

The Trade and Economic Future of China

Adverse Economic Problems, Combined with unstable Government, makes China's present condition unsteady. These Conditions are being adjusted and China's position as Dictator of the Orient seems assured.

By Prof. W. W. SWANSON.

The terrible struggle in Europe has pushed into the background events that are transpiring at present in China, and which otherwise would have received the most careful consideration of the leading commercial nations and the Great Powers of Europe. To Canada, however, China's problems cannot remain a matter of indifference, even although its main concern just now is the successful prosecution of the war. For we are a Pacific Power, and the future of the world's trade and commerce lies upon the Pacific. It is extraordinary that in our efforts to open up and develop new lines of trade with South America and other Western countries the Chinese and Indian markets have been almost entirely overlooked. And yet in India there is a population of over 300,000,000, and in China of more than 400,000,000, potential purchasers, in each case, of many commodities made or produced in Canada. Especially should our merchants and manufacturers find in the markets of the Far East a growing demand for cotton piece goods, flour, lumber and a great variety of small and cheap commodities. In the present article, however, it is proposed to study prevalent economic conditions and trade prospects in China alone.

The Political Upheaval in China.

The revolution of 1911 which upset the Dragon throne in China was hailed by Canadian and American missionaries, who had seen the gathering of the fruits of their labor long delayed, and by a host of others — diplomatists, journalists and political students — as signifying the birth of the Flowery Kingdom and its entrance upon a policy of political enlightenment. Old abuses were to be abolished, political corruption that had so long clogged the machinery of government and choked justice was to be extirpated, and the nation set on its way rejoicing. Many, listening to the exotic utterances of foreign-trained Chinese students, even predicted that the cult of ancestor worship was to be no more, and that modern, material and scientific teaching would displace the ethical dogmas of Confucius in China's new system of education. Vain illusions! China remains to-day what she has ever been for five thousand years — patient, conservative and self-sufficient, sardonically critical, in the light of the present European war, of Western civilization and culture.

It is not denied that the revolution of 1911 was not occasioned in part by an inevitable clash between the ideas and the ideals of East and West. Thousands of young Chinese students came back to their native land from the universities of Japan, America and Europe only to find that it was impossible to provide all candidates with government posts. Smarting under a sense of injustice, stirred by the sufferings of the people, and above all moved by the predatory encroachments of foreign nations upon China's sovereignty, they swarmed through the provinces preaching sedition and disloyalty. Sun Yat Sen, the leader of the democratic party, seemed for a brief period to have triumphed, and the Manchu dynasty was driven from the Throne of Heaven. But the triumph was brief. Yuan Shai Kai, the strong man China has produced since the days of Li Hung Chang, was forced, in order to save the nation from domestic and foreign foes, to restore order and rule with a high hand. In a word, it may be said that Yuan soon realized — what he had always felt — that no matter what the form of government might be that China would adopt, it always must remain, in essence, an autocracy. It is a mere absurdity to suppose that any political formula contains within itself the magic power to transform the ideals of a nation, its very soul indeed, as by an incantation.

Economic Problems Foremost.

The real trouble with China, and the fundamental cause of her political disturbances is economic and not political in nature. The poverty of the people, their oppression by a host of tax collectors and legalized brigands in the shape of government officials, has driven them to desperation. The Boxer

uprising laid a heavy burden upon the nation through indemnities to the chief European Powers and Japan, and this has added to the people's misery. There is an almost entire lack of good roads; railways are few and far between; the currency of the country is debased and further vitiated by revolutionary paper money issues. In a word, China's economic equipment for the production and distribution of wealth is not only antiquated but entirely inadequate to her needs. Granted reforms in her currency, good roads and railroads, a sound and extensive credit system and fair and equitable taxation, China would take on a new lease of life and astonish the world by her commercial and industrial capacity and growth. With economic reform, all political revolutionary movements would disappear; for, let it be repeated, China has ever been and will long remain conservative in aim, outlook and ideals.

Contact With Western Nations.

It was in the sixteenth century that China touched the Western world in modern times. Portuguese traders adventured to far Cathay, and finally were granted the rights to carry on business with the country after lending the Government aid in suppressing the pirates that infested the southern coasts. England followed through her merchant adventures in the East India Company. This Company encouraged the growing of opium in India for the Chinese market; but they left the actual trading in the drug to independent merchants. China refused to legalize this trade until two wars had been fought; but finally in 1857 England compelled China to accept the inevitable. It may be said in passing that the Governments of India and China have recently entered into an arrangement with respect to this trade whereby it has been put under severe restrictions and will be entirely abolished in the near future. As a by-product of the opium wars the ports of Canton, Amoy, Fuchair, Ningpo and Shanghai, among others, were opened to the trade of the world; and the island of Hong Kong at the mouth of the Canton River was ceded to the British.

It is not necessary for present purposes to follow the further course of European and Japanese encroachments on China's sovereignty; it suffices to say that all the great Western Powers, with the exception of the United States, have at one time or another acquired ports and spheres of influence in China. At Honk Kong the United States occupies a peculiarly favorable and strategic position with respect to the trade and commerce of China. Tsingtau — the port of Kiaochow and its hinterland the quondam German possession in China — will, when developed, prove a formidable rival to Shanghai, but can hardly come into direct and active competition with Victoria harbor, the British port on the island of Hong Kong.

The Open Door Policy in China.

At present China is weak from an economic and military point of view; but if her national integrity be preserved for a generation she will inevitably become a great nation, strong in arms as well as in finance. The Western nations are merely deluding themselves if they suppose that a strong and rejuvenated China will continue to tolerate the present state of affairs forever. At present Japan is the only Asiatic Power able to hold her own with the United States and Europe; but the day must inevitably come when China will be the dictator of the Orient. The Celestial Empire has proved by its civilization and culture its right to national existence. Only in the economic and scientific sense can China be designated a backward country, and with the introduction of English and American capital it will forge ahead rapidly in wealth, and acquire all that is useful and necessary to its well-being of Western scientific achievements. In the meantime, notwithstanding the injury wrought to China through the opium wars of the last century — an injury that has been remedied, as far as it has been possible to do so, and at great material sacrifices to English

trade including: looking glasses, hats for men, shoes investors — the United Kingdom has done more than any other nation to preserve and maintain China's separate existence as a nation. In this policy Britain has had the firm and loyal support of the United States. The alliance with Japan, among other causes, was contracted for that explicit purpose. There have not been wanting signs, however, during the present war that Japan is using her opportunities to strength her hold on China. That country has forced its will upon China to the extent of securing special railway, mining, and other concessions; and has pursued a course in general that has given rise to much concern among the Allies, and especially in the United Kingdom. Japan went so far, indeed, as to demand virtual control of China's military police; and to attempt to control, through her officers, the Chinese army. In addition she attempted to exact a promise from China that at least half of the latter country's military equipment and munitions of war should be purchased in Japan; and that, further, China should for the future negotiate no foreign loan without having first secured Japanese consent. Had these terms been complied with the Flowery Kingdom would have become inevitably a mere vassal of Japan. It may be that, true to Oriental practice, the Japanese asked for much more than they expected to secure; but in any event their actions have been disquieting enough. The further fact that Japan has apparently determined, at the close of this war, to take over the port of Tsingtan and Kiaochow with its hinterland has created a very bad impression in China, and violates the former country's solemn promise at the beginning of hostilities to return the conquered territory to its rightful possessor, namely China. Under the circumstances Japan appears to be merely sowing the seeds of future trouble; for one day China will demand a bitter reckoning.

In any event, the United Kingdom and the United States are irrevocably determined to maintain China's sovereignty and national integrity intact. There is every reason for guaranteeing to China its right to exist as a nation. For thousands of years it has maintained with remarkable tenacity and vitality its own peculiar type of civilization — a civilization that is profoundly pacific in nature and marvellously rich and varied in its philosophy and culture. China will never become a military menace to Western peoples, unless unjustly attacked. For the present it may be, and undoubtedly is, the wisest course to permit the Great Powers to control China's finances and foreign affairs in general; but the time will come when they will be compelled by force of arms, if not by justice, to leave this great nation to its own devices and to manage its own affairs. In the meantime, equality in all commercial opportunities in China is the only fair and workable policy for the European Powers and the United States to pursue.

The Trade of China.

China's total foreign trade in 1913 — the last year of normal business — amounted to \$721,826,598, of which \$422,775,535 consisted of imports and \$299,051,063 of exports. The percentages of this trade, held by the various nations participating therein, was as follows:

Countries.	Imports.	Exports.
Austria-Hungary	0.71	0.38
Belgium	2.77	1.62
British India	8.42	1.57
Canada	0.33	0.16
Dutch East Indies	1.11	0.64
France	0.90	10.10
French Indo-China	0.82	0.47
Germany	4.93	4.22
Hong Kong	28.67	20.04
Italy	0.11	2.06
Japan	21.03	17.95
Macao	1.18	1.22
Netherlands	0.25	2.16
Philippines	0.24	0.19
Russia	3.37	11.14
Singapore, Straits Settlements, etc.	1.53	1.87
United Kingdom	16.94	4.05
United States	6.17	9.33
All Other Countries	0.52	1.83
	100.00	100.00

It will be observed that Canada's share of the very considerable foreign trade of China is small, and should be greatly extended. At present there is an active demand in China for cheap cotton-piece goods, lumber and flour, as well as for a great variety of small and cheap articles of manufacture that could be produced to advantage in Canada for the export

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