (MAURICE A.)

America's Opportunity in China.

Pages numbered 771-772, 85-86, 89.

CHINA was the world's first democracy. There the Magnesian dynasty and for ever illustrated the principle of hereditary monarchy, was crushed and successfully carried out by Chinese of the intellectual class who had studied abroad and had brought back with them to their native country the new theories and ideals that have been current during the first years of the present century.

The second revolution—the latest democracy to-day in Russia—But it required a century's war and the fatigue and exhaustion incident upon it to bring about the elevation of the people to the control of government. In Russia 10 per cent of the people are said to be over-educated, while the remainder are ignorant. In China 7 smaller percentages are literates in a sense, but the balance of the vast population of that country have some education and possess common sense in great and conspicuous abundance. We know almost about Russia, but our knowledge of China is limited. We have discovered Russia, but not the newspapers. It needs a new change in the American China and the position.

A recent cartoon pictured a bundle of men carrying a struggling individual. The accompanying legend explained that the victim of this *four men* was being pushed along here in the medium as the only in place for one who would like under the delusion that he knew all about the situation in Russia.

The magnificent part played by Russia as an ally, its tragic collapse as a power

recent into which it has been pushed, have attracted our attention and excited our interest. As a result the average American reads with avidity all that the newspapers may publish about Russia. But as to China and its problems, its needs and commercial opportunities, and its relations to the United States and other countries, upon the attention of which probably rests the future peace of the world, the newspapers pay a scanty debt. China is not advertised in the long Kowloon, and in consequence there exists a rather general ignorance of the subject, and a still more wide-spread indifference. In thus ignoring China we are evading our supreme responsibility toward Asia.

Russia, if we may speak of it as a country that will some day return to a sane and sound form of government, is known to offer unparalleled opportunities for commercial enterprise and capital investment. Our business people and our bankers and capitalists have a fair knowledge of these opportunities, and on the return of normal conditions are planning to carry out schemes in part already formulated.

In the case of China, our merchants have exhibited a greater knowledge of conditions there, a keener insight into the possibilities of trade, and a courage and enterprise greater than that shown by American suppliers of capital. The China, free from social disturbances, compared with nearly every other country, offers unexampled opportunities for trade and the safe investment of capital.

OVERSEAS TRADE



AMERICA'S OPPORTUNITY IN CHINA

By Maurice A. Oudin

Vice-President International General Electric Company

CHINA was the first country to feel the world impulse toward democracy. The revolution of 1911 which overthrew the Manchurian dynasty and forever eliminated the principle of hereditary rule, was engineered and successfully carried out by Chinese of the intellectual class who had studied abroad and had brought back with them to their native country the new thoughts and ideals that became current during the first years of the present century.

The second-greatest of the latest democracies to-day is Russia. But it required a cataclysmic war and the fatigue and exhaustion incident upon it to bring about the elevation of the people to the control of government. In Russia 10 per cent of the people are said to be over-educated, while the remainder are ignorant. In China a smaller percentage are literates in a sense, but the balance of the vast population of that country have some education and possess common sense in great and conspicuous abundance. We know much about Russia, but our knowledge of China is limited. We have discovered Russia through the newspapers. It needs a new explorer to reveal to Americans China and her possibilities.

A recent cartoon pictured a number of men carrying a struggling individual. The accompanying legend explained that the victim of this *force majeure* was being hustled along to an insane asylum as the only fit place for one who was laboring under the delusion that he knew all about the situation in Russia.

The magnificent part played by Russia as an ally, its tragic collapse as a power

into an impotent and disintegrated country, and the condition of unspeakable horror into which it has been plunged, have arrested our attention and excited our interest. As a result the average American reads with avidity all that the newspapers may publish about Russia.

But as to China and its problems, its trade and commercial opportunities, and its relations to the United States and other countries, upon the solution of which probably rests the future peace of the world, our newspapers are almost silent. China is not advertised as has been Russia, and in consequence there exists a rather general ignorance on the subject, and a still more wide-spread indifference. In thus ignoring China we are evading our supreme responsibility toward Asia.

Russia, if we may speak of it as a country that will some day return to a sane and sound form of government, is known to offer unparalleled opportunities for commercial enterprise and capital investment. Our business people and our bankers and capitalists have a fair knowledge of these opportunities, and on the return of normal conditions are planning to carry out schemes in part already formulated.

In the case of China, our merchants have exhibited a greater knowledge of conditions there, a keener insight into the possibilities of trade, and a courage and enterprise greater than that shown by American suppliers of capital. Yet China, free from social disturbance as compared with nearly every other country, offers unexampled opportunities for trade and the safe investment of capital.

In almost all quarters of the globe Americans face unprecedented competition in trade, and at the same time are handicapped by the preference secured by other nations through their existing investments. Thus in South America, England, Germany, and France control, through capital investment, public utilities, commercial houses, mines, and railways, all of which are purchasers of the products and manufactures of the nationals in control. Add to this a sparse native population of comparatively low purchasing power, and the South American market for goods from the United States loses some of the glittering attraction which many have assigned to it.

The new impulse to the nationalistic movement in the English colonies and self-governing parts of the British Empire presages a coming competition with the mother country, and preferences in favor of the latter which will cut into the profits of other nations dealing with those parts of the globe. In Europe we must expect that every effort will be made to render importation of American goods increasingly difficult. As a matter of pure economic self-defense it becomes necessary that the impoverished countries should manufacture everything they can, and incur as few bills abroad as possible. The recent embargoes on certain imports by France and by England have these ends in view. Already we hear of the disappointment of American business men who have recently invaded France in great numbers, and who in their enthusiasm have been led to hope for large orders for material for the reconstruction of the devastated parts.

American specialties and mechanical devices, the outcome of American inventive genius, and the products of our soil and mines, and semimanufactured articles, based more or less upon a partial monopoly of raw materials, will always find a market in Europe and elsewhere. But it would be folly to count upon the continuance of business which was done prior to the war, and more particularly that done during war conditions, for the countries of Europe have developed an efficiency in manufacturing, which with other conditions entering into cost, more particularly labor will, on the return of

normal times, make it impossible for America to sell its wares in competition with home-made products of similar kind and quality.

It is to those countries where industrialism has as yet made little or no progress, and whose natural resources of extraordinary richness are as yet undeveloped, that we must look for the best results of our economic endeavors. The country which comes nearest meeting these specifications is China. It was that great statesman, John Hay, who early foresaw the possibilities of China as a market of growing importance for the United States, and who wished to preserve it for the merchants of this country. He induced the principal nations to accept the Far Eastern policy of the "open door," a policy which is as important to American commercial interests in the Orient as is the Monroe Doctrine on this continent in a political way. Honest adherence to Hay's doctrine means that no one nation or no group of nations may pre-empt in China special rights, either economic or political. In other words, equal opportunity in all China for all comers.

The competition for trade, for concessions, for opportunities will be as keen in China as elsewhere, for all commercial nations will exploit this, the greatest market in the world. However, Americans have the advantage over other traders in that they possess the good-will and friendship of the Chinese as no other people. The United States alone is known to be disinterested, having never coerced China, never sought political advantage there, and never had any designs upon her territorial integrity. On the contrary, the United States has always upheld China's own interests and complete sovereignty. It was because of this confidence in America's intentions that in 1916 the Chinese Government negotiated with an American concern a contract for building one thousand miles of railway which embodied the most liberal and advantageous terms ever granted a foreign company.

It was not without reason that the German Consul-General at Harbin before the war said in a private conversation: "We Germans do not worry about competition from the English, nor that of the



Continued from page 772

Japanese, strong as that is, but we are watching closely the American activities in China, and we fear them because the Americans have an asset which no other nation has, and that is the unqualified confidence and good-will of the Chinese."

American trade with China is increasing at a most satisfactory rate. Not so the investment of American capital. In this respect we have disappointed the Chinese, who hold that we promise more than we perform, and are becoming correspondingly discouraged. The war closed down all railway construction in China save that of the Japanese in Manchuria. It is not unnatural that the entrance of the United States into the war, the heavy employment of capital in financing the war industries and in the purchase of government securities, and the largest tax bill in the world's history, should have suspended foreign-loan operations for the account of the allied countries and the United States. The unfortunate political division of China caused by disagreement between the Northern and Southern factions reacted unfavorably upon plans for the investment of capital in that country. It is remarkable that, notwithstanding the civil strife in China, trade should have proceeded about as usual.

The high price of silver has increased China's purchasing power. This has been reflected in both the external and internal business of the country. Colonel Sellers in the "Almighty Dollar" was about right when he measured his profits by the per capita purchasing power multiplied by the population. Every increment of improvement in the economic situation of the Chinese multiplied by nearly 400,000,000 will give some indication of the increased possibilities of trade with that country.

There are parts of China not reached by the wonderful system of rivers and canals, or by railways, where wheat has recently been selling at from fifteen to twenty cents silver per bushel. Given transportation to tide-water, the wealth of such communities will be increased by the advance in the price of a bushel of wheat to that in the world's market, less the cost of transportation, and also by the enlarged productivity due to the change from a local to an international market.

When the Tientsin-Pukow Railway was under construction the agents of an American brand of cigarette followed the extension of the line. There was a phenomenal increase of sales with every few miles of track laid. Investigation showed that the opening up of a hitherto inaccessible district had enormously added to the prosperity of the people, increasing their purchasing power, and stimulating a demand for more than their bare necessities.

There are only 6,000 miles of railways in China. Expand this to 60,000 miles, every one of which, it is said, will give a fair return on the investment, and the economic improvement of the people, it can be confidently predicted, will advance in almost a geometrical ratio.

A hundred and more years ago merchantmen flying the American flag were a common sight in Asiatic waters, and the United States was only second to England in the China trade. After many years of blight, which culminated with the downfall of our merchant marine, this trade, which was the foundation of not a few New England fortunes, is to-day in a state of recrudescence. Fortunately, American ships, for so many years a memory and a tradition, are soon to reappear on the Pacific and on other oceans.

The most successful merchandising en-

terprises in China are owned and managed by Americans. American oil, American cigarettes, for the most part made in China, and American sewing-machines are found throughout the width and breadth of the land. The initiative, energy, and imagination of the concerns conducting these businesses have carried them far beyond the competitive influences of similar activities of other nations. The conspicuous success of these enterprises is witness to the ability of Americans to do business in any quarter of the globe, despite the handicaps of language, customs, and distance.

In its varied climate and topography, and its great waterways, China bears a resemblance to the United States. In some respects the merchants with whom and through whom most of the wholesale and all of the retail business is done possess qualities akin to those of our own business people, or at least qualities which make it as easy to do business with the Chinese as with the merchants of any other country.

According to a Chinese proverb, "One does not fight a lion without weapons, nor try to cross a river without a boat." This saying, more than two thousand years old, is based on an accumulated experience of a much longer period. It is indicative of the sound common sense, caution, and conservatism of the Chinese. It is this conservatism of the people, coupled with the extraordinary vitality of their civilization, that has repeatedly overcome the conquering race by engulfing their numbers and the alien culture. On the other hand, this inertia and a failure to react to external pressure have been the cause of most of China's recent trouble.

There are many racial stocks in China, and many dialects. But written characters are universal and the same throughout the land, and so are the customs, literature, arts, and habits of living, all of which go to make up a civilization. In all parts of China, then, we might expect to find the merchant possessing like qualities and characteristics. This is indeed the case. We find him shrewd, conservative, and honest, rather inclined to be suspicious at first of what is new, and, a bargain once made, scrupulously

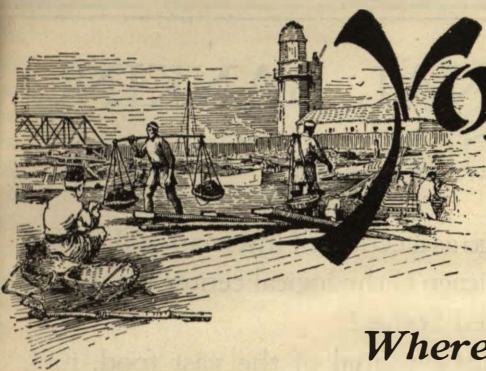
keeping it. Two of the Chinese merchant's main characteristics are a willingness to compromise and a keen desire to conclude a negotiation. These characteristics, together with a certain similarity of temperament, and what is frequently a sympathetic understanding of the other fellow's view-point, make it comparatively easy to do business in China.

Like snakes in Ireland, it might almost be said of American capital investment in China that it does not exist. As compared with investments made by England, Russia, France, and Germany before the war, and by Japan on a lavish scale since the war began, the American showing is pitifully small. It is impossible to say what the story would have been if the American Government had not withdrawn its support of the American bankers at the time of the Six-Power Loan negotiation in 1913. It is a moot question whether the action of our government at that time was for the best interest of China and the United States. The withdrawal of the support of the American Government was due to the belief that the terms of the proposed loan were unfair to China and impaired her sovereignty. Since then a few loans, amounting to less than \$15,000,000 in all, have been made by Americans to the Chinese Government. There have been established a few enterprises requiring local investment of cash, and American banks have opened branch houses in China. Last summer the State Department broached the matter of a loan to the government of that country, and American bankers were encouraged to offer \$50,000,000 on terms acceptable to our government and in co-operation with England, France, and Japan.

There should be no difficulty in floating in the United States a loan of this character. There exists a good deal of uncertainty as to the wisdom of attempting to float loans for the construction of railways and public utilities, and a decided hesitancy as to the advisability of attempting to market the securities of industrial and commercial undertakings at the present time.

Capital seems timid and reluctant about going into China for a number of reasons. In the first place, there is a

(Continued on page 89)



YOKOHAMA

*Where Japan and the U. S.
first joined hands*

IN 1854 Commodore Matthew C. Perry near here delivered to the Shogun's Representative the historic friendly letter from the President of the United States. Then a fishing village, today Yokohama, the gateway to Japan, has 25 native banks and claims 40% of the Empire's foreign commerce, reaching in 1916 a total of 707,390,841 Yen (\$353,695,420). With a whole population of 500,000 the foreign residents number 8,000.

OFFICERS

GERHARD M. DAHL
President
AUGUST BELMONT
Vice-President
LINDSAY RUSSELL
Chairman, Board of Directors
EUGENE C. WORDEN
Secretary
DOUGLAS L. DUNBAR
Asst. to President
OSCAR E. RILEY
Manager
BANKERS TRUST CO.
Treasurer

DIRECTORS

U. N. Bethell
Henry Clews
I. Hamaoka
Hamilton Holt
Howard Mansfield
Don C. Seitz
K. Seko
William H. Williams
Alexander Tison
Gerard Swope
Darwin P. Kingsley
Jacob H. Schiff
Herbert S. Houston
A. W. Burchard
Thomas W. Lamont
Guy E. Tripp
Geo. J. Baldwin
James R. Morse
R. Arai
William North Duane
R. Ichinomiya
Dr. Jokichi Takamine
Emerson McMillin
A. Barton Hepburn
Hon. Elbert H. Gary

The two Customs Piers accommodate ten ocean steamers at one time. Yokohama (with Tokyo) built the first steam railroad in the Empire in 1872. The city's endless amusements include horse racing, frequently attended by the Emperor and other Imperial personages. Yokohama abounds in points of historic interest, and the first sight visible to the arriving voyager is the majestic, snow-capped peak of Fuji-yama, the sacred mountain.

You can secure accurate information and advice on Japan through the Japan Society, an organization of 1,400 Americans, which places at your disposal its Trade, Travel, Service News and Publication Departments, and its Trade Bulletin.

How may we serve you?

Japan Society

(Organized 1907)

165 Broadway

New York

INTERNATIONAL BANKING *through the Chicago Center*

HAVE YOU THOUGHT of Chicago as a center of international trade? Have you realized that Chicago is the logical center for the international banking of the United States?

Chicago's position as the natural capital of the vast food, fuel, iron and lumber-producing territory of the Middle West demanded and has resulted in

The CONTINENTAL *and* COMMERCIAL BANKS

at the service of the nation and the world in this wonderful year of opportunity that ushers in world reconstruction and international amity.

Are you seeking to establish your business on international lines, or at least on national lines? Then you require just such a *broad and comprehensive financial service* as The Continental and Commercial Banks afford.

With resources of \$440,000,000 and over, these Banks are able to participate in large undertakings important to the United States and every part thereof and important to other countries of the League of Nations.

Briefly outlined in its main features, the service of The Continental and Commercial Banks is as follows:

Commercial Banking, Foreign and Domestic
Financing Industries, Municipalities, Railroads, Public Utilities
Financing Government Issues
Financing Foreign Trade; Letters of Credit and Travelers' Cheques
Personal Trust Service
Corporate Trust Service
Corporate Agency Service
Safekeeping of Foreign and Domestic Securities
Investment Securities
Savings
Safe Deposit

Continental *and* Commercial NATIONAL BANK
Continental *and* Commercial TRUST AND SAVINGS BANK
CHICAGO, U. S. A.

(Continued from page 86)

more or less well-founded belief that an independent financial undertaking of any one nation incurs the risk of meeting with hostility from some other nation, whose interest might be adversely affected by the proposed scheme. There is also the feeling that the lack of any clear official expression regarding the protection of American interests abroad might militate against an ordinary commercial loan. Finally, there is the civil fight in China, which for the past year and up to a recent date has bordered on anarchy and prevented China not only from doing her part as an ally in the war, but from properly protecting her sovereign interests.

It would seem that with all the financing since the beginning of the war the American public has by now a good working acquaintance with foreign securities, and should be educated to a proper appreciation of the value of Chinese securities. China has never repudiated a financial obligation. It has an insignificant national debt, and to-day is fundamentally and economically one of

the soundest countries on the globe. It is entirely free from any form of social unrest. The jealousies of other countries whose spheres of influence or other shadowy rights are encroached upon point to the wisdom of international co-operation, to which the consent of the Chinese should be secured beforehand.

As to governmental protection of American foreign interests, our traditions make this a difficult matter. A pronouncement on this point, however, is a prerequisite to free and independent capital investment, more especially in weak and backward countries. Otherwise, we shall experience the humiliation of other nations offering us as an inducement to co-operation that protection which our government withholds.

In 1911 China was faced with the alternative of retaining the Manchu rule, subject to the restrictions of a constitution; of erecting a new dynasty; or of establishing a republic. It chose the latter course. In 1916 China again gave unmistakable evidence of its inherent republican spirit, and Yuan Shi Kai's imperial ambitions ended in his humiliation

Export Consignments Financed *and* Shipped

Proper shipping and satisfactory financing of foreign consignments are complex problems requiring precise knowledge.

More than 70 years' experience in all markets of the world enables us to offer manufacturers and merchants a very complete service in financing and forwarding export shipments.

Let us send you our booklet, "Essentials in Exporting"

Austin Baldwin & Company, Inc.

Established 1848

44 Whitehall Street, New York

and hastened his demise. The attempt to restore the young Emperor in 1917 ended in a fiasco. A country in which ideals of democracy are thus firmly seated and in which a philosophy more than two thousand years old teaches respect for law and order, and elevates common sense to the highest degree can be depended upon to lay aside its internal disagreements and present a unified front to the outside world.

For twenty-five years China has been at the mercy of the powerful commercial nations. They have wrung from her territories, concessions, disadvantageous treaties, and exclusive economic rights. They have done many of those things which we have been led to understand the League of Nations proposes shall not be done to a weak country.

To-day, China's only hope of rehabilitating her international position lies in the League of Nations. The interests of other

nations may be adversely affected on the surface by the application of the League principles, which will find their acid test in China. But that country, freed from the shackles upon her political, commercial, and industrial development, will acquire a prosperity that will wipe out the existing narrow margin which separates her teeming population from want, and enable her to realize in full her limitless possibilities. All the nations will gain by a powerful and rich China, and what is good for China is good for all the world. Such a China offers the prospect of a ten-fold return on any well-considered business enterprise and intelligent capital investment.

But what is of greater importance, membership in the League of Nations should insure to China justice and the realization of her newborn aspirations. The Far East will then cease to be a danger-spot.

MULTIPLEX HAMMOND

Standard "Writing Machine"

Many Typewriters in One!

TWO STYLES OF TYPE, or *two to five different languages*, carried on the machine AT ONCE. "JUST TURN THE KNOB" and change *instantly* from Roman Type, to *Italics*, or *Miniature Roman*, or our *Beautiful Script Type*, or from English to Greek, Russian, French, etc.

Write today for FREE BOOKLET

It will show you how, with the Multiplex, you can put the force of emphasis into your typed matter—how you can drive home with strength of accent the fullness of your argument—how you can write with the same convincing force that you use in speaking—an exclusive feature of the Multiplex.

Write your name, address and occupation on the margin of this page NOW and mail to

HAMMOND TYPEWRITER CO.
632 East 69th St. NEW YORK CITY



Also -- an Aluminum PORTABLE Model
About 11 lbs. Full capacity. Ask for special folder.

Most women select the finer things in life with extreme care.

In Talc, invariably the choice is

la Bohème

ARIY
PARIS

TALC-75¢

PERFUME
\$1.50 \$2.50 \$5.00



SEND 25¢ TO VIVAUDOU, TIMES BUILDING, N. Y.
FOR GENEROUS SAMPLE OF LA BOHEME PERFUME

**Photomount
Pamphlet
Binder**
Gaylord Bros., Inc.
Makers
Syracuse, N. Y.
PAT. JAN 21, 1908

A standard 1D barcode with vertical black bars of varying widths on a white background. Above the barcode, the text "TRINITY COLLEGE LIBRARY" is printed in a sans-serif font.

Date Due

FILING EQUIPMENT BUREAU Cat. No. 1690A

