

China's War Debt May Be a Billion Dollars

(Copyright, 1900, by Frank G. Carpenter.) SHANGHAI, Sept. 30.—(Special Correspondence of The Bee.)—Can China pay its war debt? This the powers would like to know. Each will demand satisfaction for the expense it has incurred and also a good round sum for the injury to its citizens. As to the war bill, the average will be \$100,000,000 apiece. This, including Germany, Russia, Japan, England, France and the United States, will foot up about \$500,000,000. The damage to the merchants at various ports, the wrecking of the legations at Peking and the destruction of the mission stations everywhere, including compensation for the lives of missionaries, will demand millions more. In fact, the powers will probably ask for about \$1,000,000,000, or just as

collected. Accounts are rendered in piecemeal, and no province furnishes a balance sheet of its whole expenditures and revenues. There is never a surplus and there are often deficits. No increase is ever reported. No one expects an increase, for he knows that if such a condition occurs the surplus will go into the collector's pockets. Indeed, if the official figures of China are correct the government revenues have been falling off, although in commerce, business and wealth the empire has been steadily growing. The revenues actually paid today are estimated at 77,000,000 taels. Call them even \$77,000,000, increasing thereby the estimate one-third, as the tael is not worth much more than 75 cents. In 1855 the revenues were estimated at \$100,000,000. One hundred

ceedingly profitable. Some years ago a collector of customs at Canton was expected to send about \$1,000,000 to Peking, whereas the annual receipts of his office were known to be over \$3,000,000. This man probably had a salary of a couple of thousand dollars a year. The Chinese merchants of Hong Kong told Lord Beresford that mandarins who had salaries of \$1,000 were accustomed to spend \$20,000 to keep up their establishments and that viceroys who received but \$6,000 had often necessary expenses amounting to as much as \$75,000 a year. Notwithstanding this, such officials usually retired from their offices rich.

Made Millions in Office.

Moderate thieving in government work is not considered dishonest. It is only when the steals are of enormous size that they create comment or are noted in Chinese history. Take Ho Kwan, for instance, who was one of the high officials of the Emperor Kien Lung. Ho Kwan was a poor Tartar, who became an official of great wealth and power. When Kien Lung died the next emperor feared him and had him decapitated. His estate was confiscated and was found to be enormous. He had more than 200 strings of pearls and precious stones and one of the pearls was bigger than any in the imperial crown. He had precious stones in the rough and diamonds made into buttons and also millions of ounces of silver and gold.

Take Li Hung Chang. No one knows how rich he is. He has bank stock, railroad stock and factory stock everywhere. I imagine he owns foreign bonds. His real estate possessions are large and he has much in jewels. He wears a diamond button in his cap, the stone of which is as big as the end of your thumb, and he has many diamond rings. Sheng is said to be rich, and so in all probability is Kang Yi and the other close friends of the empress dowager.

The land taxes of China could pay a big interest on three times any indemnity the powers will demand. More than this sum is annually collected, although out of it the government gets only 25,000,000 taels. China is a big country and a vast amount of it is cultivated. If half the cultivated land were taxed at 75 cents per acre the gross revenue would be more than 300,000,000 taels. Let us estimate it roughly at \$200,000,000. Set aside \$25,000,000 instead of 25,000,000 taels for the government and you have still \$25,000,000 to pay the expenses of collection and in addition the enormous sum of \$175,000,000, or 4 per cent on a loan of \$3,750,000,000. The powers cannot ask more than one-fourth, or at the outside one-third, this amount. The estimate of 75 cents an acre is very low and this is on only one-half of the cultivated land. It shows you what a surplus China might have without the addition of a tenth of 1 per cent to its tax rate for government improvements if its officials were honest.

How Land is Held.

The lands of China nominally belong to the emperor and all taxes come directly from the crown. The lands are chiefly held in clans or families. They are divided up into small tracts or farms, many of which are less than an acre in size. There is a thorough system of government records. Real estate is bought and sold and the transfers are registered. The taxes are levied upon lands as described in the government records, but the expense of transferring is so great that the ownership often passes without a government deed. The estates descend to the eldest son, the other sons having certain rights which must be satisfied before the ownership can pass. The daughters never inherit.

A part of the land tax is paid in kind and a part in money. The tax is estimated somewhat according to the amount under crops and the farmers bribe the collectors to report less crops than they actually have in order to escape taxation.

All money taxes are in silver, 98 per cent fine. There are bankers connected with the treasury department at Peking who pass upon the purity of the tax money as it comes in and who are responsible for it.

A curious tax levied upon lands in China is the rice tribute. This comes chiefly from certain provinces in the valley of the Yangtze. It was originally intended for the support of the Manchu soldiers in the capital, but a part of it now goes to other funds. The tribute amounts to about 104,000 tons of rice annually. This does not represent half the amount collected. In all the large cities there are imperial granaries built to store rice for times of famine and for the use of the

soldiers. I saw rice barns at Nankin and elsewhere.

The rice fleet which carries this crop to Peking is of enormous extent. It is to be seen upon the Grand canal, and it has its chief depot at Tung Chow, fifteen miles from Peking. The rice tribute is handled by the transport department, and there are thousands of boats and junks engaged in carrying it from one place to another. The amount the government receives from it is said to be in the neighborhood of \$4,000,000 per year.

The Salt Monopoly.

The manufacture and sale of salt is a government monopoly. The salt comes from sea water, there being evaporating ponds in the provinces near the sea. One of the largest is not far from the mouth of the Peiho.

After the salt is made it is turned over to the salt commissioners. These men hand it over to those who have salt-selling licenses, and they farm it out to others.

The salt licenses are limited in number. They are perpetual and are passed down

brings in about \$1,000,000 a year, and one on the reeds and rushes which grow in the lowlands of the rivers. This stuff belongs to the government, and those who gather it must pay so many cash per bundle. There are quantities of reeds in Manchuria, and also along the lowlands of the Yangtze valley and other places. They are sold for thatch and for fuel.

The reorganization of the empire will necessitate the employment of foreigners in nearly all places of trust. China cannot pay its debts without Europeans manage its tax collections. The only honest collectors in the empire today are the foreigners in the customs and the natives under them. For some years the imperial maritime customs have been managed by Sir Robert Hart, who gets a salary twice as big as that of our president. He collects all the import duties, turning into the imperial treasury somewhere between 20,000,000 and 30,000,000 taels a year. He has a large corps of officials, and his foreign clerks are the best paid men in Asia. They get big salaries and every few years are allowed to go to Europe for a vacation, with



FIGURING UP THE CHINESE DEBT.

much as Germany demanded of France at the close of the Franco-Prussian war.

Can China pay it?

Li Hung Chang says it cannot and that it will have to give up territory instead. Li Hung Chang, however, is a Chinese official, a cog in the most corrupt political machine of the world, a machine that will have to be rebuilt if the empire is to continue. He knows that a big national debt means the tearing of himself and his class from the machinery and the modernizing of the Chinese government.

The truth is the Chinese could pay the interest on a \$1,000,000,000 debt and not feel it. The present taxes are enough for all legitimate government expenses and 6 per cent on a debt three times that size. They have now a smaller debt than any of the great powers. It does not equal \$1 a head and amounts to less than \$200,000,000. There are no local debts to speak of. The provinces are unincumbered and the cities and villages are unbonded; indeed, there is no country in a better financial condition.

As compared with the great powers, China is rich. England has one-tenth the people and carries a debt ten times as great; the debt of France is twenty times that of China and the debts of the other powers are proportionately large. Here is what they are in round numbers: England owes \$3,300,000,000; France, \$6,250,000,000; Germany, \$2,400,000,000, while Russia has a debt of \$1,700,000,000. Austria-Hungary and Italy each owe eight times as much as the present national debt of China and poor little Spain is paying interest on loans six times as great.

What the Chinese Debt Is.

The Chinese have a horror of debt. With them bankruptcy is a disgrace. They pay their bills, settling all accounts at New Years. They especially dislike debts to foreigners, and it is the national policy to keep out of them.

Their first foreign loan was in 1874, when they borrowed \$3,000,000 at 8 per cent through the Hong Kong and Shanghai bank. The loan was secured by the customs. Their chief debt was incurred after 1894, in order to pay the Japanese indemnity. During that year they borrowed 10,000,000 taels of the English on a twenty-year loan. In 1895 they negotiated another English loan of about \$15,000,000 at 6 per cent, to run for twenty years, and at the same time one of about \$80,000,000 of the Russians and French, to run thirty-six years, at 4 per cent. In 1896 and 1898 they made two other loans of \$80,000,000 each of the Anglo-Germans, one at 5 and the other at 4 1/2 per cent. The first loan was to run thirty-six years and the second forty-five. These and a few other very small loans, some of which are to pay the guaranteed interest on railroad undertakings, comprise the total debt of this nation of 400,000,000 people, owning some of the richest agricultural and mineral lands upon earth.

No one knows what the revenues of China are. The taxes collected are enormous, but 70 per cent of them never gets to Peking, the balance is either swallowed up in the form of costs or presents to official superiors, or remains in the hands of the tax collectors.

There is no country so office-ridden. There is a class of men known as yamen runners connected with all government places, who are paid out of taxes and squeezes. It is impossible to tell what is

and fifty years later they approximated \$200,000,000, and still later Sir George Stanton estimated them at \$330,000,000. By the best figures attainably they are now somewhat as follows, in taels:

Imperial customs, 22,000,000; land tax, 20,000,000; salt tax, 10,000,000; likin, 15,000,000; native customs, 3,000,000; grain tribute, 3,000,000, and miscellaneous sources, 4,000,000, making a grand total of 77,000,000 taels actually received.

How Taxes are Collected.

The taxes of the empire are collected by the board of revenue. This is one of the seven great departments of the government. It corresponds to our Treasury department and has to do with all financial matters. It will probably have charge of the national debt, and all matters of indemnity will be laid before it.

The board of revenue is known as the Hu Pu. It has two presidents, one a Manchu and one a Chinese. It has four vice presidents and from six to eight directors. It has its superintendents, secretaries, assistant secretaries, comptrollers and clerks. It nominally levies all taxes and duties and pays all salaries and allowances. The mints are under it, and it has charge of the imperial factories which are situated in different parts of the empire. One of its bureaus, that of the three treasuries, is devoted to the storing of the metals, stationery, silks and dye stuffs of the imperial family.

The board of revenue sends out once a year to each of the provincial governments a statement of the amount it is expected to furnish the general government. To this must be added the local taxes, the civil and military taxes and then the rate is fixed. After receiving the estimate the viceroy or governor gives his directions to the different officials. In many cases the taxes are farmed out successively by the higher officials to those beneath them, and so on, until they reach the men who actually get the money from the people.

It is from this collection of taxes that the Chinese officials are able to pay such high prices for their offices. The real salaries are practically nothing, but the percentages which they can hold back from their collections make the high places ex-



CANAL STREET IN CANTON.



EVEN WHEELBARROWS ARE TAXED—PASSENGERS FEAR THE MAGIC CAMERA.

from father to son. In a good district a license is often worth as much as \$10,000 a year. The government fixes the price at which salt is to be sold to consumers, so that the man who gets a contract makes or loses, according to his selection of a district and the price at which he gets his salt. Some wholesale dealers make as much as 25 per cent. Indeed, it is believed that the salt revenues could be greatly increased without increasing the cost of the salt to the people. At present salt costs only about 2 cents a pound at Shanghai and not more than 3 cents a pound at Hankow. The total government revenue from it, according to one authority, is \$10,000,000. It is estimated that the actual receipts are about \$50,000,000, and of this the merchants and middlemen make a profit of more than \$20,000,000.

The Chinese salt is not so fine as that sold in the United States. It is dark, porous and full of lumps. It is stored in salt warehouses, and you often see great hills of it near the large cities. It is piled up there and covered with matting until needed for use.

Squeezing the Merchants.

One of the greatest squeezes in China is the likin tax. This is a tax on goods in transit. It is collected along all the waterways of the Chinese empire and fills the rivers and canals with little revenue boats, each equipped with soldiers and cannon. The officials thus guard the waterways and take their toll from every bit of merchandise that passes through them. The taxes are supposed to be fixed ones, but the officials make them a matter of bargain between themselves and the merchants. Some of the merchants' unions pay lump sums to have their goods escape likin taxes. The Shanghai Piece Goods guild, for instance, had all of its duties on foreign goods so commuted for a number of years. The little gunboats often blackmail the merchants, and they make all sorts of squeezes.

No one knows how much money is collected under the plea of likin taxes. Mr. Jamieson, a former English consul at Shanghai, estimates that about \$10,000,000 of likin taxes annually goes into the public revenues. The amount actually collected probably is several times that which comes from the imperial maritime customs, or several times 22,000,000 taels annually.

Some Other Queer Taxes.

China has all sorts of queer taxes. The jinriksha men in Shanghai are taxed. The wheelbarrow coolies pay licenses. And there are licenses for pawnbroking, banking and goods selling. There are pawnshops in every town, which have to pay not only for the privilege of engaging in business, but an annual tax thereafter. In some cities the license costs as much as \$5,000 and the yearly taxes are from \$50 to \$100.

There are taxes on all land sales. The legal charge is 3 per cent on the money value of the transfer. Less than this is usually paid, because the parties to the contract put a less consideration in the deed than is received. There is a legal tax on mines, now amounting to nothing, but which may yield a large revenue when the country is opened up. There are export taxes and import taxes. There are taxes on silk cocoons, and, in fact, little taxes on many things. There is a tax on opium imports which

their salaries paid. The members of the indoor staff can have two years' leave at the close of every seven, and those of the outdoor one year after every ten. Even the customs department is managed along civil service lines, and, although Sir Robert Hart is its autocrat, everything goes by promotion and general efficiency.

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