

Our Trade Relations in the Far East

Addresses at the Banquet of the American-Asiatic Ass'n, New York, Jan. 26, 1914

Address delivered by Mr. Willard Straight, president of the association:

Mr. Secretary, Mr. Ambassador, Mr. Minister and gentlemen, on behalf of the American-Asiatic association, I bid you welcome.

To you—Mr. Ambassador—and to your fellow countrymen, on behalf of this association, I wish to extend the heartfelt sympathy which we feel for you all in the face of the great disaster which has befallen your countrymen and to assure you that we share your grief at the terrible losses you have sustained. We are particularly gratified that you—Mr. Secretary—should have found it possible to honor us by your presence this evening, and Mr. Minister and M. le Charge d'Affairs, without you our evening would have been incomplete.

We are gathered here tonight, gentlemen, as business men interested in trade with the far east, to do you honor. We hope that you will honor us with your confidence and frankly discuss some, at least, of those questions which are of mutual interest, as well as the problems whose successful solution must depend very largely upon our common understanding and our continued cooperation.

No dinner of this association has ever been held, I imagine, without some reference to William A. Seward's prophetic words regarding our future on the Pacific. The Pacific era which he foresaw is no longer a dream. This day has dawned. It extends its promise and imposes its responsibilities, and this annual dinner of the American-Asiatic association is, therefore, more significant perhaps than any that has preceded it.

Within a few months the Panama canal will be opened, a great highway for the trade of the world. Has it occurred to you that we in the United States, while we are conscious certainly of the magnitude of the task now nearing completion, may have failed to grasp the full import of its influence on the development of international commerce and have neglected perhaps the very necessary preparations for realizing opportunities which we have created and which our foreign friends have for some years eagerly anticipated?

The past year, moreover, has witnessed one of the most remarkable achievements in our political history. President Wilson—unabashed by criticism—undeterred by opposition—between March and December, has secured the passage, first, of the tariff, and, second, of the currency bill. Whether or not we be entirely in sympathy with the measures now enacted, makes little difference. We cannot, no matter what our political creed, withhold an admiration bordering almost upon wonder for the force and singleness of purpose of our chief executive who, with the loyal and active assistance of the premier of his cabinet, has wrought a legislative miracle by so nearly squaring promise and performance.

The opening of the Panama canal, by removing geographical barriers, must stimulate foreign commerce. The currency bill just passed permits the establishment of branches of American banking institutions abroad and should free vast sums for use in an international discount market and for the purchase of desirable foreign securities. Thus, with added transportation facilities and with opportunity for the extension of both banking and investment, we are in a better position than at any time in our history aggressively to undertake the development of our export trade.

Not only this, but the tariff bill, facilitating as it does the importation of foreign goods, imposes upon our manufacturers the necessity of carrying the war into the enemy's camp and competing abroad with those who will now invade our own market.

The era of discovery, the era of conquest, are passed. The world's boundaries disputes are rapidly being settled. Opportunities for national, as well as for individual exploitation, are everywhere curtailed, and nations, like individuals, must earn their living.

The era upon which we are entering is not only that of the Pacific ocean, it must be one of Pacific development as well. The barriers of industrial exclusiveness are fast disappearing. World peace, of which our honored guest is such an active and sincere advocate, it becoming a practical, as well as a highly desirable, possibility. It is as essential to the development of in-

ternational trade as internal tranquillity is to national progress. It is doubtless true that we may not for many years to come be able to substitute the reaping hook for the sabre and the sewing machine for the gattling gun but, some recent events to the contrary notwithstanding, it is impossible to deny that the armies of today are becoming factors for peace—great police forces—imposing perhaps a heavy financial burden upon the peoples which support them but at the same time guaranteeing them against aggression and bringing to them, through compulsory military service a conception of discipline and a feeling of nationalism which would otherwise be unobtainable.

The true armies of world peace today, however, are the merchants engaged in international trade. In this army the secretary of state is a chief of staff and the ambassador a corps commander. We of this association are the rank and file. We are always in active service in the world-wide struggle for daily bread. We are constantly fighting our business war and we are the points of contact with the real living organisms of foreign peoples. Religion has inspired great movements. Education has brought mutual understanding to different peoples. I do not wish to appear even to minimize their value or to belittle their influence, both past and present. But international harmony, like connubial bliss, depends not only upon reciprocal appreciation of high principles and recognition of common ideals, but upon the satisfactory solution and adjustment of the problems of every day life. In the family, it is the little things that count, and, between nations, mutual confidence and esteem is founded most permanently and truly upon fair and mutually profitable diplomatic and business dealings. The greater our foreign commerce the better will be our relations with foreign peoples and the less chance there will be for trouble.

At a time when China's negotiations with foreign financiers were much in the public eye, I noticed reference to a newspaper headline entitled "Ship pursued through Indian ocean by Chinese ghost." The editorial comment was that "The ghost probably wanted a loan." I have no desire to call forth spirits of any kind. Least of all, the ghost of a Chinese loan. The withdrawal of the American banking group from China is a closed incident, but the question of our diminishing China trade is to the members of this association a very pressing one and of the most vital importance. This is the ghost that bothers us. It is, if I may say so, the skeleton not in our closet but in our counting house.

I cannot refrain, therefore, from stating that many merchants, members of the American-Asiatic association, while not directly affected by the withdrawal of the American banking group, have interpreted the announcement made by President Wilson in March last to mean that the American government would not extend to our bankers the support which those familiar with trade conditions in China consider necessary. They are today frankly discouraged at our prospects for future business, for in China—more than in almost any other country perhaps—trade follows the loan.

I personally feel assured that this impression referred to is not justified, for President Wilson even in the announcement mentioned specifically expressed his determination to aid the extension of our American trade abroad. He said:

"The present administration will urge and support the legislative measures necessary to give American merchants, manufacturers, contractors, and engineers the banking and other financial facilities which they now lack, and without which they are at a serious disadvantage as compared with their industrial and commercial rivals. This is its duty. This is the main material interest of its citizens in the development of China. Our interests are those of the open door—a door of friendship and mutual advantage. This is the only door we care to enter."

China's growing foreign trade promises great returns to those engaged therein. To secure our share we must depend primarily upon the energy and farsightedness of American merchants and manufacturers, but if they are to take full advantage of these opportunities, they

must, as President Wilson has said, be assured adequate banking and other financial facilities. Our merchants now secure the necessary accommodation chiefly through British, Japanese and German banks, as well as the one American bank in the east. The service rendered by these institutions is adequate perhaps for present needs. We cannot rely, however, upon these very good foreign friends of ours to push American interests as they do their own. This certainly is not as it should be. Moreover, while our ordinary merchandising may be financed to a greater or less extent by foreign bankers, there is absolutely no chance for American manufacturers to sell their goods to railway or other government or industrial undertakings, which are constructed or operated with foreign money. This after all is but natural. China herself is not in a position to build railroads or herself to finance public improvements. She must secure money from abroad. We cannot hope, therefore, to share in railway construction in China; we cannot hope that our manufacturers may install government arsenals, electric light works, water works and other public utilities, or that our engineers can contract for harbor works and conservancy schemes, until American bankers can be found willing to purchase the bonds which China must issue to secure funds to finance these operations. Reputable American bankers cannot afford to purchase Chinese bonds unless their ability to sell them is reasonably certain, and the American investor is not willing to buy Chinese bonds unless he believes the American government will protect him by all possible diplomatic means in case the Chinese government, through difficulties of its own, should fail for a time to meet its obligations—obligations not to the bankers who underwrite a bond issue but to the investors who depend for their income upon a regular return from these securities. Investors do not want bonds if there is any chance that the interest thereon must be collected by war. Such bonds are not good investments—money can be placed much more safely, at home. Investors in foreign securities do however desire some assurance of the support of their own government. In China it has never been necessary to collect interest by gunboats and there is little likelihood that it will be necessary in the future because China for years to come must finance her necessary development by foreign loans. No matter what party may be in power it must borrow from abroad. It is therefore essential that the present government of China, or any that may succeed it, should pay interest when due in order that it may have continued and ready access to the money markets of the world.

Americans cannot expect, nor can they legitimately desire, exclusive support for certain individuals but, if the principle of support for merchants, contractors and engineers abroad be enunciated, assistance must be accorded those who already have had the courage and enterprise to engage in foreign trade. If we are to build up our interests abroad, moreover, firms which have not as yet established foreign connections must be encouraged to do so. They must be regarded as national assets—not as special interests—and whatever our differences may be at home we must all, diplomats and consuls, missionaries and teachers, merchants and bankers, stand together, as Americans. We must assist each other in the work which we are doing abroad, be it diplomacy or education or trade, for once we have seen the dock lights die we become representatives of our country—trustees for its trade and of its reputation. For this reason governmental support, if given, must be accorded only to those who by their performance will justify the confidence of foreigners in the representations of our government and the confidence of our own government in them. We must apply eugenics to international trade.

I have ventured to speak at some length of certain phases of our trade with China because the unsettled conditions which still prevail in that country, despite the masterly administration of President Yuan Shih Kai, give to commercial problems a political importance and necessitate a degree of diplomatic attention, which fortunately would be superfluous. I have been bold to do so, moreover, because all of our guests this evening are, I do not doubt, thoroughly familiar with Chinese conditions and are today dealing with the very problems which are holding our own attention.

Our guests will, I am confident, agree that current diplomatic problems, while perhaps political in character, nevertheless usually have their origin in some matter either directly or indirectly affecting trade. The ambassador, or