



America, Asia
and the Pacific

von Schierbrand





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AMERICA, ASIA AND THE PACIFIC

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WITH SPECIAL REFERENCE TO THE RUSSO-
JAPANESE WAR AND ITS RESULTS

BY

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"Germany: The Welding of a World Power,"
"The Kaiser's Speeches," etc., etc.

WITH THIRTEEN MAPS



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PREFACE

WHY add still another to the numerous books bearing more or less directly upon the present conflict? The answer is that the author does not merely aim to lay bare the causes which have led to the war between Russia and Japan, the elements in either power making for success or failure, and the probable results of the war, particularly in so far as they are likely to affect our own interests, but that the book has also a wider scope.

The war represents but the initial stage in an international struggle throwing deep shadows before, a great struggle, but one which, there is every reason to hope, may be fought solely with the weapons of peace. But it will be, in any event, a long contest, and will involve, not two nations, but all the leading nations of the globe. Its ultimate outcome will settle, probably for centuries to come, the question of predominance, commercial and political, among the civilised powers. This coming conflict will be, in a word, for the mastery of the Pacific.

That the Pacific during this century is bound to become what the Atlantic was during the eighteenth and nineteenth, and the Mediterranean during the twenty-five centuries preceding, is one of the author's chief contentions. The argument upon which it rests he deems irrefutable.

Of almost equal interest is the question how well or ill prepared for this impending conflict is each of

the competitors. Investigation in this line forms another part of the book, and perhaps one of more than transitory value.

It is the writer's firm belief that the United States is the nation best equipped for the coming race in the Pacific, and the chief reasons for it, which suggested themselves, are cited more or less fully. But the fact is also dwelt upon at some length that American expansion in the Pacific, immensely favoured as it will be by the opening of the Panama Canal, is not a mere whim, not a thing merely desirable, but something absolutely necessary to safeguard our further national development, and to preserve us from the curse of ill-balanced production—generally called overproduction—and all its attendant evils.

With the exhaustion of our free arable lands, and with American re-emigration across the Canadian border, this nation has entered on a new phase of existence, has lost the distinguishing trait of youth and risen to full maturity. That condition entails new burdens and responsibilities. Hereafter this nation will furnish emigrants in increasing number.

On the other hand, the equipment of our chief rivals in the Pacific—Great Britain and her colonies, Germany, France, Japan, and Russia—is also carefully examined, and points of strength or weakness are set down.

Another topic discussed in the book is the prospective ownership of that rich inheritance—the Dutch East Indies. It is one to which, so far, little attention has been paid in this country.

China and South America, prospectively our greatest markets in the very near future, are considered at considerable length; and the folly of neglecting the

magnificent opportunities they offer American enterprise is pointed out.

From all the data thus marshalled the deduction has been drawn, that if the people of the United States use but wisely and promptly the surpassing natural advantages kind fate has thrown into their lap, victory cannot fail them in the end. This nation will play in the Pacific the dominant note in the concert of the great powers.

It may not be superfluous to mention that much of the general argument of the book is based on both geographic and historical foundations. In every instance, the greatest care has been taken to derive the statistics from the latest and most authoritative sources.

W. v. S.

NEW YORK, *May, 1904.*

CONTENTS

THE WAR AND ITS OUTCOME

CHAPTER	PAGE
I. ELEMENTS IN THE PRESENT WAR	3
II. MILITARY NOTES	14
III. OPINIONS OF EXPERTS	23
IV. A TRIUMPH OF AMERICAN DIPLOMACY	32
V. THE INTEGRITY OF CHINA	46
VI. RESULTS OF THE WAR TO THIS NATION	52

THE FAR EAST

VII. THE NEW JAPAN	69
VIII. AWAKENING CHINA	86
IX. WHAT CHINA MEANS FOR THIS NATION	112
X. SOME LITTLE-KNOWN FACTS ABOUT RUSSIA	128

THE PACIFIC AND THE PANAMA CANAL

XI. THE PANAMA CANAL	143
XII. SOUTH AMERICA OUR NATURAL MARKET	162
XIII. THE PAN-AMERICAN RAILWAY	189
XIV. THE PACIFIC HEREAFTER	199
XV. THE DUTCH EAST INDIES	214

THE RACE IS TO THE WISE

XVI. OUR EQUIPMENT FOR THE RACE	231
XVII. RIVALS IN THE PACIFIC—BRITISH	251

CHAPTER	PAGE
XVIII. RIVALS IN THE PACIFIC—GERMAN, FRENCH, AND JAPANESE	266
XIX. AMERICAN SUPREMACY AND THE SLAV	285
XX. LIFE UNDER NEW CONDITIONS	297
CONCLUSION	313
APPENDIX	319
INDEX	325

LIST OF MAPS

	PAGE
PACIFIC OCEAN (<i>Front Cover</i>)	2
COREA AND THE NEIGHBOURING PARTS OF JAPAN	21
FORMOSA ISLAND	79
CHINA AND ASIATIC RUSSIA	95
PANAMA AND VICINITY	154
SOUTH AMERICA (<i>Northern Half</i>)	170
SOUTH AMERICA (<i>Southern Half</i>)	173
DUTCH EAST INDIES	215
ALASKAN COAL FIELDS	234
HAWAII	237
PHILIPPINES	239
RAINFALL MAP OF AUSTRALIA	261
PLAN OF TSING TAO	276

THE WAR AND ITS OUTCOME

AMERICA, ASIA AND THE PACIFIC

CHAPTER I

ELEMENTS IN THE PRESENT WAR

THE great drama which is now being played in the Far East is the prologue to a far longer and more important one, involving the mastery of the Pacific. As such, no nation on earth is interested in it in the same degree as the United States. It is necessary to keep this all-important fact constantly in mind.

To express the matter in another way, Russia and Japan, though their struggle be a titanic one, form a vanguard of the greater armies made up by the civilised nations of the globe. The coming strife for commercial and political supremacy on that vast highway, which the irony of fate has dubbed the "Pacific" Ocean, though it may not be waged with powder and shot, will be the most gigantic the world has ever seen. And—let us emphasise this again—it is the American people who have most at stake in it. In a sense it is quite true that Japan is fighting the American's battle. The "Jap," our pupil, in this war stands for most of the things this nation is striving for.

But, very naturally, Japan has interests exclusively her own. A time may come when her interests will clash with those of America. She is ambitious, very ambitious, and though quite recently a leading Jap-

anese, Jihei Hashiguchi, in speaking of his country's relations with the United States, compared them to the "filial affection of a child"—and in this probably was perfectly in the right—that is not saying that this feeling is not subject to change.

Certainly Japan owes her awakening from many centuries of slumber to Commodore Perry, President Pierce, and the United States. This country first unbound the cerements which had held Japan in her living tomb, isolated and estranged from the entire world. It helped the Land of the Rising Sun to enter the family of nations as a full-fledged member. It guided the halting steps of the new sister nation in its path onward and upward. It opened wide the portals of American educational institutions, and it inaugurated a policy of mutual friendship and mutually profitable commercial intercourse.

But, after all, a nation's duty is first to herself. This applies both to the United States and Japan, and it is quite conceivable that the future holds in store situations differing so much from the present one as to make of Japan one of this country's most assiduous rivals, possibly a foe.

As to Russia, the case stands very differently. Once Americans ventured forth on the Pacific, Russia inevitably became their enemy. It was Captain Mahan who first pointed this out clearly in one of his most thoughtful books. But it requires no laboured argument to show this. Russia's coast on the Pacific is to-day longer than that of the United States at the other extreme. Russia's aim is to be and remain the leading Pacific power. She is the archenemy of the "open door" in China as well as in her own possessions. Economically she is monopolistic and given

over to fiscalism. The spread of her suzerainty, the enlargement of her "spheres of interest," mean the narrowing of every kind of opportunity for the United States. Conversely, the growing power of the United States along the Asiatic coast of the Pacific is tantamount to a diminution of Russia's power. All this without considering at all the deep racial antipathy between the Slav and the Anglo-Saxon, the irreconcilable differences in the conception of life and its ideals, in government and policy.

It is useless to mince matters. Let us look the facts squarely in the face. Russia is this country's foe and will remain so, all sentimental pleadings to the contrary. She could afford to be the friend of the United States so long as the latter was no world-power, and was, furthermore, on more or less strained terms with England, Russia's most dangerous rival during the whole course of the nineteenth century. This fact is so self-evident that it is strange indeed Americans as a body have not yet grasped it. Russia's friendly policy during the great Civil War, her sale of Alaska, her assurances of friendship on many occasions in the past, all explain themselves in that way. To keep the two great English-speaking races apart was the task of deep wisdom for Russian statesmanship.

Since John Bull and Uncle Sam have buried the hatchet and forgotten old grievances in a sincere reconciliation, and more particularly since the younger one of these two blood relations has started out on a vigorous career of his own in the line of conquest and colonisation within easy reach of Russia's own Far East possessions, with all that this implies, the lion and the lamb can no more lie down in peace together than can Russia and the United States. For to do so

would mean the relinquishment of what each of these two nations considers its "manifest destiny."

We see, then, that the war between Russia and Japan is fraught for this country with much deeper meaning than many seem to suspect.

When first the news flashed over the cable that hostilities had actually been begun by Japan in her dashing naval attack on the fleet lying within the shelter of the harbour and the forts and coast batteries of Port Arthur, early in the morning of February 8th, just three days after the rupture of diplomatic relations between the two countries, the world stood agape. Little Japan, holding a territory so infinitesimally small in comparison with mammoth Russia, with a navy of yesterday's creation, and an army still in process of formation, to beard the bear and his cubs in his very lair! Why, to nine out of ten the thing seemed absurd, even more absurd than Japan's easy victory over China in 1894.

But closer reflection modified this first view considerably. It is true that after a month of hostilities the majority of military experts still clung in the main to their first views. On this side of the water, such good judges as Generals Francis V. Greene and Joseph Wheeler pronounced in favour of ultimate victory for Russia. But General Nelson A. Miles was non-committal, and General Daniel E. Sickles expressed the emphatic opinion that Russia would soon "lie down."

Yet reliable figures show us the following relative strength for Russia and Japan:

Naval.—Russia, with a battle fleet of 22 vessels against a Japanese battle fleet of 12, an enormous disparity. The comparative list is the following:

RUSSIA

Names	Tons	Launched	Nominal Speed—Knots
Borodino	13,400	Between 1886—1903	Between 15 and 20
Alexander III			
Kniaz Suvoroff	13,100		
Slava			
Tavrichesky	12,700		
Retwisan			
Tsarevitch			
Tri Svititelia	10,000 to 11,000		
Petropavlovsk			
Poltava			
Sevastopol			
Gheorgi Pobiedonostseff			
Navarin			
Tchesme			
Ekaterina II			
Sinope			
Emporor Alexander II			
Emporor Nicholas I	8,000 to 9,000		
Dvenadsat			
Apostolov			
Sissoi Veliky			
Rostislav			

JAPAN

Names	Tons	Launched	Nominal Speed—Knots
Shikishima	15,200	Between 1889—1903	Between 16 and 22
Asahi			
Mikasa			
Hatsuse			
Yashima	7,325		
Fuji			
Chin-Yen			
Tokiwa	9,450 to 9,800		
Asama			
Idzumo			
Iwate			
Yakumo			

Officers and men in the Russian navy, 60,000. Japanese, 28,000.

The total naval strength of the two opponents showed this disparity still more glaringly. The Russian vessels outnumbered the Japanese almost three to one. In the matter of torpedo boats and destroyers, Russia, on paper, was particularly favoured.

In reality, however, Russia at the start was in far worse condition than her doughty little opponent, for her navy necessarily was scattered. Part of it was in the Baltic; another part guarded the Black Sea, and only the third part, though rather the largest of the three, was in Far Asian waters.

True, Russia had prepared herself in a measure for serious complications in Far Asia. She had sent, for eight months preceding the outbreak of the war, troops, ships, and provisions to Vladivostok, Dalny, and Port Arthur, and she had purposely magnified her forces there and in the whole of Manchuria and neighbouring Siberia. Russia, in other words, had been playing a big game of bluff with little Japan, and had never for a moment taken into consideration the possibility that her hand might be called. Thus it was that she was taken by surprise, unprepared, and woefully behind in all the essentials of ready and efficient warfare.

As to the respective land forces, Japan was over-matched far more prodigiously than in the matter of sea strength.

General Miles computes the Japanese army at a round 600,000, and the Russian at 1,700,000. With the reserves of every kind, he calculates that Japan could probably mobilise 1,000,000 men and Russia 4,000,000. In point of efficiency, the balance is somewhat in favour of Japan. Her army is more active, enterprising, better trained, and better disciplined than

is the Russian. Her general staff is, man for man, brainier and more resourceful than Russia's. "Jap" and Russian have demonstrated their prowess on many well-fought fields. Either of the two possesses great endurance and sterling fortitude; either, too, is inured to hardship and scant fare, though the Russian is the heavier feeder, and is much more prone to physical ailments and serious disease on Chinese soil than is the Japanese. This latter fact was abundantly proved during the Boxer uprising, when the rate of mortality and illness among the Japanese troops was the lowest of all, the American soldiers coming next, the English and Continental troops following,—the rate for them being about the same,—and the Russians showing the highest figures, their rate—about twelve per cent.—being just eight times higher than that of the "Japs."

Students of military history need scarcely be told that disease works generally more havoc in armies in the field than does the bullet. To confine our illustration only to the more recent wars, in the Crimea the French lost 236 men from sickness to 64 from wounds in each 1000. The death-rate of the English was 179 from sickness and 47 from wounds. In Mexico the French lost in every 1000 of their troops 140 from disease and only 49 from wounds. In the Russo-Turkish war the Russians lost, per 1000, 113 from sickness and 49 from wounds. The losses in our own Civil War during two years—June, 1861, to June, 1863—were 53.2 per 1000, of which 8.6 were from wounds and 44.6 from sickness. In the Boer war, while the figures are not at hand in complete form, it is well known that sickness was vastly more fatal than Boer marksmanship, deadly as that was admitted to be.

The Russian troops in Manchuria are peculiarly susceptible to sickness. They have been enfeebled by the rigours of a hard winter, with incomplete housing, insufficient food, and probably a total disregard of the hygiene of the person. Most of them are ignorant peasants who have never learned to take care of themselves at home, and still less afield. The medical staff is not as efficient as might be. It is a safe prediction that ten will die or be incapacitated by sickness for every one who is killed or incapacitated by Japanese bullets.

Indeed, the precursor of the ravages to be expected from disease among the Russians has already made its appearance. News recently came from Harbin, the military centre of Russia in Manchuria, that that place has already become a hotbed of typhus and other zymotic diseases, a class of physical ills easily preventable under rigid official sanitation, but not under prevailing war conditions.

The men from Japan are spare eaters and sparer drinkers, their regular diet both in peace and war being fish and rice, and their commissariat is correspondingly easy to handle. This fact gives them an enormous advantage in a war with any western nation, Russia included.

Nevertheless, the chances of Japan in a land war with Russia seemed slim indeed. It looked as if the overwhelming numbers of Russia's armies would crush her.

But here again circumstances must be taken into account. Though Japan in this war avowedly fought for her very existence, she would not have gone into it if the disparity were as great in actual numbers as at first sight it seemed.

There were several very important compensating features for Japan. The most important is the fact that while in either Corea or Manchuria she is still very near to her basis of supply, and, in any case, is fighting in a congenial climate, Russia is from 5000 to 6000 miles away from her sources of sustenance. Again, the sea route being closed to her by the vigilance of the Japanese navy, everything Russia needs for her army in the way of supplies, ammunition, provisions, tents, and other field equipments, as well as reinforcements, must come overland, and by the one line at her disposal—the Transsiberian Railroad and its two Manchurian branches. This ramshackle affair of a railroad, though built at an expense of \$750,000,000,—a single-track road, resting at many places on badly graded and imperfectly secured beds,—is the one hope of Russia in this war. Whenever and wherever it fails, she is temporarily hampered and outdone. As an American writer of distinction graphically put it, this thin line of steel means Russia's victory or defeat.

As a striking illustration of the insufficiency of the Transsiberian Railroad at this present juncture, the leading French military journal, *La France Militaire*, on information furnished it from the Russian general staff, makes the following statement:

“The Russian army assembled by April 6 on the Mukden-Harbin road amounted to 260,000 men, and at that date was to be shortly brought to 300,000.

“Now, such an army involved, according to the accepted military computation, and on territory such as this sparsely settled one of Manchuria, 100,000 horses. Merely to feed these men and animals required a supply of 1600 tons of food and forage a day. To

transport this amount there were needed six trains of from 30 to 35 each of the kind of freight-cars in use on the Transsiberian Railroad."

And this, it appeared, was very nearly the capacity of the road, and to transport and deliver this amount every day it was necessary that there should be no movement of troops or other passenger traffic in the same direction to interfere with the process of supply.

That is to say: it was, theoretically, all the road could do to supply such an army as Russia was then preparing, and it was pretty clear that her preparations were not excessive, compared with the number of the Japanese troops the Russians were reckoning to encounter. There was absolutely no "factor of safety" allowed for accidents and partial disablements on the railroad.

True, the Transsiberian Railroad, it was given out by Russian authorities, was not their only source of supply. For, according to these authorities, there were at that time considerable accumulations of provisions at Port Arthur, Vladivostok, Mukden, and Harbin. But these statements were clearly exaggerated. As a matter of fact, the supplies at those points were insignificant, when such vast masses of men and beasts were concerned.

As to Manchuria and the maritime province of Russian Siberia, neither produces agricultural supplies for export. In other words, they raise only sufficient for their own populations.

But putting the best face upon the matter, certain things are beyond dispute. First, the Russian forces in the Far East at the outbreak of the war were much smaller than had all along been stated; instead of 200,000 or 250,000, as claimed, they were barely

50,000, and of this number only about one-half was really available against the enemy. Second, from three to four months had to elapse before Russia, by her sole available means of communication,—that is, the Transsiberian Railroad,—could concentrate on the theatre of war an army large enough to face in the field such an army as Japan herself could assemble within one-half of that time, either on the Liao Tung Peninsula or in Corea. So that for quite a length of time Japan enjoyed the immeasurable advantage, provided she bestirred herself, of having double or treble the number of fighting men in the field that Russia could muster, and this despite the enormous superiority in numbers that Russia could boast of in theory.

Now, as to this point of speed on Japan's part, all the attendant circumstances are not plain at this writing. It is certain that her navy, compact though small, splendidly officered and manned, was ready at the hour when the scale had tipped in favour of war. The facts in this respect are known to the world. In the roadstead of Chemulpo, Corea, two fine Russian battleships were sunk by Japanese broadsides. At Port Arthur Admiral Togo inflicted even worse damage upon the Russian fleet by means of his swift little torpedo boats. Again and again this same undaunted naval hero went to the charge at Port Arthur, daringly yet cautiously sacrificing men and treasure in the attempt to "bottle up" that chief Russian stronghold in the disputed territory. Not for a moment has Japan's navy failed in its duty; the same dash, valour, and shrewdness have characterised every move of Japan's fleet since the war clouds burst. In her navy, at any rate, Japan has demonstrated superior mettle and skill.

CHAPTER II

MILITARY NOTES

As to the Japanese army, it did not suffer in its operations from an insufficient Transsiberian Railroad, but the obstacles it had to contend with in making its way to the mainland were, nevertheless, of a similar character, and in some respects they were even harder to overcome.

Weather was one of them. Lack of sufficient communications was another. Beyond the middle of March the harbour points on the Korean and Manchurian coasts, where landings could be effected, were ice-bound. The winter was of unusual severity and length, even in the more southern latitudes of Japan and Corea; and when thawing set in, the poor roads of the country became morasses, scarcely passable. Add to this that Japan has only 5015 miles of railroad all told within her island empire, composed as it is of over 4000 separate islands, with few lines piercing the mountainous interior. Thus, the amassing and concentrating of large armed forces, particularly in the dead of winter, was a matter of extreme difficulty for Japan. And then to send these troops from their native islands over various arms of the Japan Sea to the mainland presented another series of extreme difficulties.

This is a statement of the chief obstacles Japan had to surmount in making her army available for fight-

ing purposes at the theatre of war. Whether they alone account for the failure of Japan to display the same swiftness and skill in utilising her land forces that she had shown in handling her navy, is at this hour matter of conjecture.

Whatever the reasons, in any event the fact remains that Japan missed the golden opportunity fate had thrown in her way at the opening of the war. It was Baron Hayashi, Japan's minister in London, who made the broad statement shortly after the beginning of the war, that his country meant to win by delivering swift, powerful blows at the enemy. If so, that chance has gone. If Japan had concentrated an army of, say, 150,000 men, in Lower Manchuria and Northern Corea, between February 5 and April 5, she could have driven out the Russians from all the points of vantage in dispute; could have seized Port Arthur from the land side, and could have fortified her land position in such a manner as to render it almost impossible at a later date for Russia to oust her, always providing that Japan still maintained her naval superiority. Whatever the cause, she did not make the land operations, and by this omission rendered her task doubly and trebly difficult.

One great disadvantage in a military sense under which Japan is labouring is her lack of sufficient cavalry. Russia in this respect is exceptionally well equipped. Her supply of Cossacks, irregular and very hardy cavalry, is practically exhaustless. From the Cossack settlements in Western and Eastern Siberia alone she can draw some twenty-five regiments of this class of troops. And the Cossack with his tireless native horse is an excellent man for campaigning in Manchuria or Corea.

Japan, as her great military organiser, Fieldmarshal Yamagata, has stated, has scarcely any use for cavalry at home. The difficult and mountainous nature of the main islands forbids the employment of cavalry on a large scale. Besides, the native horse of Japan does not make a good cavalry mount, and the greater expense involved in that arm of the service for a poor country like Japan is another factor. So in cavalry Japan is very badly off.

On the other hand, in measuring the respective value of Russia's troops, a clear distinction ought to be made between those coming from her Asiatic provinces, and those coming from the European ones. The latter, for a war like the present one, are greatly inferior. This will show itself more and more plainly as the war progresses. The Russian soldier of the interior cannot compare physically with his comrade of Siberia or Central Asia. Nor is he accustomed to the difficult climate and hardships of every kind.

A word as to the finances of the two countries. It is a common mistake to suppose Russia to be a wealthy country, that is, so far as capital is concerned. There is an immensity of latent natural resources, but these for the overwhelming part are not yet being exploited, and they do not help her in a great war. For the moment she has the sinews of war, but how about six months hence?

The unwary are apt to be misled by the flashy budget reports annually issued by the finance ministry in St. Petersburg. The one for 1904 shows a total government revenue of almost \$1,000,000,000, with the ordinary expenditures several millions below that figure. But this total is arrived at by bringing under its head a number of important resources which are

in the nature of government monopolies, and which in every other country would not be so classed. Among these are the government liquor monopoly, the receipts from the entire network of Russian railroads (altogether about 42,000 miles in length, that is, less than one-fifth of the length of the American railroads), the earnings of a large number of great industrial establishments owned and operated by the government, and so forth.

Furthermore, these Russian budgets are notoriously unreliable—there is always more or less juggling with figures in them. And then comes the vast item of Russia's national debt. That portion of it for which the government is directly and indirectly responsible amounts to over \$4,250,000,000, according to a computation recently made by Frank A. Vanderlip, a well-known financial writer. Foreign creditors hold of this something like \$1,900,000,000, France alone about \$1,450,000,000, with Germany, Holland, and Belgium next in importance on the list. To meet the interest on this enormous debt—most of it at four per cent.—means every year a fearful strain on Russian finances. This gigantic debt, as will be pointed out elsewhere, is also responsible for the fact that Russia is compelled to maintain a vast excess of exports over imports. And as these exports are nearly all agricultural, not enough foodstuffs are left in Russia to nourish her population adequately.

With all that, Russia has been obliged every year since 1893 to pile a new foreign debt on top of her old one, and since 1900 she has found increasing difficulty in obtaining new loans.

It cannot, therefore, be said that Russia's finances are in a sound condition. The exact opposite is the truth.

However, when comparing her financial resources with those of Japan, Russia is superior, so far as the ability to raise large sums of money abroad is concerned.

True, Japan's debt is but little more than a fraction of Russia's. Its total is now \$370,000,000, and \$50,000,000 of that represents the new domestic issue (oversubscribed enormously by patriotic "Japs") made since the beginning of this war. Again, by far the greater part of the whole debt takes the form of domestic loans.

But despite the marvellous advance of Japan since 1870 in all the factors of civilised life, the island empire is, after all, poor when compared with Western nations. A. R. Colquhoun, in his latest book, makes the statement that the average annual earnings of a Japanese family are but \$45.00. Such a figure speaks plainly. It may be well to mention, though, that \$45.00 per annum, ridiculously low as it seems to us, is more than the average Russian earns. The highest figure claimed by the Russian government itself for the average yearly income of a Russian peasant family is 63 roubles, about \$32.00. And the Russian peasants form 95 per cent. of the total population.

All the same, in a long and expensive war—such as this present one is going to be—Japan will find it a matter of extreme difficulty to raise the funds required.

It is true that Japan has made rapid strides forward in industry and commerce. Her imports and exports for 1903 amounted to almost \$300,000,000. Those of Russia have remained practically stationary for a number of years, at about \$720,000,000. Japan has increased her foreign trade fivefold since 1888. Her

cotton industry is even to-day considerably larger than that of Russia.

It is quite safe to say that if this war had not been forced upon Japan, if she had been allowed to proceed peaceably on her path, the surprising rate of increase in her prosperity would have been maintained. This war, though, inevitably will thrust her back for a time.

A great ally of Japan during this war has already made an appearance. That is Russian official corruption. The tremendous defalcations committed in the construction of the Transsiberian Railroad were partially known before, but they have come to the full light only since the outbreak of hostilities. The same is true of the Russian commissariat department. Ammunition, all sorts of provisions and forage, field equipments, etc., which the "Little Father" in St. Petersburg had been led to believe had been sent months ago to the theatre of war, have been purloined by dishonest contractors and officials to the extent of many millions. And many additional millions will disappear into the pockets of Russia's greedy bureaucracy before the war is over. In this respect Japan's record is clean, and is likely to remain so.

The real issues of a war are scarcely ever mentioned by any government in flinging down the gauntlet to a foe. This present war, so novel in many respects, was novel also in that, at least on the part of one of the belligerents, namely, Japan, the actual reason was given for resorting to war.

In the diplomatic correspondence between Japan and Russia since August, 1903, the former made a clear and unvarnished statement why she considered existing conditions in Manchuria and Corea incompatible with her vital interests. Russia on her part

followed her traditional diplomatic system of duplicity and subterfuge. But the world, of course, knows what the real animus of Russia was and is in this struggle. To gain an ice-free and first-class harbour on the coast of the Pacific led her to seize Port Arthur. To extend her sway throughout Manchuria, and thus connect unbrokenly her older northward Far Asian possessions with points much farther south; to win, step by step, by hook or crook, Corea, and thus enormously strengthen her strategic position, and in this way obtain a longer and better frontage on the Pacific than any other nation on either side of that ocean could dream of—these were the guiding causes of Russia's aggressive policy towards Japan and China.

For Japan the case stands differently. Her little island empire of 162,153 square miles, with a population of about 48,000,000, is not only densely populated, but actually overpopulated; for it must be remembered that the greater part of her territory is mountainous and not tillable, and that many of her islands are but barren rock. The density of her population in the habitable parts is double that of either England, Germany, or France. She needs an outlet for her teeming millions. Immigration restrictions in America and Australia prevent wholesale Japanese emigration. Corea lies on the adjoining mainland, with a population and climate closely resembling the southern provinces of Japan itself. Possession of Corea would solve the entire problem for Japan. An internationally recognised protectorate over Corea, with a close customs-union as one of the leading features, would serve her purpose nearly as well.

Aside from that phase of the matter, Corea, in the words of a Japanese statesman, is "pointed like an

arrow at the heart of Japan," and for such a power as Russia to either hold Corea or be paramount there would actually threaten Japan's national existence. A glance at the map will be sufficient to convince any fair-minded reader of that.



Map showing Corea and the neighbouring parts of Japan

Thus, then, Japan is battling for her independence, for a chance of expansion, for her new-won prestige as a world-power—in fact, for all an ambitious and patriotic people holds dear. It may be called a war of desperation on her part, but history affords more than one example of a small, liberty-loving people triumphing over a big and haughty foe.

Of course, the longer the war the less Japan's chance of ultimate victory; the more, too, the danger of the gallant little people bleeding slowly to death. Russia, large but unwieldy, can gradually focus her energies

upon one point, can bring her Baltic fleet to Far Asia, and send over the Transsiberian Road additional regiment after regiment. But the Japanese, small in stature though they be, are stout of heart, and the fortunes of war frequently take surprising turns.

Great fear was entertained in Europe and this country that other nations would be involved in the struggle. It was recognised from the start, both in England and the United States, that Japan fought for American and English interests, for the "open door" and the gradual regeneration and liberalising of China and the whole of Asia. Nevertheless, it was justly a matter of congratulation for both English-speaking powers, that, owing to Secretary Hay's manly, prompt, and wise action, the outlook, soon after the commencement of hostilities, began to brighten in this respect at least. Several grave elements of danger were eliminated from the situation, the theatre of war was narrowed down, and the issues themselves were more clearly defined on both sides.

CHAPTER III

OPINIONS OF EXPERTS

IT is a trite saying that a body of experts usually agrees to disagree. This is particularly true before the outbreak and during the earlier progress of wars. John Morley in his "Life of Gladstone" tells us that in 1870 all England was blind to Germany's greater military strength when measured with that of France, and that the rapid victories of the Teuton hosts, culminating, blow after blow, in the catastrophe of Sedan, fairly floored even the most sagacious Briton.

It was so in 1894-95. Public opinion everywhere up to the battle on the Yalu had not for a moment anticipated Japan's easy successes. Of course, Japan was then an entirely new factor in world politics. Practically, she is so now. And the hesitancy of military and financial experts to commit themselves to a definite prognostication is easily understood.

Thus we have seen from the start in this present war, and during the preliminary diplomatic stages, that Japan is being underestimated. The wish is father to the thought, and therefore it was not surprising to see the public opinion of those countries most friendly to Russia—France and Germany—scoffing at the notion of Japan's setting up as a serious foe to Russia. The Russians themselves, government and people alike, have persistently laughed at Japan's pretensions to be taken in dead earnest. Senator Bev-

eridge in his recent book on Russia gives amusing instances of this. But what is more astonishing is that even in those countries which entertain more or less sympathy with Japan's defence of her rights as a growing and independent nation, particularly England and the United States, the overwhelming trend of public opinion was altogether in the same direction, and but relatively few predicted ultimate triumph for Japan.

In this country, it was only General Daniel E. Sickles who came out flatly with a horoscope favourable to Japan. In a brief magazine article he said:

"The probability is that the war will not be a long one. The difficulties Russia is obliged to encounter are likely to prove insurmountable, while Japan would be glad to make peace if she can drive Russia out of Manchuria and Corea."

Our soldier foremost in common repute, General Nelson A. Miles, is non-committal. He says:

"I think it is reasonable to presume that the war will be of long duration, and that a much larger number of men will be brought into the field of operation than are now engaged. It is likely to be a very expensive war before it ends, and a war that is quite likely to involve other European powers. I see no occasion for our own country's being concerned in an entangling alliance, and should regard it as a great misfortune if it should become involved. . . . As to what the result will be, no mortal can safely predict. . . . How, when, and where the war will end, is as impossible to determine, as it would be to prophesy the result of a game of chess."

Another well-known American strategist, General Joseph Wheeler, says:

“The chances of the final victory are certainly with Russia. Russia’s resources and army preponderate so greatly that it would seem that the Czar’s troops would be able to overcome the forces which will finally be inferior in numbers.”

Still another American soldier of great distinction, and one who knows the Russian army intimately in peace and war, General Francis V. Greene, firmly believes in Russian success, pointing to the almost unbroken advance of the Russians in years past. He takes the view, however, that the final settlement of the quarrel will not be by Russia and Japan alone. In this connection he says:

“It is quite certain that Japan will not become a Russian province, nor will there be any ‘yellow peril’ under the leadership of Japan; for, no matter which side wins, the treaty of peace will be made, not by the two combatants, but by a congress of all the great powers, including ourselves—so far have unforeseen events carried us away from the traditions of Washington. The terms of that treaty will be such as the great nations think best for the interests of the whole world, and not alone of the two nations who have carried on the war.”

In saying this General Greene might have pointed as precedents not only to the treaty of Shimonoseki, on May 8, 1895, the terms of which were subsequently nullified at the joint demand of Russia, Germany, and France, leaving Japan as the fruit of her conquest merely the island of Formosa, but to others as well—for instance, to the treaty of San Stefano, which was broken by the Congress of Berlin, leaving Russia not an inch of Turkish territory.

Since the outbreak of the war, Japan’s minister in

Washington, Kogoro Takahira, has repeatedly made statements in public as to what Japan is fighting for. The most cogent and comprehensive of these statements said, among other things:

“The indefinite occupation of Manchuria by Russia would be a continual menace to the Korean Empire, whose independence Japan regards as absolutely essential to her own repose and security. . . . Russia was not willing to bind herself in any manner regarding the independence and territorial integrity of China.”

Another Japanese gentleman of distinction, Baron Kentaro Kaneko, a graduate of Harvard University, and a former member of the Japanese Cabinet, recently was heard to declare that “We are not looking for the acquisition of territory. For the sake of peace we gave up Manchuria, which we had won by loss of blood and treasure. Peace was and is the sole object of Japan. . . . We tried in every diplomatic and conciliatory way to avoid a conflict with Russia, but she would not keep her word, and we had to fight for our honour and existence.”

On the other hand, Count Cassini, Russia's ambassador in Washington, quite recently expressed himself in a very different way. Some of his statements were as follows:

“The success of Japan in the present war would imperil the interests not only of Europe, but of America also. It would make the Japanese dominant in Asia, and result in an Asiatic league. Japan is an ambitious, aggressive nation, eager for war and conquest. No one who has any acquaintance with the two countries can doubt that if Japan were to become ascendant, she would supply military instructors to

China, and in ten years she would raise an army from the 430,000,000 inhabitants of that empire that could defy the world. . . . The Chinese are not at all slow. As Russian minister to Peking, I had excellent opportunities to study them. I was there in 1894 during the Chinese-Japanese War. From that time until 1900, when the Boxer uprising occurred, a period of only six years, the Chinese have displayed an amazing development in military spirit and capacity."

Such a statement, though coming from so high a source, must not go unchallenged. The facts contradict it. Since her rise as a military and naval power, Japan has given no evidence whatever of a belligerent temper. The war of 1894-95 grew out of old and well-founded claims which Japan had on Corea, or rather, on the maintenance of an efficient government there. The war was forced on Japan, just as much as was this present war.

The "yellow peril" idea is a bugaboo which Russia has been very cleverly manipulating in the past, and with which she is more or less successfully trying to blind the eyes of the seeing now. But it is a figment of the imagination, a phantom which has no real existence. Its absurdity will be shown elsewhere in this book.

The author of one of the most valuable books on modern Russia, Henry Norman, M. P., in the final paragraph of a recent article, says:

"In conclusion, I will venture upon one prophecy, namely, that the result of this war will be for Russia a blessing in disguise. The policy of expansion everywhere, at any cost, and by any method, whether of arms or of diplomacy, together with its authors and upholders, will be discredited. The canker at the

heart of Russia—the corruption of her bureaucracy—will be cut out. The statesmen who desire to curtail military expenditure, and to encourage Russian production and commerce, will come back to power. The Czar will brush aside opposition to the ideals of humanity and peace that he cherishes. The unparalleled natural resources of Russia, in mines and forests and wheat-lands and cattle-lands and oil-lands and great water-powers, will be developed. This movement will weed out the incompetent and dishonest official, and Russia will, I am convinced, date a new and a better epoch from the year in which two classes of her officials deceived their emperor and betrayed their country.”

Frank A. Vanderlip, vice-president of the National City Bank of New York, and formerly assistant secretary of the Treasury, in a recent admirable statement of the financial resources of the two countries, declares the credit of both Japan and Russia in the world's money markets to be not very good. Japan's only market for her securities he finds in London; Russia's, in Paris, Berlin, Amsterdam, and Brussels, the capitals of her main creditors. He cites a number of unreliable data in Russian budgets; exposes the regularly recurring “free balance” in the Russian treasury as a sham, and points to the “extraordinary expenditures,” amounting for 1904 to some \$100,000,000, as instances of curious book-keeping; but he admits the great strength of Russia's gold reserve. Indeed, he says that in the preceding year, Russia's stock of gold increased \$90,000,000, bringing it up to \$525,000,000. One statement by him is significant. He says:

“One of the greatest factors in the strength of the Russian financial position, however, lies in the vastness

of her existing debt. With the investors of France holding \$1,400,000,000 of her securities, they must of necessity buy more. They cannot permit prices to be unduly depressed; and, rather than see that, investors already interested in Russian securities will certainly buy more. The same is true in only a less degree in Germany and Holland."

An inkling of the extent to which this country is materially interested in the present war zone is furnished by a recent statement from the pen of O. P. Austin, chief of the Bureau of Statistics in Washington.

American commerce there has grown from tiny beginnings to great heights. It amounted, in 1843, to a trifle over \$6,000,000, exports and imports. In 1903 the exports from the United States to Japan, China, Corea, Hong Kong, and Asiatic Russia had risen to \$49,970,000; the imports from these countries were \$72,320,000. Thus we have at present a trade of over \$122,000,000 with those regions. The British Empire alone still exceeds us in the magnitude of her commercial interests there.

But that this country is on the ascending scale in this matter, while Great Britain is declining, shows itself very plainly by an analysis of the figures.

In 1873 Great Britain did a trade of \$121,000,000 with those countries. In 1883 it had declined to \$110,000,000, and in 1902 to \$98,000,000. It is only by grouping exports and imports from British India, Australasia, and other British possessions, with those of the mother country, that the whole volume of her business with Far Asia can be shown to be still greater than ours.

American trade with Japan has risen even more

rapidly than that with China. We exported to Japan (in 1902) \$21,485,000 to Great Britain's \$26,000,000. Within twenty years British exports to Japan have doubled, American ones have more than sextupled.

Taking the whole of our imports and exports to Far Asia, we see that since 1883 our sales to them have more than quadrupled, and our purchases doubled.

In a pronounced degree, we are Japan's best customer. We buy from her the bulk of her unmanufactured silk, and practically all of the tea she exports. Of China a similar statement can be made. At present Japan still takes most of her cotton from India. That cotton is of shorter staple and therefore less valuable, but for Japanese uses it has until now sufficed. With a further development of Japan's cotton industry, she will need our better cottons. And, it must be remembered, the cotton industry has always been the leading one in Japan. That nation is destined to be one of the chief cotton goods producers of the world.

With Russia our trade relations have never been even nearly as large as they ought to be from the size and population of the country. Those with Asiatic Russia have been and are but a drop in the bucket of our foreign commerce, just a paltry million or two.

We exported to Russia in 1880, all told, \$13,229,000, and in 1903 \$17,606,000, about \$4,000,000 less than to Japan.

Russia's total imports from all parts of the world increased from \$242,000,000 in 1871 to \$305,000,000 in 1901, or 25 per cent.; Japan's total imports in the same time increased from \$22,000,000 to \$127,000,000, or 480 per cent.

Some other facts are also suggestive.

Russia discourages, by every means at the disposal of an autocratic government, exports from other countries. Her trade with foreign nations is hampered by an excessive tariff, by an extremely corrupt customs service, and by every kind of official chicanery.

Another fact: Russia is our chief rival in her main exports—kerosene, flour, wheat, lumber, cotton goods (by paying an export bounty on them), provisions. In short, she is a natural producer of nearly all the articles which form the bulk of our export to the Orient. Doubtless she would be an active and vigorous rival in the contest for that market, while Japan's productions are entirely different in character from those of the United States, and in no way competitive.

CHAPTER IV

A TRIUMPH OF AMERICAN DIPLOMACY

To Americans it must be matter of sincere congratulation that in this whole Far Eastern problem the far-sightedness and fairness of our statesmanship and diplomacy have excelled those of any other nation.

Indeed, it is strictly within the truth to say that—so far at least—American good sense has achieved a signal victory in handling this most thorny question.

Of course there was plenty of precedent for that on our side. From the very outset, this country has displayed singular sagacity, and been favoured by as singular luck, in dealing with China, Japan, and Corea. To determine how much of it was sagacity, and how much luck, may be left to individual taste and judgment.

At any rate, the very letter which inaugurated regular international relations between the Celestial Empire and this republic, sixty-one years ago, was a masterpiece of shrewdness and sound sense. It is worth reproducing :

“ I, John Tyler, President of the United States of America—which States are Maine, New Hampshire, Massachusetts, Rhode Island, Connecticut, Vermont, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia, Kentucky, Tennessee, Ohio, Louisiana, In-

diana, Mississippi, Illinois, Alabama, Missouri, Arkansas, and Michigan—send you this letter of peace and friendship, signed by my own hand.

“I hope your health is good. China is a great Empire, extending over a great part of the world. The Chinese are numerous. You have millions and millions of subjects. The twenty-six United States are as large as China, though our people are not so numerous. The rising sun looks upon the great mountains and great rivers of China. When he sets he looks upon rivers and mountains equally large in the United States. Our territories extend from one great ocean to the other; and on the west we are divided from your dominions only by the sea. Leaving the mouth of one of our great rivers and going constantly toward the setting sun, we sail to Japan and to the Yellow Sea.

“Now, my words are that the governments of two such great countries should be at peace. It is proper, and according to the will of heaven, that they should respect each other and act wisely. I therefore send to your court Caleb Cushing, one of the wise and learned men of this country. On his first arrival in China he will inquire for your health. He has strict orders to go to your great city of Peking and there to deliver this letter. He will have with him secretaries and interpreters.

“The Chinese love to trade with our people and to sell them tea and silk, for which our people pay silver, and sometimes other articles. But if the Chinese and the Americans will trade there should be rules, so that they shall not break your laws or our laws. Our minister, Caleb Cushing, is authorized to make a treaty to regulate trade. Let it be just. Let there be no

unfair advantage on either side. Let the people trade not only at Canton, but also at Amoy, Ningpo, Shanghai, Fuchau, and all such other places as may offer profitable exchanges both to China and the United States, provided they do not break your laws nor our laws. We shall not take the part of evildoers. We shall not uphold them that break your laws. Therefore, we doubt not that you will be pleased that our messenger of peace, with this letter in his hand, shall come to Peking, and there deliver it; and that your great officers will, by your order, make a treaty with him to regulate affairs of trade, so that nothing may happen to disturb the peace between China and America. Let the treaty be signed by your own imperial hand. It shall be signed by mine, by the authority of our great council, the Senate.

“And so may your health be good and may peace reign.

“Written at Washington, this twelfth of July, in the year of our Lord one thousand eight hundred and forty-three.

“Your good friend,
(Signed) “JOHN TYLER,
“President.”

Caleb Cushing was the man who delivered this letter, gauged so keenly in accordance with Oriental perceptions, and the result of his mission was a commercial treaty between China and the United States. By virtue of its terms certain ports were opened to Americans. Similar privileges were afterwards granted to other nations.

So, then, this was the first “open door” by which our products could enter. It was the inauguration, in

other words, of that "open door" policy to which this nation has since consistently clung, the only one in that quarter which will "pay" in the long run.

Ten years later, Japan, which up to that time had had no commercial relations with the outside world, signed a treaty at the request of the United States—Commodore Perry having done the preliminary work in a most tactful manner—by which American vessels were allowed to enter certain of the Japanese ports, and trading privileges were given to American merchants.

Thus it was that the United States, without any war of aggression, without risking blood and treasure, did more to open the commerce of the Orient than all the European powers together.

It was, therefore, by building on foundations laid by his predecessors, that our able secretary of state, John Hay, pursued his own Far Eastern policy.

In 1899 a fair solution was advanced by Mr. Hay of the troublous problem how to bring Far Asia within the range of western civilising missions.

By our acquisition of the Philippines, China had become our near neighbour. At that time, Great Britain, Russia, France, and Germany had already gained special advantages and exclusive privileges in portions of China, including acquisitions of territory. The dismemberment of China seemed at hand.

That such designs were rife at the time admits of no doubt. They were cloaked under the euphemistic phrase of "spheres of influence." But they meant nothing else than the gradual slicing-up of China's immense living body. These plans had rapidly matured since the close of the Japanese-Chinese war of 1894-95, and it had been to keep the younger power, Japan, from

sharing in these spoils, to nip in the bud any slumbering ambitions on her part, that Russia, Germany, and France had torn up the treaty of Shimonoseki, and deprived Japan of the fruits of her well-won victory.

In the nick of time, at what diplomats call the "psychological moment," this country intervened. To retain in China, as Mr. Hay phrased it, "an open market for all the world's commerce, to remove dangerous sources of international irritation," and to promote administrative reforms in China, greatly needed to strengthen the imperial government at Peking, and to maintain the integrity of China, was what the United States demanded and urged.

Mr. Hay, in September, 1899, inaugurated a series of negotiations with those powers that had obtained "spheres of influence" in China. To secure results which would benefit the entire western world, he insisted that powers holding "spheres of influence" should give assurances in writing that within those "spheres" there should be:

(1) Non-interference with any treaty port or with vested interests of any nation;

(2) Equality of treatment for all nations in the matter of tariff duties in China, and provision for the collection of such duties by the Chinese government itself; and

(3) Equality of treatment for all nations in the matter of harbour dues on vessels and in railroad charges.

To express the matter differently, it was proposed by Mr. Hay that all non-privileged nations entertaining commercial relations with China should, in such relations, be treated as if there were no "spheres of influ-

ence" or other government present in China. All that America asked was a fair field and no favour.

These negotiations, vigorously begun and prosecuted, and on this side pervaded throughout by an evident spirit of frankness, proved eminently successful. The governments concerned were those of Russia, Great Britain, Germany, France, Japan, and Italy. Within three months replies from them all had been received, giving cordial and full assurance of adhesion to the principles suggested by our government.

It deserves mention that the German government was especially cordial and emphatic in its adherence. In his note of February 19, 1900, Count von Buelow, now imperial chancellor, but at that time still Germany's secretary of foreign affairs, said:

"The imperial government of Germany has, from the beginning, not only asserted, but also practically carried out to the fullest extent, in its Chinese possessions, absolute equality of treatment of all nations with regard to trade, navigation, and commerce. The imperial government entertains no thought of departing in the future from this principle."

All the other replies, the one from Russia included, were of similar tenor. A great triumph in favour of equality of treatment for the commerce of the nations had been achieved.

This had scarcely been done, however, when the world was startled in the early part of 1900 by reports of frightful massacres and atrocities being perpetrated by the Boxers upon all foreigners in China. The charge of collusion has been laid at the door of the imperial government at Peking, but it has never been clearly proved. Whether or no, however, the central

government was evidently too weak and indifferent to restrain those large bands of evil-doers or to afford protection to foreign residents.

The person actually exercising the prerogatives of the throne,—the dowager empress, Tsi An,—with her charge, the nominal emperor, and the whole court and nearly all the government officials, fled and abandoned the capital.

It was during the awful time of suspense, while the whole civilised world turned its eyes toward that small quarter of Peking where the ambassadors and other representatives of the powers were being besieged and in momentary expectation of a frightful death, that one nation and one man did not lose their heads.

When the ancient empire seemed tottering to its fall, there appeared, on July 3, 1900, a clear, calm note addressed by Mr. Hay to all the powers having interests in China, containing a statement of the position of our government with respect to affairs there.

This note declared the intention of our government to abide by its well-known policy of peace with China, the furtherance of commerce, the protection of American citizens, and the demand of full reparation for wrongs.

The purpose of the United States was declared to be to act concurrently with the other powers in re-establishing communication with Peking, to rescue Americans there, to protect Americans and their property everywhere in China, and to prevent the further spread of disorder in the empire. The note also declared that it was the policy of this government to seek means to bring about permanent safety and peace to China, to preserve her territorial and administrative entity, to protect all rights guaranteed to friendly powers, and

to safeguard for the world the principle of equal and impartial trade with all parts of the Chinese Empire.

The whole spirit of this note was so reassuring and sincere that it met with a most sympathetic and hearty approval on the part of the other powers. It did more than any other single factor, in encouraging and promoting the expedition which successfully undertook the rescue of the besieged diplomatic corps. It helped immensely to bring about an early restoration of order and peace in China.

The note, however, was a sledge-hammer blow, inoffensive as it seemed, for the maintenance of the "open door."

There followed negotiations resulting in the protocol between China and the allied powers. This protocol was signed on September 7, 1901. It served to heighten the respect of the nations of the world for the straightforward policy of the government of the United States. In the course of these negotiations it was due to the skilful endeavours of the American commissioners that a certain degree of leniency was shown to the imperial government of China. The demands of the other powers had been in favour of meting out to the leaders of the Boxer hosts and the Chinese officials implicated in the anti-foreign massacres, punishments so drastic and humiliating to Chinese self-respect, that to carry them out would have meant the perpetuation of the spirit of intense hostility to all persons of western blood. The agreement finally adopted by the international commission avoided such extreme humiliation, and thus opened the path to eventual reconciliation between the allied powers and China.

The same reasons which had guided our govern-

ment's action in these particulars stood it in good stead in insisting on a course of measures intended to prevent the recurrence of such internal troubles as the Boxer rising. Our policy then and since has been to further the existence of a stable and responsible government in China, and, by strengthening its powers, to secure in the easiest way a fair measure of protection for our citizens and our interests under existing treaties.

With a like point in view, Mr. Hay took a firm stand against the exorbitant demands of the other allies in the way of indemnity for wrongs inflicted during the Boxer troubles. Not only was the total amount of this indemnity greatly reduced—in fact, more than cut in half—by the efforts of our government, but the form and period of payments, and the coin in which these were to be made, were also brought more in consonance with the actual ability of the Chinese government.

It was in accordance with this spirit of consideration and forbearance towards a weakened and humbled power that the share of the indemnity to be paid to this country was voluntarily diminished by us. This striking and almost unheard-of instance of international generosity, could not fail to impress even so callous a race as the Chinese. They saw in it a proof of our friendly inclination, and the then Chinese minister to Washington, Wu Ting Fang, made repeated and zealous expressions of gratitude.

Practically, though, the greatest service which this government rendered downtrodden China was the successful insistence on the silver rate of payment to be made by China. The protocol of September 7, 1901, had provided for Chinese instalments of the indemnity

in haikwan taels, the largest silver coin in vogue in China, and at the time worth about seventy-two cents. Silver thereafter sank rapidly, and the allied powers, with the single exception of this country, thereupon insisted that the haikwan tael was to be accepted only at the much lower value to which meanwhile it had been reduced in the money markets of the world.

Our government maintained a contrary view. It claimed that, as a matter of fairness, Chinese silver should be taken for the instalments of the indemnity at the same value which it possessed on the day of signing the protocol. And, though this view was combated fiercely by several of the other powers, notably Russia and Germany, it finally prevailed—another triumph of American diplomacy.

Early in 1902 this government received reliable information of the details of a proposed agreement between China and Russia regarding Manchuria. By the terms of this proposed agreement, there were to be conferred on Russia in that important province exclusive rights and privileges which were in direct conflict with American treaty rights. Incidentally they threatened to impair seriously the sovereign rights of China in that portion of her dominion.

Manchuria is a province of China which holds much in store for American commerce. The ports of Manchuria face our Pacific coast in a direct line, and though American trade with them is of rather recent date, and amounts as yet to only a few millions yearly, the conditions are such that we may confidently look there to commercial supremacy in the very near future, provided Manchuria remains a Chinese possession in the full sense. The imports of Manchuria are precisely of the description which suits us best. American

cottons and calicoes, petroleum, hardware, and other products, such as flour and canned meats, in which we are strong, are much in demand there; and within a very short time, we have built up a safe and paying trade, a trade which may be expanded almost limitlessly.

Mr. Hay took prompt action on receiving the above information. A vigorous protest was lodged by our government with both China and Russia, pointing out the deleterious effects of the proposed agreement upon American interests and those of the whole world, and also calling attention in unmistakable terms to its conflict with solemn assurances previously given regarding the "open door."

In this instance again, the frank and open language of the protest did not fail of its effect. Considerable modifications of the terms of the agreement were made in favour of other nations; and the protest called forth from Russia a renewal of her assurances that she had no intention of violating the principle of the "open door," and firmly meant to maintain it.

Another signal step in the same direction was taken by our government when a commercial treaty was signed between the United States and China, dated at Shanghai, October 8, 1903. This instrument reinforced the "open door" policy by removing many annoying restrictions previously placed upon foreign trade by Chinese officials, and by simplifying the methods of intercourse both with the central government and local authorities. The most important advantage, however, gained by this treaty was the opening to "international residence and trade" of the two cities of Mukden and An Tung in Manchuria. These cities, while not seaports, are important trade centres,

and will prove of immense advantage to the spread of American commercial interests throughout that whole region.

Since then events of great and international importance have been precipitated. The clash between Russia and Japan became at last inevitable. Hostilities once begun by those two powers, their geographic situation as well as that of the theatre of war, seemed to make it likely that China herself would become more or less involved, if not in actual warfare, at least in armed neutrality and in the extension of the territory affected. The integrity of the empire might again be seriously impaired, and the principle of the "open door," with all its benefits to this country and the world, seemed gravely imperilled.

Again Secretary Hay was quick to perceive and prompt to act in such a delicate situation. After some preliminary negotiations, he sent, on February 10, a note to the governments of Russia, Japan, and China, and a copy of it to other powers, requesting similar representations to Russia and Japan. This note was brief and to the point, reading as follows:

"You will express to the Minister of Foreign Affairs the earnest desire of the government of the United States that in the course of the military operations which have begun between Russia and Japan, the neutrality of China, and in all practicable ways her administrative entity, shall be respected by both parties, and that the area of hostilities shall be localised and limited as much as possible, so that undue excitement and disturbance of the Chinese people may be prevented, and the least possible loss to the commerce and peaceful intercourse of the world may be occasioned."

The government of Japan responded first, on February 13, saying:

“The Imperial Government, sharing with the government of the United States, in the fullest measure, the desire to avoid, as far as possible, any disturbance of the orderly condition of affairs now prevailing in China, is prepared to respect the neutrality and administrative entity of China outside the regions occupied by Russia, as long as Russia, making a similar engagement, fulfils in good faith the terms and conditions of such engagements.”

Nine days after the receipt of Mr. Hay's communication, and six days after Japan's reply, the government at St. Petersburg likewise answered in these words:

“The Imperial Government shares completely the desire to insure tranquillity of China; is ready to adhere to an understanding with other powers for the purpose of safeguarding the neutrality of that empire on the following conditions:

“Firstly, China must herself strictly observe all the clauses of neutrality.

“Secondly, the Japanese Government must loyally observe the engagements entered into with the powers, as well as the principles generally recognised by the law of nations.

“Thirdly, that it is well understood that neutralisation in no case can be extended to Manchuria, the territory of which, by the force of events, will serve as the field of military operations.”

The central government of China, on its own part, gave emphatic assurances of a firm intention of remaining strictly neutral during the war.

European powers interested in China enthusiastically adhered to our government's declarations. Mr. Hay lost no time in notifying the governments of Russia, Japan, and China that the answers received by him were "viewed as responsive to the proposal made by the United States, as well as by the other powers," and thus the matter stands.

It was another victory of far-sighted American statesmanship.

This last action gave China again the assurance of continued American friendly interest, and of our moral support in her efforts to maintain her neutrality and sovereign sway in her own dominions.

CHAPTER V

THE INTEGRITY OF CHINA

OUR whole Chinese policy has been built from the start on the assumption that the integrity and independence of the Celestial Empire can and must be maintained. This is its cornerstone. Failing that, we should fail in our whole Chinese policy.

In the preceding chapter, it has been shown that this policy has not only been consistently adhered to by us, through all the changes of administration, the enormous shifting of political and economic opinion in the United States, and even during the bitter trials of our great Civil War, but that it has been singularly successful. On many occasions this country has stood up alone in defence of Chinese rights and of Chinese territorial integrity, and this has been the case more particularly during the past lustrum. But in every case we have won—won even at a time when the United States was still considered in the light of a western hermit nation, and was far from being a world power of such immense resources and far-spreading influence as to-day.

The reason for this uniform success must, therefore, be something more than the mere weight which our voice has to-day in the councils of nations. It was due principally to the inherent righteousness of our position. The notable simplicity, directness, and openness which have characterised our Chinese policy have been additional elements of importance.

As Mr. Hay has well said: "We have sought, successfully, to induce all the great powers to unite in a recognition of the general principle of equality of commercial access and opportunity in the markets of the Orient." Through all the correspondence on the "open door," run these or similar plain, frank words: "to insure to the whole world full and fair intercourse with China on equal footing."

We can justly take credit to ourselves for having been the first champion, and the most consistent one, of the "open door."

Neither England nor Japan in this respect has been as frank, consistent, or unselfish in defence of this great principle. True, both England and Japan have been siding with us for a number of years past, and it is just as much to their well-understood interests to promote and, if need be, fight for the "open door" as it is to our own, though in the case of England not in the same degree. But this has not prevented England from wresting Hong Kong from China, acquiring more or less forcibly Wei Hai Wei, on a promontory of the province of Shan Tung, and the district of Kau Lung, opposite Hong Kong, on the mainland. It has not prevented Japan from seizing, at the close of her last war with China, Port Arthur and the peninsula of Liao Tung, and Formosa and Ta Lien Wan.

Overwhelming public opinion in Great Britain is now in favour of the "open door." But this has been brought about almost entirely by American instrumentality, and there are very many of the most influential public men in England who believe with the average Briton that the "open door" is doomed, and that the integrity and independence of China, the sway of her government and the cohesion of her several

parts, cannot much longer be safeguarded by the western powers. The opinion indeed is very widespread in England, editorials in her weightiest newspapers to the contrary notwithstanding, that to prop up tottering China is a thankless and hopeless task,—that China is hurrying to her ruin.

What real public opinion in Japan is on this subject, we are not prepared to state. Public opinion there is only in the making. And the Japs are too shrewd a people to tell their inmost longings to the world. It is true that both their government and their influential press have been assuring the world for years past that nothing is further from their minds than a desire to assist in an autopsy on China.

In any case, whether Japan is quite sincere in the matter or no, the conformation of facts relating to the external and internal conditions of China is such as to make it the part of wisdom for the little island empire to stay her hand in any attempts at the division of her huge neighbour.

Doubtless the keen sense of Japan's statesmen has told them ere this that she holds better trump cards by siding with this country and England in a policy of preserving and regenerating China, than in the opposite policy espoused by Russia and France and—till recently—by Germany, of a dismemberment of China.

Certainly the march of events since 1895 must have taught Japan that her only safety, so far as the Chinese problem is concerned, lies in co-operation with the English-speaking nations, and the alliance she concluded with England on January 30, 1902, would seem a striking confirmation of this supposition.

The belief, then, that the territorial integrity of China, together with her national independence, is

feasible, and that, at any rate, it can be prolonged for many years to come, is the foundation of the Chinese policy of the United States, and the dismemberment of China would destroy our carefully raised fabric, would demolish the hopes nurtured for many years of an increasingly important market for a surplus, steadily growing, of American manufactures and raw stuffs. How much depends on the realisation of these hopes will be shown in detail in another chapter.

It must be admitted that the situation, even before the outbreak of this present war, was very difficult for China. The empire certainly hangs very loosely together. The present dynasty, the Manchus, is hated or despised by large portions of the Chinese population. The liberalising element in China, the men who have received a western education, are to a man opposed to this dynasty. All through the south of China the feeling of dislike and contempt for the Manchus is especially strong. It may be questioned whether, even in such a conservative country and with a population so inured to passive obedience, this present dynasty will outlive the decade.

The powerlessness of the central government in China is pitiable. All the sap and energy which the Manchu conquerors brought with them from their free life on the steppes seem to have left them forever. Official corruption gnaws like a canker at the vitals of the country.

Additional reasons might be cited making toward the downfall of China. Many of those Europeans and Americans, who have resided there longest and know country and people best, despair of a national future for the Chinaman.

But it is not the cue of the United States to magnify

the dangers threatening China's integrity. And there are, without any manner of doubt, good and weighty reasons to be cited for the other contention, the American one. Above all, no matter how bad the present government, there remain the Chinese people, a people of more than 420,000,000. What is to be done with them? No matter if the Manchu dynasty be upset, this immense people will remain, under new or old rulers, a gigantic factor in the future development of this globe. A people numbering more than one-fourth of the entire population of the earth, a people showing individually such immense vitality, industry, abstemiousness and sobriety, is not to be brushed aside by a mere phrase such as—The Dismemberment of China.

Dismemberment would only make the Chinese problem much harder to solve, besides depriving us of a splendid market. Both reasons are quite sufficient to make it worth while for American statesmanship to bend its energies to the utmost in the maintenance of China as a political and economic entity.

The system of "interest spheres" never worked well. It is full of dangers to the peace of the world. We have seen that in Asia, on many conspicuous occasions, ancient and modern. France and England could not abide together in India. We see the same fact to-day in Africa. Fashoda almost precipitated a war between France and England. Joint administration and joint power did not work in Egypt. Neither does codominion ever work well. We ourselves saw that, even if in the case of a rather petty object—the Samoan Islands. Collisions of a more or less serious character are bound to occur between different powers exercising the rights and privileges of "interest spheres," and joint dominion in any shape would make matters much

worse. Moreover, in case of other wars, waged perhaps in another hemisphere or at home, these "interest spheres" would yet unavoidably participate in the evils and losses incident to warfare.

And in all this we have left out of consideration the question whether the Chinese themselves would supinely acquiesce in foreign domination, in the rule of the hated foreigner—the man whom they look upon as a barbarian. This may be doubted.

It has been stated many times that the Chinaman is devoid of patriotism. An American who by reason of almost lifelong residence in China knows the people well, Rev. Arthur H. Smith, sets up this claim in his very interesting book on Chinese social life. Others have done the same. But these men wrote before the late Boxer rising. And this internal movement in China seems to disprove such a contention. All through the Boxer rising there were many evidences of what, if it had occurred with us or in some western countries, would be called patriotism. Beyond a doubt, if love and pride of country have been slumbering in the Chinese mind and heart for many years, there seem to be ample signs of a reawakening.

Let the world not add another glaring misconception to those that have been prevalent about China, in denying to the nation outright a feeling which seems in some degree, everywhere inborn in the human bosom. Let us rather conclude that Chinese patriotism is, like so many other things Chinese, only of a different type from ours.

CHAPTER VI

RESULTS OF THE WAR TO THIS NATION

It may be objected that it is rather taking time by the forelock to devote a chapter to the results of a war which at this writing is still in vigorous progress. That objection may be urged still more when it is admitted by the writer at the outset that he lays no claim to being a prophet or the son of a prophet.

To define distinctly the coming results of the present duel between the Russian and the Jap, and to weigh accurately the composite elements that will form its outcome, and not only for the belligerents, but for the world in general and this country in particular, we shall have, of course, to wait for some time after the treaty of peace has been signed. No attempt will be made here to forestall events.

But there are certain things which, putting two and two together, may be stated even now, with some degree of confidence.

Russia, whether she ultimately wins or loses, will be greatly weakened. In any event, she will issue from this war financially impotent, with her credit strained to the utmost. Perhaps for decades to come she will practically be out of the race in Far Asia, commercially and industrially, and to a considerable extent politically.

Obeying her internal necessities, Russia's economic policy, both in Europe and Asia, is and must remain

monopolistic and protective. In any case, at the close of this war, she will have to enter on a course of internal reforms, taxing her energies fully. She will have to build up a national industry on broader and sounder foundations than her financial genius, Witte, was able to do, hurried on as he was by the powerful Old Russian Party and by the urgent demands of the hour. Her finances crippled for many years to come; her enterprise gone; herself no longer a profitable field for foreign capital—that, in a few broad strokes, will be her condition.

Japan, in several of the above respects, will be similarly situated, although her enterprising spirit will be undiminished, probably even heightened. But the war will have proved an enormous strain on her finances, too, and on all of her material resources. These and other facts will greatly handicap her, for a number of years at least, in the coming fierce strife among the ruling nations for commercial supremacy in the Far East.

We shall have England and Germany as our main competitors in the Pacific. Either of the two will prove a formidable rival.

Now, as to England, the case is plain. She is committed to the "open door." If we can beat England in her own home market—as we have been doing of recent years—we surely can in Far Asia, for that part of the world is so much nearer to us, and will be still nearer after the completion of the Panama Canal. The Philippines give us an excellent lever and base for all our political and commercial operations. Besides, the chief commodities in demand in the Far East—cotton goods, petroleum, hardware, agricultural and industrial machinery, machine tools, flour, and canned goods

—are precisely the things we can produce more cheaply and in better quality than any other nation. We need not fear competition with England.

As to Germany. Although of pro-Russian sympathies and affiliations, she, too, is in favour of the "open door." Her interests demand this imperatively. In Manchuria, where the United States is strong, commercially speaking, Germany has never obtained a commercial foothold. But in Central and Northern China proper, she is and will be our most formidable rival.

The assets in Germany's favour are very great. Her ambitions are greater. The Carolines and Kiao Chao are not enough for her. Unless checked, she will exert paramount sway over the whole of Shan Tung province,—one of the most important in China,—with a population of 38,000,000.

But Germany has her weaknesses. Her financial and commercial horizon is too narrow. She displays extreme caution in risking capital, and there is neither boldness of conception nor of execution in her merchants. Officialism and bureaucracy are great hindrances to her. Her sea route to China is too far, in comparison with ours, and land routes are closed to her.

France, too, will be our competitor, but no dreaded one.

All these facts will be shown in detail in another chapter; the above is a mere outline.

Now, how about the United States?

The United States will be in an exceptionally strong position in the coming struggle for supremacy in the whole Pacific. She will be in a condition to reap the main harvest when it shall be ripe.

But is, then, the supremacy in the Pacific of such

enormous importance to us? It surely is. To show this it will be necessary to cast a glance at our own internal conditions.

There are three factors that chiefly enter into play in this connection.

EXHAUSTION OF ARABLE PUBLIC LANDS

The first is the exhaustion of our arable public lands. True, there are still more than 500,000,000 acres of vacant government land, but the mad rush for Oklahoma and the Cherokee reservation, when thrown open to settlement a few years ago, showed how little of this remaining land is arable. Much of this remnant of vacant public lands would afford good grazing, and Major Powell, an authority on this question, estimates that 100,000,000 acres of it can be reclaimed for agriculture by irrigation. But this would mean a task beyond private enterprise. In any case, what is left of arable public lands is a mere trifle, comparatively speaking, for a rapidly expanding and increasing nation—a nation which received during the past five years some 3,000,000 immigrants, not to mention its own natural increase in population.

Indeed, the practical exhaustion of new agricultural land has been an established fact for some years back. It has brought about a counter-emigration from this country to Canada. This is a curious and very significant fact. The culmination of Canadian immigration into the United States was reached in 1890. At that time there were 392,802 Canadians within our borders. During the decade 1890-1900 Canadian immigration dropped to 3064. But that does not tell the whole story; for to offset this small Canadian immigration, there has been going on a far larger American

emigration into Canada. Over 12,000 American settlers crossed the Canadian line in 1900; the number rose to 17,987 in 1901, and to 24,099 in the fiscal year ending June 30, 1902, when the figures for American immigration on Canadian soil were larger than those from the whole of continental Europe. The United States, then, has lost to its northern neighbour about 55,000 citizens within those three years; and even these reports are not complete, for they do not include a large number of American settlers who trekked across the Canadian border in their own wagons. In 1903 immigration from the United States to Canada rose even to 49,673, being 8000 in excess of the British immigrant contingent.

These American settlers were all of the substantial kind, nearly all farmers from the Prairie states. Their average wealth was estimated by the Canadian authorities at something over \$3000 per family in money, cattle, and other property. This sudden turning of the tide of migration is due, as already said, to the exhaustion of our supply of free arable land. The fact marks a crisis in the relation of our population to our area. Abundance of free land gave the United States the distinguishing characteristic of a youthful country. That point has now been passed.

Hereafter, at an increasing rate, American emigration, mostly from the Prairie states, to Manitoba and British Columbia will be a permanent feature.

Within one hundred years the population of the United States grew from 6,000,000 to 70,000,000. Our next census will show not less than 90,000,000. More than 4½ million farms have been brought under cultivation. Half a thousand cities have been built. For forty years there was an average of 16,000 acres

of wild land subdued daily. Railroad growth has been on a par. The latest official figures show 221,000 miles of railroads.

Referring to what Americans have accomplished, Henry M. Stanley said: "Treble their number of ordinary Europeans could not have surpassed them in what they have done. The story of their achievements reads like an epic of the heroic age."

Mulhall, the noted British statistician, in 1895 estimated the energy of the United States at 129,306,000,000 foot-tons daily, nearly as much as that of Britain, Germany, and France combined. Mulhall adds: "If we take a survey of mankind in ancient or modern times, as regards the physical, mechanical, and intellectual force of nations, we find nothing to compare with the United States."

It is not strange that this amazing energy, applied to resources which are perhaps unequalled, has made us the richest nation in the world.

But the western limits have been reached. Standing on the shores of the Pacific, farther west is the East.

Hereafter the main commercial movement will be between the temperate and the tropical zone. This movement has already set in. European powers within the last twenty years have seized 5,000,000 square miles, an area far larger than the whole continent of Europe, and all of it lying in tropical or subtropical regions.

During the past century Europe's population increased 50 per cent., her manufactures 300 per cent.—from \$5,000,000,000 to \$15,000,000,000 annually. Therefore, the increasing necessity of foreign markets to Europe. These markets are now best found in

the tropics. Formerly the commercial movement was mainly east to west; it will now become mainly north to south and west to east.

Commerce, like water, flows only where there is inequality. A dead level of absolute equality means stagnation. Inequality or unlikeness of natural products, and differences among peoples, promote commerce. Development of the belated races, many of them centuries behind others, will take a line of its own. Neither the Malay nor the negro, the Chinese nor the Hindoo, will ever become at all like ourselves, no matter if all the adjuncts of civilisation and all its essentials are put within their keeping.

NEW MANUFACTURING SUPREMACY

The second important fact for us is our new manufacturing supremacy.

The United States long since was conceded the first place in agriculture. With 5 per cent. of the world's population, we produce 32 per cent. of the world's food-supply. Russia is the next largest producer. But she, with 8 per cent. of the human family, supplies less than 19 per cent. of the world's food.

To-day the United States is admitted to be the greatest manufacturer as well. This is not a transitory fact; it will remain so. Our new manufacturing supremacy, though young, rests on secure foundations. The balance of trade in our favour of late years has been steadily an enormous one. It has risen in the same proportion in which balances on the wrong side have increased in the leading manufacturing countries of Europe, notably Germany and England. In 1898, for the first time in our history, American manufactured exports exceeded manufac-

tured imports. Since then the matter has gone on at the same rate.

Let us consider for a moment what are the foundations on which this manufacturing supremacy rests:

(1) An abundance of cheap coal of good quality. The coal supply of the United States is several times that of all Europe, and it is practically inexhaustible. There are 194,000 square miles of coal beds in this country, twenty-one times the area of all the coal fields of Great Britain. In 1860 we produced 15,200,000 tons of coal; in 1900 we produced 213,000,000, a trifle more than one-third of the world's production.

(2) Cheap and abundant iron of good quality—next to coal the most important factor, indispensable to manufacture on any scale. Iron to-day is cheaper at the pit mouth in the United States than in Great Britain. But conversion of the ore into the finished product is also cheaper, despite higher wages. England, Germany, and France for years have been sending over their experts to fathom the apparent mystery, only to return with the report that the thing can't be helped, both raw stuffs and manufactured products coming lower than in Europe. In steel and iron American supremacy is now generally acknowledged. We left both England and Germany behind in the race several years ago. To-day the United States produces nearly one-half of all the steel made in the world.

(3) Low labour cost. This nowise means low wages. But it does mean that for every dollar paid in wages to an American labourer or mechanic, the American employer gets more labour out of his help than does the European out of his. With \$15 being the average weekly wage of an operative in

America, and \$4 being his average pay per week in Germany, the American employer is still ahead. These are well-known facts, pointed out in innumerable consular reports. The simple explanation of the phenomenon is: Workmen in America are quicker both in brain and hand than those in Europe, partly because of a more stimulating climate, and partly owing to a better diet. American machinery, too, is usually superior, but with precisely the same machine the American workman will turn out more product than the foreigner. An additional factor in this line is Yankee ingenuity and inventiveness. The best available statistics show that the productive energy of each inhabitant of the United States is 1940 foot-tons daily, while in Europe it is only 990 foot-tons. This means that 75,000,000 Americans are achieving as much in useful labour as 150,000,000 Europeans. In some branches of labour the difference is even greater; the American farm labourer produces four times as much foodstuffs as does the average European farm labourer.

(4) An exhaustless supply of cheap raw materials. The geographical and soil conditions of the United States are such that everything is produced, excepting luxuries. In cotton, one of the most important items, we still enjoy a practical monopoly. Though the European colonising nations are making strenuous efforts to oust the United States from that proud position, it will require many years, even under rapid conditions of development in their tropical and sub-tropical possessions, to accomplish that.

(5) Easy access to markets. This country lies midway between Europe and Africa on the east and Asia and Australasia on the west, while another con-

continent adjoins us on the south. Our coasts are washed by two great oceans. However, after the completion of the isthmian canal these present advantages will be more than doubled.

Of the above-named five advantages four are as inalienable and permanent as is our location. It is probable, therefore, that our manufacturing supremacy will increase rather than diminish.

The time seems near at hand when the prophecy of Mr. Gladstone concerning the United States will come true: "She will probably become what we are now, the head servant in the great household of the world, the employer of all employed, because her service will be the most and ablest."

There is, however, one flaw to this calculation. A time must come when American goods will be carried in American bottoms. At present we are still paying British, German, Scandinavian, Italian, and French vessels a matter of \$175,000,000 a year for ocean transportation, and but an insignificant part of our foreign commerce is carried on under the Stars and Stripes. The movement is all in that direction, however, and with the impetus given to American enterprise by the acquisition of the Philippines, Porto Rico, and Hawaii, the opening up of the Far East as a great field of commercial expansion, our recognition as a great world power, and the ambition thus engendered to deserve that title by the rapid growth of our navy, and most of all by the necessity of larger foreign markets, as well as by reason of the Panama Canal,—whenever that shall be finished,—American shipping will once more rise to the heights it occupied at the outbreak of the Civil War.

One thing, though, must be borne in mind—our

enormous carrying trade on the rivers and lakes and along the coasts of this country. Senator Frye several years ago computed the tonnage of this trade at about 8,000,000, greater than the corresponding trade of France, Germany, and England combined. Through the locks at Sault Ste. Marie in eight months passed vessels with a combined tonnage of 16,500,000. Our lake fleet alone moves annually 168,000,000 tons of freight. More ships sail the Detroit River than enter Liverpool or London.

To us foreign markets are a new necessity. To understand this necessity, several things must be taken into account. For many years the American manufacturer bent all his energies to securing for himself the home market, a market so rapidly growing, both in number and purchasing power of consumers, that with it the foreign market could nowise be compared in importance. This aim was reached in its entirety but a few years ago. Since then we have permanently got to the point pithily summarised by Carroll D. Wright, the Commissioner of the Labour Bureau in Washington:

“It is incontrovertible that the present manufacturing and mechanical plant of the United States is greater—far greater—than is needed to supply the demand; yet it is constantly being enlarged, and in the present state of human nature there is no way of preventing the enlargement.” Beside the mad passion for gain, there is no charm in rest, lettered ease, travel, still less in labour for the general good—charity, education, the state; the ruling passion must rage on, business must be expanded, regardless of profit and with eyes closed to impending loss. Instead of making ourselves more homes, and more beautiful

things and cultured people in them, we cherish the tenement-house and the narrow life, and go on piling up and shoving out what we are pleased to call "goods, *goods*, GOODS."

Manufactured production has become enormous in this country—overgrown, disproportioned, bloated. In no country and at no previous time was this production ever equalled in volume or value—or at least, price. In comparison with its total, our present exports to foreign countries play but a pitiful figure. Whereas England's exports are larger than her home consumption, and whereas Germany's exports are nearly one-half of her total manufactures, our own exports form but a beggarly fraction of the whole. True, the purchasing power of our home market is unrivalled, even during times of depression, and far surpasses that of the other leading nations. But, as we have seen, the limit has been reached.

Our methods of production have been improved upon, simplified, and correlated, until they seem well-nigh perfect. This has played a conspicuous part in winning our manufacturing supremacy. But there is an obverse side to this. In many lines and establishments the question of running at full capacity or no has come to play a vital part. For large numbers of our factories running at full capacity—even when selling at very low margins, or disposing of part of the output at actual loss—means prosperity, and running at half capacity means nothing less than ruin. This is the penalty which a highly wrought system has to pay.

Glutted markets at home are now the rule. If at this present time a general panic such as the one of 1873, or even the one of 1893, should overtake us, the

effects would be far more disastrous than any ever heard of—countless armies of men and women scourged by enforced idleness, and hunger and social upheavals begging description.

To find new outlets for our manufactured products has, therefore, become not an urgent need, but an absolute necessity. From one point of view inventions and labour-saving appliances of every kind will make matters in this respect worse instead of better. At Homestead, Pa., with about the same number of men, the output to-day is six times as large as it was in 1892.

England was once the workshop of the world. France, and later Germany, decided to supply their own home markets. They succeeded, and now, like the United States, they, too, are seeking outlets for their surplus products.

All this means that the great manufacturing peoples are about entering on an industrial conflict, the bitterness of which and the skill and energy of which have never been paralleled in the history of the world.

Already foreign ministers of both Germany and Austria have publicly and officially declared that it may be necessary to form a continental European league against our growing commerce. It would be an easy matter for them to shut us out by a protective tariff.

Great Britain, for more than half a century past vowed to absolute free trade, shows more than signs of unrest. She sees the writing on the wall. "Joe" Chamberlain, with his strong following, is trying to convert the masses of England to his own conviction: That England must retrace her steps; that she is no

longer able to fly the free-trade flag, no longer able to contend with us.

The aggressions of our tariff are at last to be resisted in kind.

With all these signs and portents on the horizon, what is to become of our manufactured surplus? How and where shall we find markets for this increasing surplus, when even those now remaining are in question? At present they must be, above all, the Orient and the Tropics, more particularly China and South America.

The prospective results of this present Russo-Japanese war, then, will be, so far as we are concerned, greatly enlarged opportunities, commercial ones first and political ones after, in the Far East. Two of our most formidable competitors there, Russia and Japan, will issue from the fight much weaker than they entered it. This, to put it cold-bloodedly, will be to our advantage. Japan and Russia, will, nevertheless, remain our good customers, as, indeed, why should they not? Only their powers of competition with us will have become curtailed.

An important item on our credit sheet in this connection will be the good will of China, and the great loss of prestige of Russia throughout Asia. So far this prestige, altogether political, has been Russia's greatest asset in that whole region. But whether Russia shall ultimately achieve victory or suffer defeat, the mere fact that little Japan was powerful enough to give immense Russia such a severe tussle will be enough to lead to a great loss of prestige for Russia. This will react on her position in Persia, Afghanistan, Tibet, Mongolia, and as far as northern India. Add to this the further fact that commercial expansion will

have become impossible for Russia at the close of this war, inasmuch as she will have to reconstruct her young industry after the complete collapse in which it has been since 1900, and it will be seen that a splendid field is opening out for American push and enterprise throughout Central Asia and China.

THE FAR EAST

CHAPTER VII

THE NEW JAPAN

IF Egypt were to rise again to splendour and power, if her people of their own strength were to transform the Nile delta into what it once was—the “corn-chamber of the world,”—if the Land of the Pharaohs, we say, were to do all this by her own sheer will and energy, the task would not be a harder one than that which fell to Japan’s share in our own time.

The Briton took this task for Egypt upon his shoulders, and within twenty years he has wrought miracles. But even to-day the trudging, perspiring fellaheen dwell in miserable mud hovels, and the tax-gatherer lays his heavy hand on the naked brown shoulders of the poor wretches. Yet Egypt, even to-day, is a land of unmatched fertility, producing two regular crops annually, and the eternal Nile’s gifts are as bounteous as ever.

What, then, shall we say of Japan’s case? Certainly ancient Nippon is a lovely land, charming in its natural scenery, pretty to the eye in its garments of subdued greens, browns, and greys, encircled all about by the purple sea.

But Japan does not front the Mediterranean, old cradle of civilisation, and she has no Father Nile to bestow plentiful crops on her. She lies far away to the east, split up into innumerable islands, farther off even than remote Cathay. Steep and tall mountains,

picturesque in their outlines and capped with snow, but barren of subsistence, are occupying half of her territory, and Fusiyama, fabled from of yore and sacred to every loyal Jap's heart, still pours forth volumes of death-laden smoke.

Neither is the soil of Japan very fruitful. The husbandman's reward is meagre. True, the sea and the rivers everywhere yield fish and other sea food.

Isolation means stagnation and gradual decay. With a traditional history thousands of years old and reaching back into those hazy mists when gods walked the earth, the country had fallen under the curse of the Shogunate, and had become like one of its own hermit crabs, that odd creature which the lapping ocean wave now and then leaves stranded on the sandy beach. She had encloistered herself from all communication with the outside "barbarian," seeking sufficiency in herself.

From a centuries-long, death-like slumber she awoke when Commodore Perry arrived in her harbours, offering the good will and the friendship of this nation. That was fifty years ago, and from that recent day dates the resurrection of Japan. Even then it required another number of years to free her people from the thralldom of the Shogun, and it was not until after the revolution of 1868 and the re-establishment of the Mikado on his throne in Tokio, that Japan was in a condition to set out on her marvellous career of modern progress.

For another number of years internal strife weakened her. The proud samurai class, her feudal nobility, would not easily succumb to the irruption of western spirit. That period of trouble ended in 1888, when constitutional government was formally adopted.

Only six years later, in 1894, Japan whipped China in one of the most wonderful wars of the nineteenth century, a war where the pigmy was pitted against the giant, and where, nevertheless, the giant had not the ghost of a chance from the outset.

And now, ten years later, Japan is again in the field, but this time in a death-grapple with a foe worthy of her steel. Again a giant, but this time one with hardened muscle and ribs of iron, not one of flabby flesh and flaccid sinew.

Let us examine on what foundations rests the magical self-confidence of this wonderful little people.

The latest official statistics show the population of Japan to be 44,805,937; to that must be added, roundly, 3,500,000 for Formosa, that rugged island off the Chinese southern coast which Japan won, as her sole spoils, in the war of 1894. Altogether, then, the Mikado bears sway over 48,305,937 subjects, scattered over nearly 4000 islands, with a total area of 162,153 square miles. Only 500 of these islands, however, are inhabited, the remaining isles being mere heaps of rocks. The chief islands are five in number, the Hondo, or "Main Land," with an area of 87,771 square miles; Shikoku, south of and separated from Hondo by a shallow channel, with an area of 7030 square miles; Kiushiu, west of this province of Shikoku, with the Bungo Channel between, area 15,587 square miles; Yezo, north of Hondo, with an area of 30,143 square miles; and Formosa, area 13,418 square miles.

The Japanese archipelago occupies the same latitude as that part of North America between Savannah and Halifax. Formosa, more to the south, lies between the same parallels as Tampa and Havana. The chief

group is separated from the Philippines to the south by the Bashi Channel, from China by the Formosa Channel, 90 to 100 miles wide; from Corea by Broughton Channel, less than 25 miles wide; from the Russian island of Saghalien by La Perouse Strait, 25 miles wide, and from Kamtchatka by the Kurile Strait. Between the Japanese archipelago and the coasts of Corea and Manchuria lies the Sea of Japan.

Rice, the chief food of the Japanese, is the most important crop, and rice lands are worth three times other arable land. In 1903, about 7,000,000 acres of rice lands produced 240,000,000 bushels of rice, that commodity forming also an important article of export. Saké, a liquor distilled from rice, is likewise one of the most important products of the country. Last year 173,051,000 gallons of saké were produced by 27,789 establishments.

Next in importance is barley. Some 103,000,000 bushels of it were produced in 1903, grown on 1,579,096 acres. Of rye, 37,176,867 bushels were raised on 1,697,850 acres. Wheat was produced to the amount of 21,006,776 bushels, on 1,147,747 acres. To silk culture were devoted 736,933 acres, and 120,702 acres to tea, producing 63,210,100 pounds. A large proportion of this tea was exported, mostly to the United States, its flavour being relished in no other foreign country.

The soil is held for the most part—since the abolition of the feudal system—by the people who work it. The average holding is about one acre, valued at \$90. The rearing of cattle for dairy purposes has only recently been introduced into Japan. In former times, cattle were used only as beasts of burden. As a result of Buddhist teaching, the people never ate beef, and

regarded butter, milk, and cheese as poisonous. Since the opening of Japan, the government has encouraged dairies and the breeding of cattle, horses, and sheep, so that at present there are in Japan about 1,652,530 head of cattle and 1,572,607 horses. Of sheep there are very few.

As to the revenue and expenditure of Japan for the year ending March 31, 1904, we find the tax on saké (rice liquor) the largest, amounting to \$33,250,000, the tax on land, \$23,500,000, being next in importance; customs duties (very low), \$8,300,000; post and telegraph service, \$13,000,000; government tobacco monopoly, \$6,300,000; and sugar excise, income tax, business tax, forests, railway profits, Chinese indemnity, and other inland taxes. Together, the revenue of the government from these various sources was \$126,000,000.

The main expenditures were: For the army, \$20,000,000; navy, \$11,000,000; national debt charges, \$21,000,000; public instruction, \$2,500,000; and for foreign and home affairs, department of justice, the imperial court (\$1,500,000), and minor purposes—altogether in-ordinary expenditures, \$90,000,000; for extraordinary expenditures, \$33,000,000.

Wages run extremely low, when compared with a western standard, but much higher than in China. Since 1887, wages have increased between 250 and 300 per cent. A few specimen figures are:

Carpenters, 30 cents a day; stone masons, 30 cents; brickmakers, 22 cents; shoemakers, 22 cents; tailors, from 22 to 31 cents; blacksmiths, 25 cents; lacquerers, 25 cents; labourers, 14 cents.

These figures, low as they seem to us, are from three to four times higher than those prevailing in China.

Now let us look at the purchasing power of these wages. In 1903, average prices of principal commodities in Japan were:

Rice, about \$1.25 per bushel, or about 3 cents per pound; barley, about 40 cents per bushel: saké (rice liquor), next to tea the favourite beverage of the Japanese, per *koku* of 220 pounds, about \$16; tea, about 14 cents per pound; leaf tobacco, about 14 cents per pound.

Since Japan was opened to the world, it has been rapidly growing in wealth. The cotton industry particularly has advanced. Spinning and weaving have been the most important industries of Japan since time immemorial. Before the introduction of machinery there were spinning wheels in nearly every home. Osaka is now the centre of the cotton industry, where there have been erected so many factories that it has been called the Fall River of Japan. In 1888 the number of spindles was 113,856; in 1901, 1,181,762; in 1904, 1,502,346. Male and female operatives employed, 63,000; average daily wages for males, about 17 cents; females, about 10 cents. The silk industry is another important one. Noted kinds of silk are the nishijin, hachijo, kaiki, habutai (for handkerchiefs). In 1901, raw silk was produced to the extent of some 14,000,000 pounds.

About 12,000,000 pounds of sugar were produced last year; of beer, about 12,000 tons. There were distilled some 440,000 tons of saké.

In 1901, the capital invested in cotton-spinning, and factories for cotton goods, was about \$100,000,000. Numerous new mills have sprung up since that date. The short East Indian staple is preferred because of its cheapness.

The Bank of Japan is working with a capital of \$15,500,000; there are six great banks, and 1802 small ones. In 681 savings banks, there were deposits \$139,534,330, or \$2.79 per head of population.

A large new government foundry was established in Wakamatsu, at an outlay of \$5,000,000; nearby are large coal mines.

The increase of Japan's foreign trade has been five-fold since 1888. In 1891, it amounted to \$89,500,000; in 1903, it was \$298,000,000.

Japan's trade with China has increased more than fourfold since 1893, both exports and imports.

Her exports of silk have risen since 1885 from \$5,503,172 to \$38,430,239 in 1902. Even her waste silk exports now amount to a couple of million dollars. In silk tissues of various kinds, she exported in 1902 almost \$17,000,000. Of rice she exported, in the same year, \$3,340,544; of tea, \$5,242,009.

Cotton goods of various kinds she exported in 1902 to the extent of \$12,500,000; coal, \$8,635,209; porcelains, \$1,230,772; of copper, coarse and refined, \$5,130,992.

The leading countries from which Japan obtains her imports are: England, with \$26,000,000; the United States, \$21,485,000; China, \$14,890,200; Germany, \$14,491,800, and British India, \$11,703,000. This country is the best market for Japanese exports, as we have seen elsewhere. Great Britain and Hong Kong stand next; China, with \$15,886,200, third. To Corea, Japan exported last year over \$5,000,000 worth. China is Japan's best customer for cotton goods.

As Japan has evolved within a few years a powerful navy, small in size, but most efficient, so she, too, has bent her energies in the direction of creating a

large and able merchant marine. She has now four shipyards for the building of steel steamers, located, respectively, in Nagasaki, Yokosuki, Kobe, and Uraga. The tonnage of steamers which passed Japanese ports in 1900 was 9,000,000, of which 3,000,000 were Japan-made. The largest steamer so far built in Japan is the *Aki Maru*, 6000 tons, of the Japan-Seattle line, operated by the Nippon Yusen Kaisha, built in Nagasaki; a new one of 7500 tons is now being built for the same line. A number of battleships have been built for Japan in Yokosuki, two of them being the *Akashi* and *Suma*, which participated in the battle of Chemulpo. A dry-dock is now being built in Nagasaki for vessels of 16,000 tons. There are fifty shipyards within the island empire for the construction of sailing junks.

Japan began with the building of railroads in 1870, the Tokio-Yokohama line being first. The total mileage of railroads, in 1903, was 5015. In 1901 the mileage was 2039. There are 300 American locomotives in operation, although England and Germany supplied larger numbers of them.

The manufacture of paper employs a greater proportion of people in Japan than in any other country. Japanese paper has proved superior to that of many countries of a far older knowledge of its manufacture, and the 65,514 paper establishments of Japan in 1902 turned out a product worth \$12,272,754.

The mineral deposits of Japan are not especially rich, and compare nowise with those of China. Coal beds exist, however, both large and of fair quality. The best coal comes from Takashima, on the island of Kiushiu. The coal output in 1902 amounted to 8,200,000 tons. From the iron mines in the same year 63,-

000,000 pounds were taken. Copper mines exist in abundance, but those of lead, gold, and silver furnish only small quantities of valuable ore. Japan has four well-equipped dockyards, capable of both constructing and repairing ships.

The Japanese army is a very recent creation. Military service is compulsory, and so far as military instruction is concerned, Japan has taken Germany as a model. The same is true of organisation, the army being divided into three groups, viz., the permanent establishment, consisting of 7500 officers and 190,000 men; the reserve, of 35,000 additional men; and a "territorial reserve," which would bring another 200,000 men into line. There is also a loosely organised, and not very well drilled body for "territorial defence," numbering about 600,000. The artillery numbers 1200 guns, and the cavalry 90,000 horses. The latter is the poorest branch of the Japanese military service.

In electric and horse street railways, Japan is also well supplied. In fact, electrical science stands on a high plane there, and both the telephone and telegraph services (being entirely under government control) are well managed. A system of wireless telegraphy, differing from Marconi's, was invented by an official in the Japanese navy. His invention was utilised in the recent naval engagement at Chemulpo.

Though as yet a poor country—when applying our own standard—Japan has produced, of late, a number of daring and successful financiers. The most noted of these is Baron Shibuzawa, called by his admiring countrymen the "J. Pierpont Morgan of Japan."

These are a few of the data regarding the marvellous development of late of Japan's material resources. But

this does not end the tale. In intellectual life her resuscitation has been as complete. She has successfully adopted modern methods of government and education. Her public schools far outrank both in number, efficiency, and money expenditure, those of Russia. This test of civilisation is regarded by many as in the last analysis the decisive one. If so, Japan stands the test. More than 11 per cent. of her population in 1903 were pupils in her public grammar schools, 80,000 in the middle schools, 6000 in the higher schools, and over 4000 in her colleges and universities. All these institutions are supported either by the respective communities, or by the imperial government. There are, besides, many private schools and colleges. There are night schools for the children of the working classes in cities. There are also technological night schools for them. The government in every way encourages the cause of education.

That Japanese science, young as it is, already amounts to a good deal, is proved by the fact that a number of very important discoveries, more particularly in medicine and chemistry, have been made by Japanese scholars.

In invention, the Japanese have progressed at a steady rate. In 1887, the Japanese patent office received 906 applications for letters patent, out of which 109 were actually granted. In 1902, the number of applications had risen to 3095, and the letters granted to 871.

The Japanese newspaper and periodical press is already quite respectable. There are 480 daily papers within the empire. Of these, 11 are of national reputation. Several of them have a circulation of 100,000 and more. Magazines there are innumerable. A favour-

ite form of the Japanese periodical is the technical and economic one. Literature is now in a transition state.



The Japanese national parliament is patriotic and morally clean; but constitutional government there is still in its infantile stage, and there is decidedly too

much talking and "play to the galleries." Nevertheless, at every critical time this body has not been found wanting. A proof of this was given on March 29, last, six weeks after the outbreak of the war. The special session, convened to take financial measures proposed by the government to meet the expenses of the war, voted almost unanimously the special taxes required for the purpose, amounting to a matter of \$31,000,000—a sum large for a population whose average annual earnings figure up to only a little over \$50 per caput. The new financial programme adopted on this occasion will considerably modify the Japanese customs tariff and the conditions of economic life of the country.

Special mention seems called for to show the Japanese in yet another rôle, that of coloniser in the island of Formosa.

Unfriendly critics have claimed that Japan, since 1895, has neglected her part in this respect. And without taking the explanatory facts into consideration, there is some ground for this contention.

Formosa is a very valuable island, and of sufficient size to afford the opportunity for millions of "Japs" to settle and develop its resources. The present population of the island is about 3,500,000. It presents a mingling of races, in good part Chinese, both from north and south, and speaking greatly differing dialects of Chinese. In the eastern half of the island, very mountainous and rugged, there are savage tribes of aborigines; a considerable portion of the people are half-breeds. The mixed race, called Pepo Hwan, seems the most promising.

There are practically no good harbours in the island. Kee Lung and Tam Sui are the best of these harbours,

situated at the mouths of rivers, and the Japanese government, at great expense, is now rendering them serviceable. An Ping, the harbour of the capital city of Tai Nan Fu, is shallow and without shelter, and Ta Kau is even worse.

The history of the island, during the last century, was a very troubled one. Without going into details, it is enough to say that the "Black Flags," lawless and troublesome bands, during a space of many years upset all orderly government.

Since Japan's acquisition of the island, something has been done to mend matters. The rebels and bandits were overcome by main force. Public order was restored everywhere. A system of administration, resembling the Japanese, was successfully inaugurated.

Internal improvements were made in various directions, such as the building of good roads and the deepening of the harbours, the establishment of a postal service and the protection of internal traffic; regular garrisons, officered by Japanese, but made up of native soldiers, were established. A system of public education has been introduced, Christian missions have been encouraged within the island, and the whole of it is well-policed.

Industrially and commercially, matters have not improved so much. Rice and tea culture occupy the bulk of the population. The camphor trade has become a Japanese government monopoly, and the camphor forests are not further destroyed without replanting.

Within the past five years, Japanese immigration to Formosa has been encouraged, and many thousands of industrious "Japs" have settled there. Scores upon scores of cleanly Japanese villages, ho-

tels, and road-houses have been built. This immigration, now that order has been restored, will proceed at an accelerated pace.

There are natural resources in the island which are only just beginning to be exploited, coal and sulphur being the most valuable.

With undeniable progress already achieved, it is unquestionable that Japan would have done much more in Formosa under more favourable circumstances than those that have obtained for ten years past. For it must be remembered that the disadvantages under which Japan has been labouring regarding Formosa and its development, since 1895, have been many and serious. It required five years out of the nine to thoroughly re-establish order. The Japanese themselves were ignorant of the languages spoken in the island. But the main trouble was that Japan, on the one hand, is not as yet a country rich in capital, and that, on the other hand, she has been preparing strenuously for her coming struggle with Russia, bending all her energies in that direction.

Making due allowance for these untoward circumstances, it may fairly be claimed that even as a coloniser—wholly novel as the task was for her—the dashing little nation has made a fair success.

There is thus no doubt that Japan has closed definitely her accounts with the past, and has started out, for good and all, on the career of a modern power. She could not, if she would, retrace her steps. The whole basis of her new society rests on the achievements and the conceptions of western minds. She has learned many things within an incredibly small space of time. She has been a willing pupil. None of her teachers has been as readily heeded as the

American. She acknowledges her debt of gratitude to us frankly and sincerely.

Is it thinkable that Japan will herself undo all for which she has striven so hard, and sink back into the morass of barbarism?

Yet that is precisely what people mean when they tell us of the "yellow peril." The very idea is absurd. You could no more get a savage who has once tasted the sweets of civilisation to go back to the wilderness and starvation, than you could get the Jap to join hands with the Chinaman for the purpose of destroying our western civilisation.

Or, if the "yellow-peril" argument should stop half-way, and should mean that there is danger of this new and powerful Japan allying itself with China or other Asian powers, merely for the sake of conquest or of expansion, it is none the less devoid of foundation.

The case of Japan proves, once for all, that it is possible to make out of the Asiatic a being imbued with the spirit of modern civilisation. True, the "Jap" is an exceptional Asiatic, perhaps the most gifted of them. That China cannot exist much longer under her present system of government is admitted by all competent judges. The question is, how will she change?

It is likely that Japan will become her most important and effective teacher in the ways of western civilisation. This process could not be as rapid as in Japan's own case. There are several reasons for this. The chief one is that China is far more conservative in spirit than Japan. The Chinese intellect is keen and impressionable in several respects, but a complete turn-over in her social and economic organisation

would require many years; political changes in China (especially so far as her own form of government is concerned) it would not be nearly so difficult to effect. The dividing-up of China among the powers must be out of the question. That point has been touched upon above.

But while it seems to be the "manifest destiny" of Japan to infuse the spirit of modernity into China, this teaching is bound to be of a purely pacific nature. Its tendency will be to develop China materially, to increase many times the powers of consumption and purchase of the average Chinaman. At present, the average annual earnings of the head of a family in the more prosperous provinces of China are \$36 per year. To increase this to, say, \$200, would mean the sextupling in value of China as a market for western wares. In no case would Japan exert herself to make out of China a great military power. To do so would run counter to Japan's own vital interests.

If we have learned to admire anything in modern Japanese character, it is its sagacity, its eminently practical bent, its singular capacity to choose between essentials and non-essentials of western civilisation. Japan knows precisely what is good for her. She will certainly not assist in, or herself inaugurate, the process of transforming intensely peaceful China into an aggressive military or economic power.

Divided as she is from China by but a narrow arm of the sea, and having but one-ninth of the population of her huge neighbour, Japan knows as well as she knows anything, that it would be suicidal for her to raise up a strong military power along her whole western flank.

Let us, therefore, relegate this flimsy talk about a

“yellow peril” to the limbo of forgetfulness. It is idle to waste any more words on it.

Russia started this “yellow-peril” idea. It has been, diplomatically, among the most serviceable of her stock in trade. She has manœuvred with it most skilfully. Years ago, she understood how to inject this “yellow-peril” bacillus into the mind of the German emperor, and he forthwith drew, with the assistance of his former drawing master, Professor Knackfus, in Cassel, a flamboyant picture of alarm. He labelled it: “Nations of Europe! Guard your most sacred treasures!” And then he sent this symbolical drawing to all his crowned “colleagues,” as he calls them—a copy of it even to the late President McKinley.

Even in English-speaking countries this scarehead motto, “the yellow peril,” found entrance and belief. It is one of those phrases which are most likely to strike terror to the breast of the gullible and impressionable. The power of mere phrase over the minds of the many is one of the most curious phenomena of our age, and no other instance of it is as curious as the virulence and longevity of this particular phrase.

Let us bury and be done with it.

CHAPTER VIII

AWAKENING CHINA

WHEN our own forbears were roaming dense forests, China was already a highly civilised country, in some respects more civilised than she is to-day.

As long ago as the seventh century B. C., the face of Confucius was set towards the past. That greatest of Chinese sages, whose philosophy—entirely mundane and intensely practical—suits so well the natural temperament and mental bias of his countrymen that, after a lapse of 2500 years, his teachings form still the code of ethics with the whole educated class, already complained of the decadence of China.

Due to her geographical position, to the powerlessness and lack of cohesion of her neighbours to the north and west, and to the vast desert regions and towering mountain chains that form a natural barrier in Tibet and Mongolia, China enjoyed for many centuries the blessings of isolation, at a time when innumerable wars, rapine, and disorder ravaged the countries to the west.

For a period of 1500 years and more this isolation was indeed a blessing to her, a blessing which enabled China to cultivate the arts of peace while the West was a prey to strife. Babylonian and Assyrian power sank to the dust. The world-empire of the Romans, during a thousand years, grew, matured, and then decayed.

Persia rose to splendour and wide dominion, only to go down after a while. Greece evolved a harmonious civilisation, of part of which we are still the fortunate heirs.

Finally, the Arab prophet appeared, and enthused Mohammedan hosts carried the Koran and the sword throughout the great region of which the Mediterranean and the Indian Ocean are the bearers of trade. Djinghis Khan and Tamerlane poured their resistless flood of Mongolian hordes, not over China, but through the immense Sarmatian plain which now forms the kernel of the huge Russian Empire. The Crusades ran their feverish course, revolutionising Occidental thought and culture.

The Reformation came and moulded the creed and mind of nations. Modern civilisation all through the West flowered and produced fruit of unequalled savour. The wealth and power of the Occident attained dimensions never matched before.

Columbus set out in his tiny caravels and discovered a New World. This New World again grew through the centuries, achieved independence and unheard-of prosperity.

The dawn of the nineteenth century produced another world-conqueror, Napoleon, and he, too, at last went down, and his life was snuffed out like a candle on a mere speck of an island far to the south.

By all these things China was not touched. She pursued the even tenor of her way. For many centuries China's knowledge of the outside world was confined to the savage aboriginal tribes on her frontiers. Why should she accept ideas from "barbarians"? China had all she wanted—a vast country, densely populated, a civilisation for cycles su-

perior to that of the rest of the world. She had invented gunpowder and the magnetic needle, the arts of writing, printing, and the making of paper, and become fairly proficient in the sciences of astronomy and navigation. She printed books from movable type, and had an extensive and highly developed literature long before ours. The highest class of industrial arts, such as the making and decoration of fine porcelains and silks, had found a secure home with her. In some cases she had preceded the Western world by a thousand years and more in essential points of civilisation.

In a word, China was a highly developed nation, enjoying for many centuries model government and wise laws, when we—that is, our ancestors of long ago—were howling savages.

But in the long run even blessed isolation means first stagnation and then decay. This is an unalterable sociologic law. China could not escape it. Necessarily she was ignorant of the fact, because she had nothing and nobody to compare herself with. Throughout ages the thought had gradually crystallised in the Chinese mind that there was no country worth mention but China, and no civilisation at all commensurate with hers. Looking at the peculiar circumstances under which she had been living for so long, it is indeed difficult to see how she could have escaped this fallacy. A highly gifted race they were from the outset, and that they have remained to this day, despite the canker of isolation. To what they would have developed if they had been in constant contact with western thought it is idle to conjecture.

As it is, the peculiar conformation of the Chinese mind strikes us Occidentals, at first blush, as un-

canny, and yet, when we come to analyse it, it is no more than might be expected. We speak, and with some degree of justice, of the "insular bent of mind" of the Briton. The same stricture, though in a less degree, we ourselves were subject to until but a few years ago. And in both cases a certain amount of isolation, due to geographical position, was at the root of this peculiarity. But what is the case of England or the United States in comparison with that of China?

Thus, there was nothing extraordinary about it when the British embassy, headed by Lord Macartney, in 1792, was and is spoken of in Chinese annals as "barbarians bring tribute to China." That charming book, Smith's "Chinese Characteristics," gives many amusing instances of the curious conceit of the people of China, a conceit, however, perfectly natural under the circumstances and eminently sincere. It is the necessary outgrowth of thousands of years of national isolation. To this hour the Chinaman looks upon us, quite honestly, as rank barbarians. He will get over that notion in time, and it is part of our task to hasten the process.

Nevertheless, since 1895 China is awake. True, she is still rubbing her eyes and wondering what it all means. But the war with Japan, in 1894, served as the first entering wedge into the thick hide of Chinese prejudice. Her previous two encounters with European powers,—the "Opium War" of 1842 and the Anglo-French attack upon her in 1861, culminating in the sack of Peking and the spoliation of the Summer Palace,—made no deep impression on the Chinese people. The events which followed the Boxer uprising, a couple of years ago, helped somewhat to

drive this wedge home. China is now aware of her military impotency; also, to some extent, of her economic inferiority. Of her social superiority, however, she is as yet quite firmly convinced. Talk on that topic with any intelligent and outspoken Chinaman, and he will tell you so.

One thing is certain. The Chinaman has already come not only to recognise, but to adopt—in some features at least—our superior material civilisation. To the question: "Does it pay?" he has made answer by an emphatic "Yes." He cares nothing as yet for western literature and art, social and political ideals, and least of all for western religion. But that will come in time.

China is often referred to as a "dying nation," as suffering "dissolution" or "vivisection." The process of carving a living body into convenient fragments is spoken of lightly, and that the day of dismemberment is close at hand is firmly believed by many, even by some who ought to be more or less competent judges. Such dismemberment, as was pointed out in a previous chapter, would be diametrically opposed to American interests, and we must do everything that is humanly possible to hinder it.

We may not like the Chinaman of to-day, exhibiting, as he does, a number of characteristics that are more or less distasteful to our nicer western perceptions. But that is not the gauge to be applied in such a case. The question rather is, what are the qualities fitting the Chinaman for the present and future struggle for existence? And viewing the problem from that angle, we must admit that the slant-eyed Mongolian is most powerfully equipped. Let us mention just a few of his racial traits,

Sticking out most prominently we find: a physical endurance most wonderful in such an ancient race; a bodily organisation enabling him to live with impunity anywhere on the globe, in the tropics as in the arctic zone. We find enormous powers of propagation, powers which, if unchecked and in their effects undiminished by such an entire disregard of hygiene as he lives under at present, would quickly double and treble the present population of his country. We find an entire absence of that nervous exhaustion with which the whole Occident is more or less tainted. In "Chinese Characteristics" we are told by an eye-witness the story of a Chinaman losing both legs in an explosion, lying for hours untended in the broiling sun, at last being taken to a hospital, where the double amputation is performed on him without the aid of anæsthetics, the patient contentedly smoking his pipe an hour later, and three weeks after hobbling just as contentedly about on the streets. We are told of a common sight in Chinese towns: men, women, and children sleeping profoundly and peacefully in the glare of the sun, falling asleep at a moment's notice. Apparently they have no nerves at all.

The vitality of the Chinese stock is simply amazing. The abstemiousness and utter sobriety of their mode of living; their imperviousness to disease and hardship; their ability to labour hard and long, without loss of power, on a diet of rice and dried fish, washed down with weak tea; their hard-grained common sense; their persistent economy and their quickness of perception; their unfailing keenness in seizing and utilising opportunities for their material advancement—all these are leading traits in the average men of the race.

Imagine such a people fully awake. Imagine them using, with their natural shrewdness, the superior advantages of our higher material civilisation. Imagine them under a well-ordered government once more. Imagine them freed from the manifold hindrances, individual and collective, from which they have suffered for many centuries. Lastly, imagine them, if your fancy runs that way, as a systematically trained military power.

Truly, the Chinaman is not a negligible quantity.

But as to the utter improbability of China ever becoming a great military power, a word will be said elsewhere. For the moment we will confine our picture to the other elements mentioned.

At the close of the Boxer troubles a census was taken of the whole of China by the central government, the purpose being to determine the apportionment of the indemnity to be paid the allied powers. This census is therefore not to be suspected of inflation, and is presumably correct. We find the following figures:

China proper (square miles), 1,532,420; Manchuria, 363,610; Mongolia, 1,367,300; Tibet, 463,200; Chinese Turkestan, 550,340. And the population we find, quoting the figures in the above order: 407,337,305; 8,500,000; 2,580,000; 6,430,000; 1,200,000. This gives a territory, all told, of 4,277,170 square miles, and a population of 426,047,325.

It will be noted, however, that of this immense territory—just about one-half of the whole of European and Asiatic Russia—China proper forms only one-third, being but slightly larger than the Mississippi Valley; furthermore, that this one-third contains more than 95 per cent. of the population.

Again, the density of population and the natural resources of even the 18 provinces, constituting together the core of the whole empire, differ extremely:

PROVINCES	AREA ENG. SQ. MILES	POPULATION	POPULATION PER SQ. MILE
Chi Hli . . .	115,800	20,937,000	172
Shan Tung . .	55,970	38,247,900	683
Shan Si . . .	81,830	12,200,456	149
Ho Nan . . .	67,940	35,316,800	520
Kiang Su . . .	38,600	13,980,235	362
Ngan Hwei . .	54,810	23,670,314	432
Kiang Si . . .	69,480	26,532,125	382
Choh Kiang . .	36,670	11,580,692	316
Fu Kien . . .	46,320	22,876,540	494
Hu Peh . . .	71,410	35,280,685	492
Hu Nan . . .	83,380	22,169,673	266
Shen Si . . .	75,270	8,450,182	111
Kan Su . . .	125,450	10,385,376	82
Szech Wan . .	218,450	68,724,890	314
Kwang Tung . .	99,970	31,865,251	319
Kwang Si . . .	77,200	5,142,330	67
Kwei Chau . .	67,160	7,650,282	114
Yuen Nan . . .	146,680	12,324,574	84
Total . . .	1,532,420	407,253,029	266

We see, then, that the density of population varies very greatly. The most populous of all the provinces, Shan Tung, where there are 683 inhabitants to the square mile, with a total population of over 38,000,000, is the one which Germany has chosen for her special field of exploitation. From that figure the population per square mile drops, in varying degree, down to almost one-tenth, namely, 82 per square mile, in Kan Su, and to less than one-tenth, namely, 67 per square mile, in the province of Kwang Si.

It is a curious coincidence that nearly all of the more thinly peopled provinces of China, such as

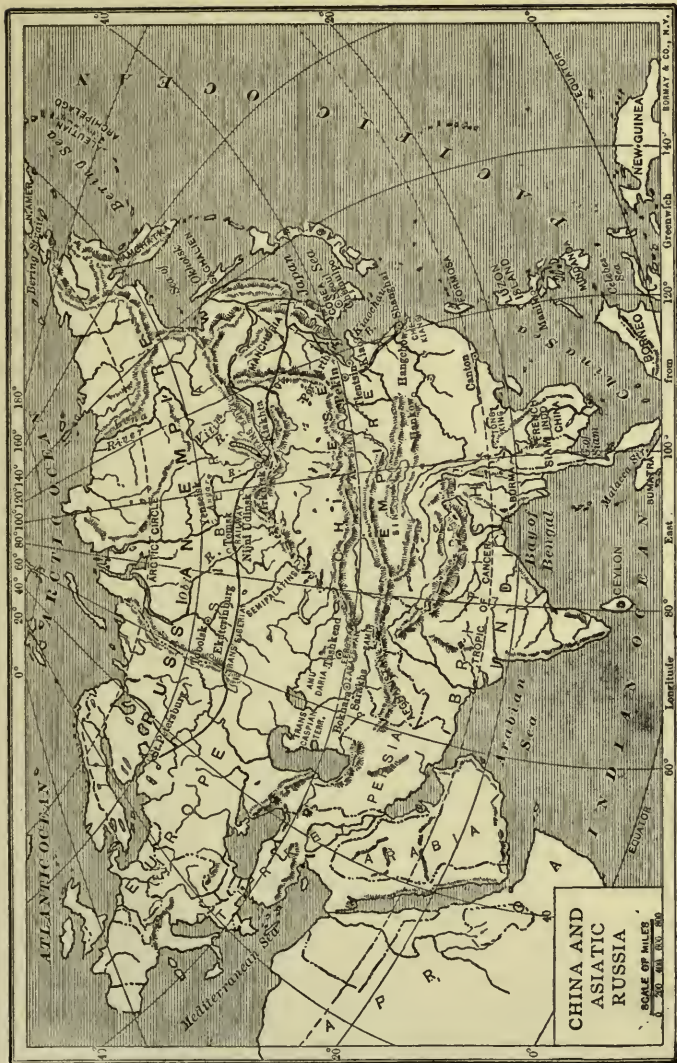
Shan Si, Shen Si, Kan Su, and Kwang Si, are precisely those which have the largest and most valuable natural resources, but resources which up to now have been wholly unexploited.

The outlying territories under Chinese sway, though enormous in extent and, in part, possessing great natural sources of wealth, are not only loosely connected with the empire proper, inhabited by races differing more or less from the Chinese themselves, but are also the most sparsely settled and poorly cultivated. This is a significant fact which will play a great figure hereafter in the future development of the empire.

Indeed, Providence seems to have reserved these vast territories for the coming expansion of the Chinese race, placing at their very door and under their suzerainty thinly populated lands which will suffice for centuries to come for the awakening ambition and the natural increase of the 400,000,000 of China proper.

The territorial losses with which China has met, directly and indirectly, have not been considerable until the present. The loss of Manchuria, if it should come to pass, would far outweigh all the others that have preceded it. True, Russia, in the guise of a frontier regulation, did take considerable slices of China before, those being in the region watered by the Amoor, Ussuri, and Shilka rivers. But even the districts thus alienated by Russia were neither intrinsically nor territorially to be compared in importance with Manchuria.

The island of Formosa was ceded to Japan, in accordance with the treaty of peace, ratified and exchanged at Che Foo, May 8, 1895, and the transfer



effected on June 2 of the same year. This island contains but 13,000 square miles.

In November, 1897, Germany seized the port of Kiao Chao, situated on the coast of Shan Tung. In January, 1898, the Kaiser obtained from China a ninety-nine years' lease of the town, harbour, and district. This colony, territorially small as it is, is of vast importance to Germany's boundless ambitions in Far Asia. It affords her, as Count Buelow, the imperial chancellor, put it in a speech in the Reichstag, "a powerful lever and a base of operations in China—a share of the sunlight." This will be shown further on.

By agreement with the Chinese government, Russia, on March 27, 1898, leased, for twenty-five years, Port Arthur, at the extreme south end of Manchuria. Russia before this had also acquired, on similar terms, Ta Lien Wan, since renamed Dalny. In 1900, in consequence of the Boxer uprising, Russia occupied Manchuria, and her failure to comply with her repeated pledges of evacuation has led, as the world knows, to the present war.

For such a period as Russia may hold Port Arthur, Great Britain is, by agreement with China, April 2, 1898, to hold Wei Hai Wei, also situated on the coast of the province of Shan Tung. For defensive purposes Great Britain has, in addition to her older Chinese possession, the island of Hong Kong, obtained a ninety-nine years' lease of a district called Kau Lung, on the mainland opposite.

To compensate her for these various advantages given to Russia, Britain, and Germany, France obtained, in April, 1898, from China a ninety-nine years' lease of the bay of Kwang Chau Wan, opposite the

island of Hai Nan. In November, 1899, China further conceded to France possession of the two islands commanding the entrance of the above-named bay, and this new territory has been placed under the authority of the governor-general of French Indo-China.

Tien Tsin, an important trade emporium in Northern China, which had been occupied by the allied powers during the Boxer troubles, was restored to China in 1902, and Shanghai was likewise restored to her in January, 1903.

All these losses of Chinese territory, outright or cloaked in order to "save the face" of the imperial government in Peking, do not amount, however, to more than a tiny fragment of China as a whole. So far as actual loss of sovereignty is concerned, China is still practically intact.

And now look at some of the results of the—as yet—partial awakening of China.

Railroads: 870 miles in operation in China proper; 675 miles running in the French, English, German, and Portuguese colonies, independent of the two Manchurian lines built by the Russians, with altogether a mileage of about 3000; 2270 miles are now being built in China proper, and 3577 miles are projected; Russia means to build a railroad through Mongolia.

China ought to become a paradise of railroads, for her highways are the worst on earth. The rivers, supplemented by the great canals,—now in a bad state of repairs,—are to-day her chief arteries of trade, though of course the Chinese coastwise trade, by junk or steamer, is also very large. Her rivers, above all the famed Yang Tse, afford cheap and easy transportation, as far as it goes. But, of course, overland

traffic is in a very backward state, so costly and cumbersome as to forbid transportation of goods for any great distance. Goods are carried on the backs of coolies, ponies, mules, and dromedaries, 50,000 of the latter serving even to-day as the means of conveyance for tea across the Mongolian desert to Russia.

In natural resources China has only one equal—our own country. Colquhoun says: "The mineral wealth of China is, perhaps, the greatest of any country on the world's surface, and is yet hardly touched."

Professor von Richthofen (brother of Germany's secretary of foreign affairs, and one of the greatest of living geographers), after extensive travels throughout the interior of China, during which he visited and thoroughly examined Chinese conditions, especially her natural resources, makes the same statement, and in his book on the subject gives definite information.

About seven years ago an expert commission was sent out to China by the German government, and, after a very thorough examination of all the facts, reached similar conclusions.

The mineral wealth of China is indeed enormous. Coal exists in layers as extensive as those of this country, occurring in abundance everywhere save in one out of the eighteen provinces of China proper. In iron ores the facts are similar. The deposits of coal and iron in the provinces of Shen Si and Shan Si are believed to be the most valuable in the world. They alone cover an area of 27,500 square miles. They contain enough anthracite coal of the best quality to supply the world at the present rate of consumption for 2000 years. England and France will penetrate this region with a railway, and have secured a concession to work this vast wealth for sixty years. The

province of Szech Wan is of similar richness and this province is the largest.

Sir Thomas Jackson, manager-in-chief of the Hong Kong and Shanghai Banking Corporation, says that China is on the eve of a commercial development that in its magnitude could not be estimated. All that is required, he maintains, to bring enormous prosperity to China is to open it up by means of railways and waterways.

China is essentially an agricultural country—that is, as yet. The land is all freehold, held by families on the payment of an annual tax. Lands and houses are registered. Farm animals are oxen and buffaloes. The implements are primitive. Irrigation is very common. Horticulture is a favourite pursuit, and fruit trees are grown in great variety. The whole of China's agriculture is very intensive.

Wheat, barley, maize, millet, and other cereals, also pease and beans, are cultivated in the north, while sugar, indigo, and cotton are grown in the southern provinces. Opium has become a crop of increasing importance.

Tea is cultivated exclusively in the west and south, in Fu Kien, Hu Peh, Hu Nan, Kiang Si, Cheh Kiang, Ngan Hwei, Kwang Tung, and Szech Wan. China formerly had a practical monopoly in tea up to not many years ago. But she has allowed her tea exports to decline, being unable to meet the keen competition of British India and Ceylon, Japan, etc., although it is undeniable that even to-day she produces the teas of finest flavour and daintiest taste.

The mulberry tree grows everywhere, but the best and the most silk comes from Kwang Tung, Szech Wan, Cheh Kiang, and Kiang Su.

An important feature in new Chinese industries is the erection of cotton mills in Shanghai, and of filatures for winding silk from cocoons in Shanghai, Canton, and elsewhere. In Shanghai alone are twenty-six filatures, with 8500 basins, which can reel off 12,000 piculs of silk per year. Two native mills were started in 1890; in 1901 there were 14 cotton-spinning mills in China with about 460,000 spindles, turning out some 60,000,000 pounds annually. This number since has increased about 50 per cent.

Flour and rice mills are beginning to supersede in large centres native methods of treating wheat and rice. Hang Yang, near Han Kow, has large Chinese iron works, supplied from ore mines at Ta Yeh, sixty miles distant. An impetus was given to the making of firearms by the prohibition of their importation, as provided for in the treaty of September 7, 1901.

In Shan Tung, the coal fields of Wei Hsien and Po Shan are most productive. Besides those mentioned before, immense coal fields, both anthracite and bituminous, were recently discovered in the south-eastern districts of Hu Nan, their area being about 21,700 square miles. In Manchuria, too, iron and coal are both found in plenty. Copper is plentiful in Yuen Nan, and near the city of Meng Tse are found large mines of tin, lead, and silver.

The foreign commerce of China was briefly referred to. Direct imports and exports now range between \$320,000,000 and \$360,000,000. The Boxer rising had, of course, a very unfavourable influence on this foreign trade, but in 1902 it began to rise once more. For that year the total value of China's direct imports was \$195,590,575, an increase of 10 per cent. In cotton products the increase in imports was particu-

larly pronounced, the whole amount being considerably over \$80,000,000.

Owing to the decentralisation that in China has assumed extraordinary proportions, the revenues of the empire as a whole are singularly inadequate—in fact, in nowise commensurate with the size and populousness of the country. Besides, the data obtainable are, at best, estimates approximating the truth. No general statement of the revenues of China is ever made public officially. Such estimates as are formed by foreigners are founded on the financial reports of the various provincial governors, published annually in the *Peking Gazette*.

Except foreign, maritime, and a few native customs, the revenue is collected by provincial agents. The board of revenue at Peking issues annually to each governor of a province a statement of the amount required from his province for the following year, and when to this amount is added the sum necessary for local administration, civil and military, the sum to be provided by each collector is ascertained.

The amount actually levied, however, greatly exceeds this, and the surplus, which may amount to 50 or 70 per cent. of the total, disappears in the form of costs or presents and bribes to official superiors, or else it remains in the hands of the collectors themselves.

From a statement published not long ago by Sir Robert Hart, and obtained from the records of the Hu Pu (board of revenue), the latest estimate of the revenue and expenditure of the central government of China amounts to: Revenue, 88,200,000 haikwan taels, whereof the land tax, with 26,500,000, forms the largest item, while the li kin (internal duty), with

16,000,000, and the general cargo duty, with 17,000,000, are next in importance; the salt duty, with 13,500,000, and the foreign opium duty, with 5,000,000, are likewise large.

Expenditure: The military and naval appropriations, with 35,000,000 haikwan taels, form the largest item; next to that the provincial, and the interest on loans.

To meet the expenditure on interest and redemption of the large debt of 1901, the government has required viceroys and governors of provinces to increase their annual remittances by 18,700,000 haikwan taels during the period 1902-10.

The land tax varies enormously in different provinces—from 20 or 25 cents to \$1.55 and more per acre. The rate of incidence is theoretically fixed, but under other names additional taxes are imposed on land. Salt is a government monopoly; producers must sell to the government agents, who resell to merchants provided with "salt warrants" at a price to cover the duty.

The *li kin* was a provincial tax imposed on merchandise in transportation, payable at appointed barriers. This mode of raising revenue was, however, abolished in September, 1902, in answer to the remonstrances of the western powers, and the deficiency thus created is now covered by a surtax on foreign imports. The Chinese government can levy taxes on native articles of consumption at the place of consumption itself.

The foreign debt of China amounts now to \$598,775,000. Of this, \$320,000,000 was contracted to pay the indemnity to the allied powers growing out of the Boxer troubles in 1900 and 1901.

This is a very large sum for a country financially and economically undeveloped, and the interest charge on it, averaging between 5 and 6 per cent., forms a heavy burden for China. The indemnity for the Boxer injuries constitutes a gold debt payable in thirty-nine instalments; due January 1 of each year up to 1941. Interest at 4 per cent., and amounting to 18,829,500 haikwan taels per annum, is payable half-yearly. Securities for the debt are the imperial maritime customs otherwise unappropriated, and other sources of revenue. The proceeds thus assigned are paid monthly to a commission in Shanghai. The annual charge on all debts secured on customs now amounts to about \$28,850,000.

The imperial Chinese post office was opened in 1897, and China has now joined the postal union of the world. Clocks and watches are seen everywhere on the coast and for some distance in the interior, especially in the provinces lying along the mighty Yang Tse. This signifies that time is beginning to be of some worth in China.

It takes about seven pounds of old brass "cash," formerly the universal coin in China, to make a dollar. This is now gradually giving place to silver coin, indicating larger transactions and a slow rise in the standard of living. This standard is as yet painfully low. The average earnings of a family of the working class in China are \$3 per month. Low, indeed, you will say, but keep in mind that the average earnings of the Russian peasant (and that means the Russian people, for the peasant forms 95 per cent. of the total Russian population) are even lower, barely \$32 per year. And whereas food and raiment in China are very low in price, and the climate is much

milder, prices for these necessities of life are 50 per cent. higher in Russia.

Another point: the Chinaman, when he attains wealth or even moderate affluence, knows how to live, and he fully appreciates good things. Foreign observers have remarked this in Shanghai and other ports with a rich Chinese merchant class. The fact is still more noticeable in cities outside China where the Chinese are economically strong. In Singapore, for instance, the Chinese merchant displays the greatest luxury; the same is true, in slighter measure, in Hong Kong and in the large cities of Java, such as Batavia and Soerabaya.

From a recent detailed table of imports in China a few significant facts in this connection may be gleaned. This table shows, among other things, that the consumption of flour grew, since 1877, from nothing to 185,892,600 pounds; matches (gross boxes), from 559,117 to 11,254,000; iron and manufactures of iron, from 61,672,580 to 285,130,700 pounds; petroleum, American, from nothing to 56,213,000 gallons; petroleum, Russian, from nothing to 42,924,000 gallons.

Still more telling, though in themselves not very high, are a few figures taken from a tabulated statement of Chinese imports from the United States. They show that the import of American books and maps from nothing has grown to \$15,836 in 1898; carriages, cars, etc., from \$413, in 1889, to \$56,547; scientific instruments, etc., from \$1869 to \$31,119; nails, \$32 to \$54,172; iron and steel, from \$67,214 to \$464,521; printing paper, from nothing to \$386,376; canned meats, from \$50,180 to \$300,970; butter, from \$3547 to \$21,555; salt, from \$3000 to \$150,000;

lumber, from \$26,724 to \$120,251; wood, and manufactures of wood, from \$52,994 to \$167,881.

Within nine years such a rise in the import of certain American manufactures! The above items and facts are prophetic indeed of changes infinitely greater yet to come.

There is now being forced upon China a demonstration of the superiority of mechanical power over muscular power. Thus far, the Chinese people and government have reluctantly permitted us to demonstrate this fact by granting, bit after bit, concessions to Occidentals for the erection of manufacturing works, railroads, telegraph and telephone lines, the exploitation of mines, and so forth. Once, however, this demonstration will have been complete, and its full force entered the Chinese mind, China herself will be eager to encourage the introduction of our industrial civilisation. Intelligent Chinese have begun to see that the natural sciences are at the foundation of our material civilisation. Accordingly, they are advocating their study.

New schools for western learning have been established in Canton, Han Kow, Hang Chow, I Chang, Woo Chang, and a half-dozen other cities. A millionaire Chinese merchant with a portion of his wealth has recently founded in Shanghai an institute for boys modelled after such American institutions as the Pratt of Brooklyn and the Drexel of Philadelphia.

In China, as in all Asiatic countries, the education of women is a great innovation, but a Chinese ladies' school, where western learning is to be taught, has been started by voluntary subscriptions from the well-to-do Chinese classes in Shanghai.

An imperial edict was issued several years ago, put-

ting western learning on a par with Chinese literature as a condition of obtaining degrees. Since the officials of the empire are all drawn from the literary class, the change of ideas of the Chinese students necessarily means the transformation of the Chinese intellect and government system; not, perhaps, in this generation, but surely in the next.

Native newspapers are springing up, not alone in Shanghai, where some five are already appearing, but in a number of other treaty ports, and, as recently reported, in Han Kow as well.

Such various agencies set in motion cannot fail to deeply modify the Chinese mind within the very near future.

The nineteenth century has been crowded with marvels, of which the resurrection of Japan was the greatest. A short while ago that country was wrapped like a mummy, bound hand and foot to the past. She is now tingling with life in every nerve. Less than fifty years ago Japan was more intensely exclusive than China. For a native who attempted to leave the country, and for a foreigner who attempted to enter it, the penalty was death. No human being could then foresee that at the close of the century Japan would have been received into the sisterhood of nations as an equal.

Japan will probably be China's most effective and congenial teacher. That China is willing to have this so, there is plenty of evidence, quite irrespective of her attitude in this present war. China several years ago began to place an annual contingent of 150 selected students in the care of the Tokio government, to be educated in Japanese universities. The result was so satisfactory that China has adhered to this practice,

increasing the number of such students. Even at this writing, while Japan is waging war, there are a couple of hundred of Chinese students at her seats of learning, diligently garnering knowledge. At the new university in Peking, Japanese professors hold several important chairs. At the new Chinese shipyards, Japanese constructors and engineers are employed by preference. Though the military reorganisation of China has been, and still is, mainly in the hands of European instructors, during the last two years a number of Japanese have been taken into the service of several of the most progressive Chinese provincial governors. Yuan Shi Kai, the clearest head in the China of to-day, was one of these.

And this is the place to say a word about this much-heralded "military organisation" of China.

The world knows how complete was the breakdown of China's military organisation during the war with Japan, in 1894-95. True, for a number of years preceding, the governors of various Chinese provinces had had in their employ foreign military instructors, mostly German. It is well to emphasise the fact that these governors, though owing their power to appointment by the central government in Peking, are, during their term of office, practically monarchs, independent rulers over territories some of which are treble the size of England and holding populations of from 30,000,000 to 70,000,000. Thus, small élite corps had been formed, well drilled, and equipped with arms of the latest make. But here comes into play one of the most curious features of Chinese political life. There was, up to that war with Japan, no cohesion whatever between the different provinces. Each of them practically formed a political and administrative entity of

its own, and the governor of any one of them never dreamt of bothering his head about what might occur in the adjoining province.

Thus it came about that the Japs in that war had only to do with the Chinese troops garrisoned in, and owing allegiance to, those maritime provinces of China which they had invaded. The well-organised Chinese troops, the product of foreign instructors, they had never to face. But these well-equipped and well-drilled bodies of Chinese troops were at that time but a tiny fragment of the entire so-called Chinese army, not even one per cent. The immense remainder was made up—as it is made up to-day, though in less percentage—of the “bannermen” of various classes. And these “bannermen,” when compared with western standards, could be called nothing but ill-organised, worse-disciplined, plundering ruffians, a terror to their countrymen and a gibe to their enemies. They were armed and clad in mediæval fashion, with swords, spears, lances, and bow and arrow. They were officered and commanded by men who owed their appointments to money, personal influence, or both. These military mandarins, as they were called, were held in as general contempt as the men they led.

The total number of these “bannermen” was then computed at about 1,100,000, scattered over the broad lands of China, without the possibility (in the absence of railroads or highways) of ever concentrating them. They served, in fact, more in the capacity of military hangers-on of the various governors and as a species of internal police than for anything else. And that, let us repeat it, was the army of China.

It is no wonder that with such an archaic system China was at that time practically powerless against

any invader, even if that invader had been much less alert and much less capable than was the Japanese.

It must be borne in mind that China has never been an aggressive power, never a conquering nation. The present dynasty, the Manchus, are a speaking proof of the fact that China was a weak nation, even for defence, centuries ere this. And yet her military system was built up on the theory of defence, not of aggression.

The intensely pacific character of the people is, however, the main reason which has kept China from being a conquering race. This pacific character is as strongly inherent in the Chinamen of to-day as it ever was. The Chinese word for soldier is significant in this respect; it means, literally: Man-who-plays-for-his-head. Imagine a training in that direction for some thousands of years—what should we be? The Chinaman is not, like the Jap, warlike and fond of glory. If China to-day should suddenly make up her mind to become a warlike nation, even supposing she had the inherent capacity, it would take her centuries to wean herself from that ancient and traditional bent of mind. No matter who hereafter will be China's military teacher, whether Japan, Europe, or this country, there is no danger of her becoming a strong military power. In a nation holding in utter contempt the soldier, the very defender of the soil, there is not much good material out of which to fashion a strong army. And when to this fact is added the just as important one of the complete lack of cohesion among the various provinces, the deep-seated selfishness of the Chinaman as an individual, the absence even of such a word as "patriotism," it will be seen that the Occident has no good grounds to fear the "yellow peril."

We may, therefore, take the recent information with perfect composure which tells of the latest attempts made by China to create something like a modern army.

Sir Robert Hart, inspector-general of Chinese customs, at the behest of the imperial government, is now undertaking the task of reforming the system of raising revenues. It is his intention to increase these revenues to 400,000,000 taels (about \$270,000,000) by a uniform levy of 65 cents an acre on cultivated land.

This is to provide a standing army and reserves of half a million men; also an adequate fleet and a reorganised civil service, with a salary list of 160,000,000 taels. The scheme assumes that the Chinese official class would be honest if well paid, but the officials themselves express doubts.

But even if a standing army of half a million, well-disciplined and efficient, should be created by this means, this would put China not even on a par with Japan, though the population of the latter is only about one-ninth as large. A Chinese army of half a million, in order to hold so vast and populous a country, would have its hands full indeed, even if we are rash enough to suppose that able Chinese generals will grow up within a day.

Yuan Shi Kai, recently appointed viceroy of Chi Hli (the province holding the capital, Peking), has followed in the footsteps of the late Li Hung Chang in making serious efforts to form the nucleus of an efficient Chinese army. The body of troops now under his command, and of which the Russians are so apprehensive, may be said to be the flower of China's military forces. These troops, officered largely by Jap-

anese, with a sprinkling of former European officers, are well-organised, and the discipline enforced among them shows that with proper teaching the individual Chinaman—that is, the one hailing from certain northern provinces—may be turned into quite a respectable soldier. But even this Chinese élite corps has yet to give proofs of being able to face, man for man, a western foe.

In any event, it is a fact, as well established as any, that there is no immediate prospect of China becoming a military power. Under the most favourable circumstances it would require several generations to effect such a miracle.

But for Americans this whole question is really an academic one. It concerns us much nearer to learn what in the future as well as in the present are our commercial chances with China.

What will be the effect of China's awakening upon the United States?

CHAPTER IX

WHAT CHINA MEANS FOR THIS NATION

SUPPOSE the Chinese were as much westernised as are the Japanese, what would China's foreign commerce be? The population of China is about ten times as great as that of Japan, and between the resources of the two countries there is no comparison, as we have seen. Lord Beresford, considered an authority, says: "Japan is a country without a tittle of the natural resources of China."

And yet the foreign trade of Japan is two-thirds that of China. The inference must be that if China were as far advanced as Japan, her commerce would be at least as much greater as is her population. That is, her foreign trade would reach the enormous sum of \$3,500,000,000.

If another America, peopled with 75,000,000 like ourselves, should rise out of the Pacific Ocean, what a tremendous impetus it would give to the world's industries. To raise the standard of living in China to the average standard in the United States would be equivalent to the creation of five Americas.

Raise the Chinese standard of living only 50 per cent. and, commercially speaking, it would add 200,000,000 to the world's population.

We see, then, what the awakening of China means to American commerce. Our share of the Chinese trade is next to that of Great Britain, and rapidly in-

creasing. Our geographical position and our other undeniable advantages should give us the first place in China's foreign trade.

Wu Ting Fang, late Chinese minister to the United States, at a farewell dinner given him by the American Asiatic Association, said: "We all know that China is one of the greatest markets of the world, with a population of over 400,000,000 that must be fed and clothed. . . . She wants your wheat, your cotton, your iron and steel, and your manufactured articles. . . . She wants steel rails, electrical machines, and one hundred other things that she cannot get at home, and must get abroad. It is a fine field for American industry to fill these wants. . . . If you do not come up to your own expectations and meet this opportunity, it is your own fault."

The new necessity of finding additional foreign markets, pointed out in a preceding chapter, together with the prospect of doors more or less closed against us in continental Europe, or of being hampered by a high tariff, lays strong emphasis on the value of China's "open door" and the desirability of keeping it open.

When we remember that our new necessities are precisely complementary to China's new needs, it is not difficult to see a strong meaning in the fact that we have become an Asiatic power, close to the Yellow Sea.

This nation has so far paid little attention to China, an immeasurable and nearby market. Both the Russians and the Germans have carefully conceived theories of their own as to Chinese trade and Oriental character. We have applied so far the philosophy of indifference. What American trade there is to-day in

the Orient is the result of superior geographic position, of our matchless resources, of the excellence of our goods, and of the tireless efforts of a mere handful of enterprising American merchants.

It is true, our trade is growing with China and the whole of the Far East; it is even growing rapidly. But this growth is far slower than it ought to be, taking into consideration our advantages.

We are only about 5000 miles away from that market, and our competitors, England and Germany particularly, are distant from it 10,000 to 12,000 miles. Our natural resources almost defy description, while those of our rivals are in comparison limited and meagre.

Germany is the most striking case in point. When placed side by side with ours, her resources are not ample. She is far away from this Far Asian market. Her men do not equal ours in inventiveness, bold spirit of conception and execution, and in capital. And yet, by first patiently evolving a system of dealing with China and then consistently adhering to it, Germany has achieved within the space of a few years a pre-eminent commercial position in the Far East.

Attention has been called to some of the strong traits in the Chinese character. But there are others just as strong which we, as a nation, have so far ignored in our dealings with them. Profound individual selfishness is one of them. Singly, this makes the Chinaman a ruthless and formidable competitor in the commercial race. Collectively, it makes the Chinese a weak nation. Like all Orientals, the Chinaman shows a singular respect for visible, tangible power and force. This brings it about that that nation which, like Russia, impresses the Chinaman

through his senses, by a ceaseless display of military and naval strength, is held by him in great esteem. Mere patting on the back will not accomplish much with the average Chinaman. As Li Hung Chang once put it in conversation with an American: "If you Americans expect to get a large share of Chinese trade, you cannot get it by talk; you have got to go after it." And this wily old man knew his countrymen thoroughly. Furthermore, he was a typical Chinaman, with all the failings as well as the strong points of his race. Though he hated the Russians bitterly, he accepted huge bribes from them, and furthered their schemes rather than those of their more scrupulous competitors.

It is quite true that the Chinaman looks upon all Westerners as barbarians, but it would be a mistake to suppose that he does not draw distinctions. He keenly discerns differences of method and character, as shown by the various groups of these "barbarians."

As a nation, China is lethargic; as an individual, the Chinaman is enterprising and pushing, resourceful, patient, and quick.

China will never advance merely by her own will-power. She must be taken in hand, and she will respect that teacher the most that will deal with her firmly, though kindly.

We ought to have at least 50 per cent. of China's foreign trade. We do have actually, counting in our indirect trade with her (through Hong Kong and via London and Liverpool), something like 17 per cent.

One immense barrier that stood in the way of American trade expansion in China, the li kin (or local transportation tax), has recently been done away

with. The Chino-American commercial treaty, lately signed at Shanghai, confirms the abolition of this nuisance. American trade in China had probably suffered in its growth more from the li kin than had that of any other power. This was due to the fact that most of our Chinese exports are rather bulky, such as machinery, flour, cotton, petroleum, hardware, and other things. Their great weight was an insuperable difficulty in transporting them far inland, subject as all these goods were in transit to repeated, and quite excessive inland taxes or duties. The removing of these burdens will do more than any other single factor in widening our market in China. Competent judges on the spot predict a doubling of our exports to China within the next few years. But this only in case half of that energy and intelligence be shown by American merchants which are shown by them in supplying the congested markets of Europe.

There is a consonance of opinion among Americans in China that minuter methods must be adopted by the merchants of the United States in trying to promote their Chinese trade. If syndicates were formed in this country for the purpose of systematically exploiting China, and if the same sagacity were shown by them which has been exhibited at home, it is safe to say that our chances in China would be simply enormous. Good, reliable, and energetic agents and special representatives in China would form part of this programme. At present there is much to be desired in this particular.

Adequate American banking facilities are another much-needed feature. At present, banks in China are all owned by Russians, Germans, and Britons. It will scarcely be necessary to dwell on this point. Its im-

portance will be understood by every American of any business training.

We need more ships, carrying American goods to China in American bottoms, and flying the American flag. The flag, as everyday experience teaches, is a great promoter of trade, a great advertisement. To-day, the American in Shanghai or any other Chinese port vainly strains his eyes for a sight of the starry banner. There is absolutely no difference of opinion among Americans in the Far East upon this point. The flag impresses the Chinaman as a visible sign of another nation's influence and resources, and he correspondingly respects that nation.

Our consular service in the Far East, on the other hand, is probably the best to be found. This may run counter to the preconceived opinion of many Americans; it is nevertheless true. Time was, and not so long ago, when it was not true. That was the time when Far Asia was like Kamtchatka to us—a remote, unknown, and unimportant region. But since our acquisition of the Philippines, the state department in Washington has sent men to the Far East who, in almost every instance, have proved valuable allies in extending American influence and trade.

Of one of our consular representatives in Far Asia it is admitted all around that he supplies Washington with better, earlier, and more practical information, regarding fluctuations of trade and the means of reaching consumers, than any half-dozen representatives of other nations do with respect to their governments. Germany runs us a close second in the excellence of her consuls in the Far East. They certainly have the advantage of a more thorough and special training for their positions, and the Oriental Seminary in Berlin

does also much to give them a better equipment linguistically than our consuls can show. The Kaiser, too, has his eye on every one of them, and they are made to feel that they are sent to the Orient to further by every means the greatness and commercial expansion of the fatherland. Public opinion in Germany also keeps a rather close watch on the German consuls in that part of the world, and derelictions from duty or the slighting of national or individual German interests are at once pointed out and rebuked in the vigilant home press.

But these advantages are more than offset in the American consul by his greater alertness, his quicker perception, his greater adaptability to foreign conditions, and his inborn commercial spirit, which makes him see instantly commercial chances for his countrymen which the slower intellect of his diplomatically trained German competitor often fails to reason out by laborious methods.

In any event, it is beyond doubt that at present no other nation has such efficient agents for commercial expansion on the ground as has ours.

In some things it is wise to take the opinion of a rival. Our keenest rival at present, and more particularly in the Far East, as has been said, is the German. And the greatest expert in Germany on foreign trade conditions, Dr. Vosberg-Rekow (who is chief of the Berlin bureau for the preparation of Germany's projected commercial treaties), calls the American consular corps "the most vigilant sentinels who, spying out trade openings, make them their advantage and report them." Of course, this is not saying that our consular service is not susceptible of improvement. It may be that a securer tenure of office, and the complete

divorcement of politics from the consular office in the matter of appointments, might achieve even better results than those hitherto attained.

We ought to have a strong navy, a navy dominating the Pacific. Above all, our navy ought to show itself a great deal more in Chinese harbours than it does. This would be another great asset in our favour, the importance of which can only be appreciated by understanding on the one side Oriental, and in this case Chinese, character, and on the other by taking into consideration the future importance to us of the Pacific.

The Chinaman is powerfully impressed by the frequent visits of large naval vessels, Russian, French, and German, in his ports. To him they are so many evidences of material superiority, and in his mind he classes the importance of the various powers in strict accordance with the number, size, and more or less prolonged stay of foreign men-of-war in his treaty harbours. There are many other reasons for the recent rapid decline of English influence in China, but one of the palpable ones is the infrequency of the appearance in Chinese waters of British naval vessels.

For decades to come, probably all through this twentieth century, the construction of railroads in China will not only be one of the most profitable business ventures, but also the most important agent in the opening up of the country. Therefore, those nations displaying the greatest energy in this direction, and investing most freely in the task, will eventually reap the richest harvest in China. It is sad to say that in this respect America has even been lagging behind little Belgium. Nay, Italy, poor in capital as she is, has already invested some millions in Chinese railroad projects. Switzerland, with a territory and popula-

tion smaller than one of our medium-sized States, has also gone into railroad-building in China.

As for the four chief European powers,—England, Russia, Germany, and France,—they have given freely of their abundance, and they have furthermore pre-empted a number of railroad opportunities in China. Russia, for one, has not only built (it is true, wholly with foreign capital) the two Manchurian lines, but she has a similar gigantic project on foot for the opening-up of Mongolia, a Chinese possession whose natural resources are great and whose population is very sparse.

France has built railroads in her Indo-China territory, and is planning others in Yuen Nan and Szech Wan. Those in Yuen Nan do not promise much; that province is one of the poorest of China. But if she can contrive—by connecting them with another line into Szech Wan—to tap that extensive and wonderfully rich province, she will get abundant returns for her outlay.

Germany's concession in Shan Tung—her colony of Kiao Chao—forms the starting point for another Chinese railroad network. She has lost no time in utilising her opportunities. In 1902 she began the construction of a railroad connecting Kiao Chao (the town of that name), Tsing Tao (by far the largest and most promising harbour town within her colony), and Tsi Nan Fu (the provincial capital of Shan Tung, still under Chinese dominion), and a few months ago she had completed the first and most important section of this road. She has now started the building of the second half. The portion of the road finished gives Germany direct access by rail to one of the best coal and mineral regions within the coast district of

China. The coal exists in thick layers, both of the bituminous and anthracite varieties. The hard coal mined so far is superior to that of Japan, and for Germany's naval station of Kiao Chao, as well as for the naval vessels of other nations, this is a most important fact. The iron ores made available by Germans are also of very fine quality.

Great Britain, whose ambitions in the Far East have been dulled in a most strange way of recent years, has not shown enterprise in the matter of exploiting the possibilities of Wei Hai Wei, her most recent acquisition. Indeed, she has allowed that port, most favourably situated on a promontory of the coast of Shan Tung, to lie fallow. But even Great Britain, during a momentary revival of her former energy, has secured for herself a most valuable concession for the construction of a railway into Shan Si, and the working of the immense mines there. To some extent, French capital has joined her in that venture.

The railroad schemes present another great advantage, for in almost every instance the concession by the imperial government in Peking has been coupled with a monopoly to exploit mines or erect factories in the districts which will be opened up.

It is a strange spectacle, indeed, that a nation as enterprising as ours has stood by and allowed nearly all the nations of Europe to forestall her in the matter of railway building in China. If American capital does not bestir itself, there is grave danger that the favourable moment will slip by. So far, there has been only one American railway project in China, that is, one which matured beyond the initial stage. But even this one, after the American promoters had tired of Chinese official dilatoriness, was soon snapped

up by capitalists of other nations, Belgians most of them, and at present there is nothing afoot from this side of the water. And yet it is hard to see why American capital, which is now looking abroad for good opportunities of investment, should continue to overlook the splendid chances which China offers at this juncture in railway building. We have, besides, a wider and more successful experience in that line, and possess a larger number of able men for such construction, than any competing European nation. There is every reason to say that all that is lacking on our part to get our full share of these vast enterprises is the will to obtain the necessary concessions. Certainly, American influence in China, whether with the imperial court or the various provincial governments, is quite sufficient to secure the necessary permits.

But, of course, American capitalists must show in this matter the same amount of intelligent interest and push which they have displayed in other countries where conditions were not nearly so promising. Immense activity is now being displayed in Peking by a score of keen-witted promoters representing other nationalities. The fear is entertained by clear-sighted Americans in the Far East that when finally this country shall be waking up to the importance of present advantages in this great field of exploitation, it may be too late. If quick American resolve was ever called for, it is called for in this case. Within the next five years a score or more of railroads will be constructed in different parts of China, in the coast belt of provinces as well as in the more interior ones, particularly those traversed by the Yang Tse and Hoang Ho. Two or three of these, at the very least, ought to be built and owned by Americans. That

would furnish us with as many all-important radiators of American influence and commerce.

American missionaries in China have the reputation of being the most active and successful. They form a corps of men, not very numerous, but making up for that by a thorough knowledge of country and people, whose alliance and assistance would prove invaluable.

It was said that we need a large navy. The completion of the Panama Canal will practically double our naval strength. The American navy ought to be large enough to play a predominant rôle in the whole Pacific, and above all in China. It must be commensurate with our present and future interests in those regions. And these interests can scarcely be overestimated.

But we must not wait for such an increase in our naval strength. Now is the time to do the best we can with our present naval forces. The heaviest part of our navy should be kept in Asiatic waters. It is there that the conflicts of the future will occur. It is also there that our visible powers as an expanding nation should be manifest to all. The experience of Germany in Chinese seas has taught her the great importance of such visible demonstration. German merchants in China say that German trade increases with every German man-of-war that puts in at Chinese harbours. The Chinaman loves and reveres concrete power. That is a part of his very nature. And the only tangible power possessed by other nations with which he can be made acquainted in his ports (at least during times of peace) is the merchant vessels and men-of-war of those foreign "barbarians." Let us get this lesson by heart while it is yet time.

The best way to get the Chinaman to buy our goods is to make him acquainted with them. He is not impressed by flaring advertisements, booklets explaining the excellence of wares, nor by any other of the methods used in this country in pushing sales, save and alone by the one method of making him taste, smell, and see for himself what the goods are he is expected to purchase. But to such demonstration he is readily accessible. Once he has found out that American tobacco is good to smoke, American flour good to eat in the shape of bread or cake, American cotton fabrics good to wear, American machinery strong and durable, as well as labour-saving, he is convinced. He will thereafter become a steady, liberal, and discriminating purchaser of American goods.

To drive this knowledge home to him, it is, however, absolutely necessary for American manufacturers and merchants to keep reliable and able agents and salesmen in China, men who are willing to take trouble in getting heart-to-heart talks with the Chinese consumer. That point was spoken of before, but it is of such paramount importance that it is here emphatically repeated.

But such men will also acquire an intimate knowledge of the crooked by-ways of the Chinese mind, so dissimilar from ours. Some of these sinuosities of Chinese character seem to us absurd, but they must be taken into account by our merchants. The German merchant in China is doing so, and that explains in very large measure the phenomenal rise in German trade with China during the past five years.

American newspapers and students of foreign affairs, after Germany's seizure of Kiao Chao, jumped to the conclusion that that event would prove harmful

to German trade in China. The exact contrary is the truth. Even during the year of the Boxer uprising, German exports to China showed a decided increase, and that increase has since been maintained.

In a measure it is due to the rigidity of the British merchant's mind that he has been losing a considerable fraction of his Chinese trade to his German competitor. With the same lack of adapting themselves to the tastes of their foreign consumer which the British exporters and manufacturers have shown in their dealings with South and Central American countries, and which have led there to similar results, they insist in China on putting up their goods in a manner perhaps eminently satisfactory to the British public, but wholly unsatisfactory to the Chinaman, the Corean, the "Jap," and the Siberian. The unwieldy and bulky size of many British goods on their arrival in Chinese ports makes transportation always difficult and costly, often impossible. And yet the Briton clings to this habit with a tenacity worthy of a better cause. Do not let us fall into the same error.

It is easily within the truth to say that China, as a market for American goods, is capable of fivefold, nay, tenfold, expansion within the next ten years. Our exports to China are now roughly computed at about \$30,000,000 annually (including both direct and indirect ways), and that is a figure which, even now, beats our trade with Japan by a considerable margin. But if we only apply the right methods, this Chinese trade may be increased indefinitely.

One fact in this connection must especially be dwelt upon. China is practically a virgin market, to be had by us without the ruinously expensive necessity of first driving out other competitors. This is a

consideration of the first magnitude. Our manufacturers have succeeded in obtaining a firm footing in the congested markets of Europe; but that has been done by dint of very hard and patient work, and at an enormous outlay of capital spent in preparatory labours. In China nothing of the kind is called for. And it furthermore happens that the very manufactures in which we are strongest, are those most in demand and yielding the steadiest profit in China. Thus the ground is prepared and the field is favourable for an immense American trade with the Celestial Empire.

It is the neglected populations and the neglected markets to which the American exporter must look in the future. When we consider that Germany, with her 57,000,000 of population, buys of us a matter of \$200,000,000 to \$250,000,000 worth of goods yearly; that Great Britain, with her 40,000,000, takes between \$500,000,000 and \$600,000,000 of our commodities, and that France, with 40,000,000 also, is our customer to the extent of about \$100,000,000, it must seem self-evident to every careful observer that China, with her more than 400,000,000 of population, and with a very rapid natural increase, might be turned into a market for American goods of greater importance than any of those countries, even taking into consideration the present low scale of earnings of the Chinaman.

It is, therefore, of the utmost importance to us to prevent the partition of China among greedy European powers, to conserve the Chinese market, to maintain the "open door," to aid energetically in opening up the country and in exploiting its enormous natural resources, and to further, by all means, the greater purchasing and earning power of the average Chinaman. To raise his standard of living by, say, 50 or

100 per cent. within the next ten or twenty years, would mean the increase by just that percentage of American trading opportunities with that country. And this must be considered quite feasible when we remember that the standard of living in Japan has increased, in round figures, 300 per cent. within the past thirty years. The possibilities of such a market as China are at this very juncture of inestimable value to us, as its full exploitation would, in large measure, obviate and overcome the increasing difficulties of our domestic manufacturing situation, difficulties which were briefly pointed out elsewhere.

CHAPTER X

SOME LITTLE-KNOWN FACTS ABOUT RUSSIA

THE apologists for Russian aggression in the Far East usually advance the claim that in this ever-growing easterly expansion that nation is subserving her most vital interests. They and the Russian jingo press make the statement that the Muscovite people absolutely require these vast Asian territories for their further spread, that the density of the home population in Europe is so great as to exert a ceaseless pressure eastwardly.

This claim is entirely devoid of foundation. Let us examine the facts.

According to the last census taken in Russia, that of 1897, the European part of it, comprising a territory of 2,052,490 square miles, being, therefore, considerably larger than the whole remainder of Europe, has a population of 105,396,634. The non-Russian part of Europe, with only two-thirds the territory of European Russia, has about 283,000,000 inhabitants. Compared with some of the more densely settled countries of Europe, such as Belgium, Holland, England, Germany, or Italy, Russia proper is but thinly populated, her density being only from one-third to one-tenth that of the countries named. Nor are there special circumstances, such as large waste lands, great desert districts, or infertility of soil to outweigh this consideration. On the contrary, the heart of Russia, the 50

provinces making up Russia proper, are by nature among the most fruitful lands of Europe. With an agricultural system as rational and intensive as that of the main countries of the rest of Europe, Russia proper could easily support treble her present population.

But the great trouble with Russia is that her system of agriculture is a vicious and mistaken one. This is not the place to discuss this topic in its details, but it may be briefly mentioned that at the root of the evils from which agriculture in European Russia suffers lie these two facts: The one-crop system (mainly wheat or rye), forced upon the Russian peasant and landholder by an irrational financial economy, and the total lack of even the most elementary principles and practices of sound agriculture. As to this last-named point, one fact may stand for many, that the so-called "black-soil belt" of Russia, until not many years ago considered the most fertile in Europe, has never received any manure or other fertilising ingredients since the emancipation of the serfs, forty-three years ago, and in consequence at present shows serious signs of exhaustion. And that fact again is responsible for the frequent famines in that region, famines which have become a settled feature of Russian life, and which will not disappear until Russia's agricultural system shall have been radically changed.

We see, then, that it is by no means the density of her population which impels great swarms of Russian peasants to seek the untilled fields of Siberia, but solely a vicious agricultural system, and for this system the Russian government is very largely to blame. That one cause leads to a train of effects. Among these must also be reckoned the steadily proceeding

impoverishment of the Russian peasants, forming 95 per cent. of her total population.

So far has this impoverishment gone that the number of farm cattle and horses is diminishing year by year; government investigation has shown 28 per cent. of all Russian peasant holdings to be entirely without these domestic animals. The average earnings of a Russian peasant and his family (each family estimated at seven heads), are given by the government at \$32 yearly, while noted Russian economists place the amount considerably lower. But taking the government figure, the average Russian earns less than either the "Jap" or the Chinaman, truly a significant fact.

The Asiatic dominions of Russia comprise 6,326,554 square miles. If we exclude Caucasia, a small province just beyond the border of Russia proper and very densely settled, this vast region has a population of only about two to the square mile. This is not including Manchuria, but even if that Chinese province be reckoned under the head of Russian possessions in Asia, the figure would remain substantially the same. It is idle, therefore, to talk of the need of Russia for a further aggrandisement of her territory. Whatever rate of calculation we may adopt, the present size of Russia's Asiatic dominions would amply suffice for the expansion of European Russia's population for centuries to come, no matter how rapid the increase of that population. And speaking of that increase, it is little known that in the case of a very large portion of European Russia, namely, precisely the afore-mentioned "black-soil belt," forming the very heart of the empire, the population is almost stationary. To be exact, the increase in that region is only 0.26, while the increase

for the entire empire is a trifle over one per cent. per annum. The greatest increase in population in Russia is in her most densely settled portions, viz., the ten provinces constituting Poland. Together, they comprise only 49,084 square miles, with a population of 9,401,097 souls, and the annual rate of increase there and in the small Baltic German provinces of Livonia, Courland, and Esthonia, is about 2.2, or almost ten times the rate of the "black-soil belt."

For the whole empire, the density of population, in 1897, was 15.3 to the square mile, while that of Japan is 296 to the square mile. It is Japan, therefore, which with justice may talk of the need of expansion; of all lands under the sun, Russia has the least right to set up this plea in extenuation of her aggressive Asian policy.

As a customer of ours, Russia has not played much of a figure. Indeed, taking into consideration the vastness of the country and the great size of her population, our exports to, and imports from, her have been pitifully small. In 1880, we exported to Russia a trifle over \$13,000,000, and in 1903, something in excess of \$17,000,000. Even such a small country as Belgium bought five times more of us.

Nor is this likely to change in the near future. For one reason, the exports of Russia are all of a nature of which we ourselves have abundance, namely, cereals and other agricultural products. She is, therefore, in her exports one of our chief rivals. As to American imports in Russia, the case at first does not seem so plain, for she has need of all those manufactures in the making of which we excel, above all, machinery of every type, railroad building material, locomotives, freight and passenger cars, the equipments for street

railways, hardware, cotton goods, raw cotton, canned articles, agricultural implements, and all sorts of factory gear. She does buy a certain amount of these things of us, but the amount is, as we have seen, comparatively very small. Russia does her greatest foreign trade with Germany, and next with England.

Russia's whole foreign trade, however, is insignificant for so large and populous a country. The whole volume of her exports and imports is no larger than is our export to Great Britain. This fact is susceptible of a very simple explanation. Russia is very poor, not in natural resources, but in capital and enterprise to exploit them. She has an immense national debt, about \$4,250,000,000, and a foreign debt of about \$1,900,000,000, and the interest charge on that, payable in gold, is a constant and enormous strain on her finances. To develop her natural resources, even as far as she has, Russia had to depend on foreign capital.

To bring her exports and imports within such figures as to permit Russia to pay the interest on her foreign debt without draining the country of its gold, her financial genius during the past decade, Witte, adopted and carried out his peculiar system. This system produced results which, on their face, looked very brilliant, and which certainly have enabled Russia to maintain her gold standard and do away with the former curse of an unsettled and fluctuating currency. But looking at the facts more closely, the discovery is made that Witte's financial policy has been accomplished at the expense of the vital element of her population, the peasantry, thus in the long run steadily impoverishing the nation. The other chief creation of Witte, Russia's newborn industry, is a sham and a pre-

tence, and its utter collapse three years ago will not lead to a revival under existing circumstances.

Thus, it is all very well to tell us, as Senator Beveridge does in his recent book, "The Russian Advance," that Russia is a "virgin market," and to invite us to conquer it. But how is it to be done? Certainly not under the present tariff and revenue system of the empire. For the tariff is prohibitive on most commodities which this country could supply, and the present Russian revenue system makes a large increase of Russia's imports an impossibility. Besides, the evils which have led to Russia's impoverishment and which have left her barely two or three million inhabitants of moderately affluent circumstances, out of her total population of 130,000,000, have been of slow growth and are so deeply ingrained in the character of both government and people as to require many years of gradual, yet radical reform, before they can be much mended.

The simple truth is that Russia, at the present day, is one of the poorest markets for the exporter. It is simply ignoring the inherent facts of the case to deny this. The only customer worth having in Russia is the Russian government itself, for that is the constructor of her railroads, the builder of her factories and workshops, the provider of her armies and navy, and the feeder of her starving millions during times of famine. But unfortunately, even this customer is not available. For the main paragraph of Russia's economic code, as framed by Witte, is a policy of exclusion. In other words, the Russian government has set out to create all those things on home soil and with home material which it needs for the above purposes.

That explains why, even with such gigantic under-

takings as were the building of the Transsiberian Railroad and its two Manchurian branches, but a tiny fragment of the material used was bought of this country. It further explains why the whole Siberian market, which, by reason of our geographical position, and on the strength of other grounds, we ought to dominate, has proved practically inaccessible to us. Look at the figures of our foreign trade, and you will see that though the Siberian coast is only something over 4000 miles away from us, and though that is much nearer than are the Russian supplies in Moscow or St. Petersburg, we yet have exported thence for a number of years past but a paltry million dollars or so.

In any event, Siberia is even a poorer market for American goods than is Russia proper. The small population of that enormous territory is made up, save a very small fraction, of people so poor, and scarcely half-civilised, that their wants are only the most elementary. And these wants they supply by the labour of their hands. The cereal production in Siberia for 1902 was: wheat, 30,796,000 bushels; rye, 23,080,000; oats 34,078,000; barley, 2,628,000. But though the population of Siberia is only about 6,000,000, all told, the above figures show that her cereal production is rather meagre. Indeed, there are several states of much smaller populations within the Union which greatly exceed Siberia in their cereal output. And let us remember that the figures quoted above comprise nearly all that Siberia produces; there is scarcely anything else she raises or manufactures. Surely, such a country does not offer a very alluring field for American enterprise.

Russia's determining reasons for building the Transsiberian Railroad were twofold. The road was

to develop Siberia and further trade between her and European Russia. But the more potent reason was of a political and military nature. It was to aid Russian expansion in the Far East. So far, it has proved valuable only in the latter direction. As a commercial venture, as a means of developing Siberian resources and affording a large transit trade, this road has proved a distinct failure. The annual deficit in the accounts of the Transsiberian Railroad is simply frightful. The receipts are small. The amount of freight it carries is lower than on any of our own more important branch lines. The hopes entertained by Witte and the whole Russian government in this connection have not been fulfilled. Probably 50 years or more will be required before this railroad shall reach a paying basis, and meanwhile Russia's exchequer will be annually charged with a more or less considerable balance the wrong way. For last year the deficit of this road amounted to almost \$25,000,000.

However, the Transsiberian Railroad was a necessity. Ultimately, it will prove of great economic advantage to the whole empire, but before that stage is reached the road will not only have to be practically rebuilt, but its present capacity will have to be doubled or trebled. For, at this writing, it is but a poor ramshackle affair, one-track throughout, rails and rolling-stock of the lightest description, and resting on a bed which, under the rigors of the severe Siberian climate, is wholly insufficient. And yet it took, in round figures, \$500,000,000 to build it, all of it representing borrowed capital. It took another \$250,000,000 to construct and equip the two Manchurian branches.

There are many who credit Russia with great statesmanship and economic sagacity in building these roads

in Manchuria. The latter traverse a sparsely settled country, and only connect with the Transsiberian Railroad. It is quite safe to say that, as economic enterprises, these Manchurian roads will prove even more pronounced failures than the Transsiberian has so far proved. Viewing them merely from the angle of Russian aggressive policy, of military strategy, and as a visible sign of Russia's expanding political power, they may, however, prove a success. On the other hand, even in that limited sense, they may eventually become a white elephant for Russia. The final issue of this present war will largely determine that question. For a country so poor in capital as Russia, a country with a home population whose most crying material needs are insufficiently supplied, these Manchurian roads are, economically considered, a gigantic folly.

It is quite true that Siberia (and, possibly, Manchuria hereafter) is becoming the home of larger and larger numbers of Russian peasants, drawn mainly from the famine-visited provinces in Europe. This immigration from the interior of Russia has become a settled feature. It varies greatly in volume during successive years, but it does not average more than about 80,000 per year. Every spring following on a famine year in Russia proper, sees shoals of half-starved peasants, accompanied by their whole families, slowly making their way towards Siberia. Mostly they settle in those districts of western Siberia enjoying a comparatively mild climate. There are districts there which are already rather densely settled and which have begun to show, under the same unwise system of agriculture which is followed in Russia proper, signs of soil exhaustion. So much so that, during the severe

famine of 1901 which ravaged the "black-soil belt" of interior Russia, a part of western Siberia was similarly afflicted. These districts at that time received no inconsiderable share of the government assistance, paid out in money and kind.

The Russian government encourages immigration into Siberia by every possible means. It furnishes Russian peasant families going there, on application, and on the recommendation of their village communes, not only with free transportation, but also with money, seed, often building material, and free land. Naturally, such assisted immigration is largely directed to the more inhospitable regions of Siberia, always far to the east and frequently a long distance off from railroads and other signs of civilisation.

This settled government policy, if pursued for fifty years or longer, will, of course, in the end produce great results. It may in the course of time, say within a generation or two, cover the more undesirable parts of Siberia with a chain of more or less flourishing settlements, villages, and rural towns. But it is slow work, and the hardships for the settlers, even those coming from the poverty-stricken provinces in the heart of Russia, are immense. For all that, the lot of the Siberian peasant is, on most accounts, preferable to that of his fellow in Russia proper.

It would be going too far, though, to expect the Russian peasant settler in Siberia to attain within a measurable space of time to anything like that degree of prosperity which awaits the first or the second generation of settlers in our Prairie states. The climate and the soil of Siberia speak against that. A more important factor, however, than these unfavourable natural conditions is the peculiar character of the

Russian peasant himself. He is the reverse of independent, and looks forever to the authorities above him, to the government, to help him out of all his straits. Physically, he is generally hardy and fit to cope with the difficult climate. But he lacks entirely that sturdy virility of character which our Western settlers exhibit. He is not very diligent and is unused to continuous and intense labour. The enormous number of holidays enjoined on him by the Orthodox Church of Russia, all of which he faithfully keeps, and which take about 150 days out of the 365 of the whole year, alone unfit him for competition with western producers. He has the village commune idea firmly imbedded in his mind, and that idea greatly impedes, and in many cases renders impossible, individual enterprise as well as individual prosperity. He always wants to work *en masse*, in what the Russian calls the *artel* (an association of workmen on the communistic principle), and that again precludes the growth of individualism. In a word, then, the Russian settler in Siberia takes with him to his new home and his new conditions nearly all that heavy load of undesirable qualities and ideas which have prevented him from achieving a fair measure of prosperity in the village of interior Russia whence he came.

From the above it will be seen that to draw a parallel between this Slav frontiersman and the American one in the Far West is to do something wide of the mark. There are undoubtedly a number of admirable qualities about the humble Russian peasant. He is a happy-go-lucky fellow, seldom, if ever, complaining of his hard lot. He is good-humoured in the extreme, and for sole diversion quite contented with an occasional vodka spree. He is charitable, and always ready

to lend a helping hand to his fellows or a stranger. He is pious and devout after his own fashion, and he is intensely loyal to Czar and Church.

But all these good qualities do not help him much in his fight with the wilderness, and they are not calculated to make out of him the material with which great commonwealths are built. Dumb obedience is not a characteristic that makes for sturdy independence.

Siberia will never become what our Far West was and is, the cradle and the home of a pronouncedly manly race.

THE PACIFIC AND THE PANAMA
CANAL

CHAPTER XI

THE PANAMA CANAL

AT last, then, it is certain that the Panama Canal will be completed, and that this work will be done by us and without further loss of time. The completion of this task will mark a new era in the political and commercial conditions of the world. It will divert one-half the trade-current of this globe into new channels. It will make of the Pacific the Mediterranean of the twentieth and succeeding centuries. No other nation can possibly profit half as much from the Panama Canal as will the United States. True, the whole world is to be the gainer, but to us will fall the lion's share.

To dig a canal across the isthmus of Panama, a distance of only 36 miles at the narrowest, is not a new idea. In fact, it has been mooted ever since the discovery of this hemisphere. Columbus set out to reach the Far East by sailing west. A continental wall, nearly 9000 miles in length, forbade him to realise his bold vision. And for 400 years men have dreamed of piercing this wall, thus saving a third of the distance in circumnavigating the earth. We are told by a Spanish historian that Philip II., in 1551, conceived the importance of cutting the isthmus. The long rebellion of the Spanish Netherlands, culminating finally in the independence and autonomy of the northern provinces, and the establishment of a Dutch

144 The Pacific and the Panama Canal

nation, drove such plans from the tyrant's head. Since then, this idea has been revived at intervals. Nelson, England's great naval hero, in 1779, urged it upon his government. Napoleon I. saw the future importance of an interoceanic canal through the isthmus, and because of his clear perception of it, the American negotiations for the Louisiana Purchase had almost failed.

But not until after the Suez Canal had been built, thus showing that the immense engineering difficulties of such an undertaking could be overcome, did the scheme of piercing the narrow ribbon of rock and morass of the isthmus assume tangible shape. Again it was Lesseps and French capital that approached the task. But the difficulties in this case were far greater in every way than those that had been vanquished at Suez. A torrid and unhealthy climate, a total lack of sanitary measures, much greater obstacles in excavating, due to the nature of the territory, and expenditures far exceeding all the estimates made by experts,—these were among the factors that led to ultimate French failure. With that, corruption had crept in, soiling even the skirts of that extraordinary man who had first conceived the plan.

French pride long struggled against admission of failure, but at last that sentiment yielded to stubborn facts. Who should be the heir to take up his work at the point where Lesseps had dropped it?

The voice of the people of the United States declared almost unanimously that it must be they, if anybody. No European nation dared meddle with the great task. The South and Central American peoples were financially not potent, and commercially not developed enough to engage in such an enterprise. Everything conspired to thrust the task on our shoul-

ders. The Monroe doctrine, as at present widely interpreted, would not permit the interference of European nations with an undertaking that concerned primarily American interests. Any attempt of that kind would have been interpreted here as a distinctly unfriendly act, and thus it was that both England and Germany kept their hands off. Besides, all Europe recognised the fact that the fruits of the canal would largely drop into the lap of this nation.

But the United States was in no hurry to become the successor of the French Panama Company. There was a good deal about the idea that was repugnant to American notions. There was also another project afoot, the building of a transoceanic canal in Nicaragua. In fact, for some time the latter was in the ascendant. There were reasons for this. It was a purely American idea, and to carry it out would not have meant to complete an unfinished French job. Quite a deal of preliminary work had been done in Nicaragua by American capital and engineers. The climate there was not nearly so trying, and though the route would have been much longer, the engineering task itself, by taking advantage of lakes and rivers along the projected line, was the easier of the two. No political complications were to be expected with Nicaragua. American commercial interests in that country were already considerable and rapidly growing. There were strong advocates for this route in the United States Senate and elsewhere. Altogether, the champions of the Nicaragua project made a very formidable showing, so much so that, even at the final passage of the Panama Canal bill, the President was empowered to revert to the Nicaragua project if the other had failed.

146 The Pacific and the Panama Canal

Then there was the question of paying the Panama Company in France for the work accomplished, and the property left by them along the line of the proposed isthmian canal. That question, too, was settled to mutual satisfaction, our government agreeing to pay \$40,000,000 in all. But a greater difficulty arose. The government of Colombia, exercising sovereign power over the Panama district, thought it saw a good way of mulcting the people of the United States—rolling in wealth, according to their notion—of disproportionate sums in payment of the privilege sought. On our side it was recognised that the new canal would immeasurably enrich the province of Panama, and, incidentally, the whole of Colombia. Therefore, while willing to pay a fair price for the right to build the canal, the government and people of this country disliked intensely being made the object of a “bunco game.”

But the proverbial good luck of the United States suddenly rid us of this dilemma. The people of the Panama district, who had been unwilling spectators of these questionable machinations of their central government, and who had been for many years desirous of forming a separate political entity, rose against Colombia. Their measures had been taken with such sagacity that the thing was done in a twinkling. Within twenty-four hours Colombia's sovereignty in Panama was at an end. Our government in Washington promptly recognised the independence of the new state. Much bellicose talk was indulged in by the outwitted Colombians, but that was froth, and nothing came of it.

Naturally, our government had shrewdly taken advantage of the new situation thus created. The agree-

ment made between it and Panama relative to the construction of the canal was still on a liberal basis, so far as money went, \$10,000,000 being paid them for the privilege, but it was far more to our purpose than had been the proposed agreement with Colombia. It gave us practically complete control, not only of the canal itself, but of the adjoining territory. Its provisions are such that, hereafter, the United States will be master of the canal and its approaches, both in time of peace and war.

The importance of this agreement to our future political, commercial, and naval expansion, in the Pacific as well as in the Caribbean Sea, can scarcely be overestimated. It will be the main pillar of our future strength in those all-important regions.

It now remains for us to finish what Lesseps left unfinished. This is a task of considerable magnitude. It will require a vast outlay of money, and much time; Congress has appropriated the money, and the canal commission appointed by Mr. Roosevelt will see to its wise expenditure. Possibly the canal will be finished within five years, but it is more likely that eight or ten years will be required. The distance dug by the Panama Company is barely one-third; the remaining two-thirds may not cost as many lives as did the first third (notwithstanding the same murderous climate), but from an engineering point of view, the work yet to be done presents extraordinary difficulties. However, these are considerations which do not weigh heavily in the scale. The main thing is, that the completion of this canal within a few years is now an assured fact. The results accruing from it may at this writing be fairly discounted. Five or ten years are as nothing in the life of a nation, and after their lapse we shall be

148 The Pacific and the Panama Canal

confronted by a chain of concrete facts which can be stated to a nicety to-day. These facts, in the main, are of a nature geographical, commercial, and political.

The theory that geographical situation has much to do with the history of a nation, that, in fact, this one item has been and is the main factor in the development or the retarding of a people, is of comparatively recent growth. But it is now generally accepted by students of history. Geographical situation, indeed, explains nearly all of the apparent enigmas of history. Geographical conditions influence powerfully the evolution of civilisation and the shaping of national character and life. They determine food, dress, occupations, customs, laws, social life, and even religions. The French historian, Victor Cousin, expressed this: "Tell me the geography of a country, and I will tell you its future."

Modern history dates from the discovery of America. New geographical conditions, or, to be more precise, new knowledge of them, have been among the most stimulating or disturbing factors in the world's history. A geographically isolated situation has invariably been accompanied by barbarism or gradual decay. Our time has seen the earth growing much smaller, and its inhabitants brought closer together, and this is as much as to say that a new and strong impetus has been given to the spread of civilisation all over the habitable globe, and to the furtherance of friendly intercourse.

The cutting of the Panama Canal will be the most important geographical event since the discovery of America. It will outweigh, by far, in its consequences the discovery of the sixth continent, Australia, though

in itself it will add nothing either to our knowledge or to the resources of the earth.

Not even the Suez Canal can compare with this new canal in saving of sailing distances. The Suez Canal makes a difference of 3300 miles between London and Canton, 4325 between London and Bombay; the Panama Canal will save from 5000 to 8000 miles to most ships passing through it. The decrease in distance between London and San Francisco will be 7200 miles, almost one-half of the whole; but between New York and San Francisco the saving effected will be 10,080 miles, more than two-thirds of the whole distance. As early as 1879, President Hayes said: "An interoceanic canal across the American isthmus will essentially change the geographic relations between the Atlantic and Pacific coasts of the United States, and between the United States and the rest of the world."

The Mississippi Valley, with its area of 1,244,000 square miles, is as large as Europe without Russia. Commercially and politically, this is the most important valley in the world. Its size, inexhaustible fertility, great variety of products, the energy of its people, the 5000 miles of its waterways navigable by steam, and the southward flow of its great river, present together features of potential greatness which we see unequalled anywhere else. After the completion of the Panama Canal, this valley will have a new and most important opening for its products by way of this canal. It will no longer have to depend on expensive railway freight routes; the low-priced sea route will be readily accessible to it. A time may come when sea-going vessels will pass from Chicago or Duluth down the Mississippi and on to the Pacific. Within

150 The Pacific and the Panama Canal

another twenty years the Mississippi Valley will be peopled by 60 or 70 millions, and the volume of its products will have doubled. These products can then go, as they now do, to the Atlantic border and to Europe; but they will have the additional and just as important outlet towards the whole Pacific, the western coasts of South and Central America, our own magnificent stretch of Pacific coast, and the populous countries beyond the sea—China, Japan, Asiatic Russia, Corea, the Dutch East Indies, and even British India. For, once the Panama Canal is constructed, a cheap and continuous sea route will make interchange of commodities with those countries economically feasible.

And here we touch upon the commercial significance of the canal. Clear-sighted Henry Clay, during his term as secretary of state, in 1825, already recognised the commercial importance of an interoceanic canal, saying: "The execution of it will form a great epoch in the commercial affairs of the whole world."

At present the distance from New York to San Francisco (around Cape Horn) is 14,840 miles. The Panama Canal will reduce this to something less than 5000. A saving of two-thirds in time and distance will put the Atlantic-Pacific trade of the United States on an entirely new basis, and its immense growth can be safely predicted. The economic advantages which our shippers, merchants, and manufacturers will enjoy after the completion of the canal, will soon outdistance those of both the Briton and the German. It will unquestionably bring about the revival of our shipping, and this for the simple reason that shipping will once more become a well-paying business. It has been computed that on a single voyage of a 1500-ton sailing vessel between Port Townsend, Seattle, or San Fran-

cisco, and Boston, New York, or Philadelphia, the saving effected in wages, repairs, insurance, provisions, and freight charges, by reason of the Panama Canal, will aggregate between \$8000 and \$9500. Such an illustration speaks for itself.

But the existence of the Panama Canal will also create a vast amount of new commerce. Hitherto many commodities, especially along the Pacific slope, were commercially not available, by reason of excessive cost of transportation. The exports of our Pacific coast are, for the most part, raw stuffs. Some of the chief ones will not bear long carriage, as, for instance, lumber. Yet the lumber supply of our Atlantic states is being exhausted. Cheap transportation between the two sections of the country will be a great blessing to both. Pacific lumber, for building purposes, will, in the near future, become an exceedingly important article of commerce between the two coasts. In the one state of Washington some 200,000,000,000 feet of splendid timber, mostly yellow and red fir, are awaiting the axe. A calculation has been made that the Panama Canal will mean \$2 added to the value of every thousand feet of lumber in forests skirting the Puget Sound. The supply of splendid lumber in Oregon, Alaska, and British Columbia is far greater. William H. Seward once said: "This region seems destined to become a gigantic shipyard for the supply of all nations."

Wheat and other cereals are also important products of our Pacific coast which will be very favourably affected by the completion of the Panama Canal. At present these products must take the long route around Cape Horn to reach the European market, being four months or more in transit, and thus the shipper practi-

cally indulges in a game of chance every time he sends a cargo. He can never tell in advance about the fluctuations in price, and the whole trade is thereby not only demoralised, but greatly hampered. The canal will reduce this to a twenty-five days' journey, and wheat export from California will thereafter become a mercantile transaction yielding a reasonable profit.

Again, the Pacific coast at present lies nearer to Liverpool than to New York, and the great trade of the western coast of Central and South America goes, chiefly for that reason, largely through the hands of Great Britain and Germany. The Panama Canal will change all this. Distances will then be greatly in favour of New York, in fact, by as much as 2700 to 3500 miles. Add to this advantage our facilities for manufacture, and the control of the South and Central American markets will be the natural result.

The decay of our southern states has been deplored by all good Americans. But this very belt of former slave states will, comparatively speaking, be benefited in a larger degree by the Panama Canal than almost any other region. It will depend on them whether they avail themselves of their advantages or no. New Orleans will be 700 miles nearer to the canal than New York, and Charleston, Savannah, Galveston, and other Southern ports in proportion. Alabama possesses great wealth of coal and ore, but this has up to the present been exploited with only mediocre success, owing largely to competition with the north. This fine Alabama coal can be put on shipboard at Mobile for \$1.50 per ton. The Pacific coast is poorly supplied with coal and iron ore, and Alabama will be enabled to do a thriving trade to those regions. For thousands of steamers coming from or going to the Panama

Canal, Alabama coal will be an article of growing necessity.

It was pointed out in a previous chapter that Japan buys most of her cotton of India. Though of short staple, this Indian cotton is lower in price than ours. The present enormous distance between the American cotton fields and the nearest Japanese harbours is largely responsible for that fact. Yet, raw cotton is the chief item of import in Japan, amounting to nearly \$60,000,000 last year, of which our share was but \$12,000,000. China's imports in cotton are also very large; they form a rapidly rising part of her whole foreign trade. When the canal has been dug, ocean steamers can load with cotton on the Mississippi River or Gulf docks, and sail direct for Japan and China. The enormous saving in distance and freight charges will enable us to compete successfully with cotton from British India.

In a word, the canal will give our Pacific coast increased access to European markets, while it will give our Atlantic and Gulf coasts command of the Asiatic markets.

Mr. Colquhoun, in his books on the Pacific, admits the great rôle which the Panama Canal will play in our future development. He puts it in this way: "It will bind together the remote sections of that immense country, assimilate its diverse interests, go far towards solving many difficult problems, and make the United States still more united. . . . It is primarily an American affair, and therefore need not be regarded with jealousy by the Old World. . . . The canal will complete a perfect equatorial belt of navigation around the world through the gateways of Suez and Panama. No greater impulse to commerce can be given than

154 The Pacific and the Panama Canal

this complement to the Suez Canal. It will benefit America in an infinitely greater degree than Europe. . . . It will bring Japan, Northern China, Australasia, and part of Malaysia nearer to the Atlantic cities of the United States than they are now to England. . . .



It will give an immense impetus to United States manufactures, especially cotton and iron, and will greatly stimulate the shipbuilding industry and the development of the naval power of the United States” (from “Key to the Pacific”).

And elsewhere he says: “One of the greatest drawbacks to the western states is the expense and difficulty with which produce is conveyed to the great markets of the world. The canal will change this, and besides other advantages will have this in its wake of immensely furthering the denser settlement of the Pacific slope. It will enormously increase the working agricultural class there, at present only able to make a

bare living out of the land, due to the policy of the railway trusts" (from "The Mastery of the Pacific").

Coming from the pen of a noted British writer, these statements may well be looked upon as untinged with American patriotic fervour and optimism.

Finally, a word as to the political bearing of the Panama Canal. Its most obvious advantage in this respect will be in uniting our coast lines, and in bringing the most remote portions of our territory into much closer relations.

Virtually the canal will be, as President Hayes said in one of his messages, "a part of the coast line of the United States." This is one of the reasons which makes it imperative for us to control and protect it. That point has been conceded by the European powers. It is eminently a requirement of self-protection for us to dominate the canal. Else, during any future political complications, it would be within the power of a belligerent to cleave asunder our two coasts and thus deprive us of half our strength. Captain Mahan in one of his books shows very clearly this strategic necessity.

Some European writers have pointed to the neutralisation of the Suez Canal as an example worthy for us to follow. But the two cases are by no means analogous. Great Britain commands, at the most important points along the Mediterranean and the Red Sea, the approaches to the Suez Canal—Gibraltar, Malta, Cyprus, and Aden. These strongholds and England's naval supremacy make the Suez Canal practically British property. Their effect is to destroy, for all valid purposes, the nominal neutralisation of the Suez Canal. Besides, the Suez Canal only joins Britain with her Asiatic possessions, and is by no means vital

156 The Pacific and the Panama Canal

to her home interests in the sense in which the Panama Canal will be vital to ours. The Suez Canal does not cut in two or connect the two halves of the British island kingdom, and to close it at any time to British men-of-war, or to permit the vessels of her foe to make use of it, would not be nearly as serious a blow to her chances in the future war as would the closing of the Panama Canal to us under like circumstances.

Secretary Tracy, who first began to create our new navy, pointed to the necessity of maintaining two powerful and independent navies—one in the Atlantic, the other in the Pacific—if the Panama Canal were never built or not made absolutely available for our naval purposes. He first directed attention to the fact that under present conditions the Asiatic squadron of a foreign power could cross the Pacific and destroy, successively, San Francisco, Seattle, Port Townsend, and any other of our ports along that coast, before a fleet sailing from our Atlantic seaboard could meet it. And the able chief engineer of our navy, George W. Melville, has made similarly cogent remarks. He called the canal an element in the utilisation of the mobile defences of the United States, the importance of which is approached by none other. "Without it," he went on, "the fleet of one coast is unavailable for the other; with it, every naval gun may be turned upon the foe, whether he shall come from east or west."

Not quite so obvious, but more far-reaching and just as important will be the effect which the canal will have in rendering the population of this country more homogeneous, politically more united, and more subject to the same material and social influences. It

will be a destroyer of sectionalism; at least it will make in that direction. In short, the Panama Canal will incidentally increase American community of interests and thought. That alone will be a factor of incalculable value.

One weak point in our armament, so far as the Panama Canal is concerned, is the fact that Great Britain exerts dominating naval power in the Caribbean Sea. In the possession of Jamaica, Great Britain holds the strongest naval position there. The Bahamas complement her strategic strength. The proximity of Halifax increases it. All through the West Indies she is overpoweringly strong. True, she is a friendly power, at present probably the only sincere well-wisher we have among the great powers. But it is never wise for statesmanship to build great plans on the transient sentiments of another nation. Keen commercial rivalry, such as the Briton to-day still bears from his Transatlantic cousin without much of a grudge, may in the end ripen into a positive feeling of animosity. Certainly, in the case of Germany that was the determining cause which estranged Briton and Teuton. The ill-feeling between the two nations began in a small way, but it grew apace and has since assumed the form of settled rancour.

Now, the point may be made that American commercial interests to-day run decidedly more counter to British ones than do the German; and that will be the case in a greatly heightened degree hereafter. At the worst, Germany is Britain's rival, commercially speaking, but by no means her equal in wealth, prestige, or colonial possessions. The American, however, is even now more than the Briton's equal in all the essentials of power, and furthermore, the American hereafter will

158 The Pacific and the Panama Canal

do more than anybody else in curtailing British profits and British influence abroad.

The sturdy Briton is beginning to see that point, and it may be shrewdly suspected that it will be made plainer to him in the very near future. Blood is thicker than water, but in an age ruled by material interests such sentiment will scarcely outweigh, for long, tangible reasons of the kind named. The day may come when another Williams will write a book on "Made in America," and Parliament may pass a law such as that body aimed at all German-made products.

At any rate, it would be a matter of sincere congratulation to every clear-eyed American if England could see her way to disposing to Uncle Sam of her West Indian possessions, including, of course, her fortified harbours and naval stations there. That, indeed, would be a striking proof of the sincerity and potency of her cousinly feelings. She might do this all the more readily as her West Indian possessions no longer "pay." The proximity of the United States, our commercial supremacy, the acquisition of Porto Rico by us, and our reciprocity treaty with Cuba are all factors which make towards the steady impoverishment of the British West Indian isles. Once a source of great wealth to England, these isles are now a drain on her imperial revenues. Jamaica has become a sturdy beggar at the door of Parliament. The Bermudas would starve if they could not sell their potatoes and "garden truck" to New York. Altogether, these British dependencies are in a most unhealthy economic state. It is probably no other feeling than pride which prevents England, while she may, from getting rid of the West Indies on liberal terms. It will be of interest to

see how long this feeling will interfere with a rational solution of the problem.

And yet to us the West Indies would be of paramount importance. To quote again Captain Mahan, regarded by many as the keenest living writer on naval strategy, he says in his book, "The Interest of America in Sea Power": "In the cluster of island fortresses of the Caribbean is one of the greatest of the nerve centres of the whole body of European civilisation," and further on he refers to this archipelago as "the very domain of sea power, if ever region could be called so." "Control of a maritime region is insured primarily by a navy; secondarily, by positions, suitably chosen and spaced one from the other, upon which as bases the navy rests, and from which it can exert its strength. At present the positions of the Caribbean are occupied by foreign powers; nor may we, however disposed to acquisition, obtain them by means other than righteous. But a distinct advance will have been made when public opinion is convinced that we need them, and should not exert our utmost ingenuity to dodge them when flung at our head."

At this writing, therefore, it cannot be said truthfully that our eastern approaches to the Panama Canal are quite as undisputed as might be wished. But our possession of Porto Rico and our virtual suzerainty over Cuba count for much, and there is something in the air which seems to foretell acquisition by this country of the Danish Antilles, and of Santo Domingo and Hayti. The main thing is, to keep wide awake and not to dodge, as Captain Mahan says, any of these islands, "when flung at our head."

In a Senate report, some years ago, it was estimated that the isthmian canal, in the second year of its use,

would probably show vessels, aggregating 6,500,000 in tonnage, passing through it, and that this figure could be expected to rise rapidly thereafter, inasmuch as nearly 12,000,000 tons of shipping would still be left within the zone of its attraction (after deducting the above figure), depending for its choice of routes chiefly on the canal tolls which might be adopted. This estimate may be taken to be rather too conservative than otherwise.

The tonnage which passed through the Suez Canal, in 1870, the first year of its use, was 436,600; in 1871, it was 761,464, and in 1903, it had reached a trifle over 9,700,000. The tolls on the Suez Canal are proverbially excessive, so much so that it does not pay vessels of smaller or medium size to make use of it.

A better standard of comparison is obtained by quoting figures from the traffic through the Baltic Canal, connecting the mouth of the Elbe River with Germany's chief Baltic port of Kiel. This waterway was opened in 1895, and it affords a safer and shorter route for vessels making their way either from the Baltic to the North Sea or vice versa. The amount of Baltic-North Sea shipping, however, is by no means as considerable as that passing between the Mediterranean and Far Asia. Furthermore, the old sea route, past the Skager Rack, still lies open to all vessels. Nevertheless, by fixing the tolls on her Baltic Canal at a reasonable figure, Germany has contrived to attract the great bulk of all seaward traffic. Five years after the dedication of the canal, 29,571 vessels, with an aggregate tonnage of 4,282,258, passed through this canal. The yearly increase of this tonnage has been about 25 to 30 per cent. Last year the tonnage of the

vessels making choice of this canal amounted to nearly 6,000,000.

From all of which the lesson may be drawn that, in the matter of fixing the tolls, we had better use great caution. Excessive rates would be suicidal. With so large a portion of the world's traffic passing through the Caribbean Sea, and with the islands under other ownership or more wisely administered, an industrial and commercial revival in the West Indies may be confidently looked for.

CHAPTER XII

SOUTH AMERICA OUR NATURAL MARKET

WITH a map before our eyes it will be noticed that the eastern coast of North America and the western coast of South America are directly north and south of each other. Both are situated between 70 and 80 degrees west of Greenwich, and Valparaiso lies precisely south of Boston. This simple geographical fact may have escaped the attention of some. It is one which, after the completion of the Panama Canal, will become much more conspicuous. Hitherto this geographical fact has been of no benefit to us, but it soon will be. South America has seemed to us very much out of the world, but the canal will bring our Atlantic and South America's Pacific coast into close relations. The principal ports of the latter will be between 50 and 1800 miles nearer to New York than to San Francisco.

These regions of South America have great, but undeveloped natural resources, together with a sparse population. The canal will bring them in intimate commercial contact with the richest and most densely populated portions of our own country. For South America is our natural market. The same is true of Central America and Mexico. The problem for us to solve is, how to utilise this great market. The time has arrived when the task must be undertaken in good earnest. It is one of the neglected markets, and we

have seen in preceding parts of this book that our commercial efforts will have to turn hereafter to such markets, for they are not alone the most promising in every sense, but we must have several strings to our bow. A European continental tariff-union, pointed chiefly at us, can scarcely be regarded any longer as a mere phantom. Such ideas are necessarily of slow growth, and the difficulties standing in the way of realising this particular one are very great; many deem them insurmountable. To bring under one hat the divergent economic and commercial interests of a group of countries differing from each other so much in resources and politics, seems a herculean undertaking. But the idea has taken firm root in the European mind.

Germany and Austria have so far been the backbone of this movement. The Austrian minister of foreign affairs, Count Golushovski, has for years been advocating such a commercial trust against the United States. In Germany, both Count Posadowsky, the imperial home secretary, and Count Buelow, the chancellor of the empire, have followed in Golushovski's footsteps. But in Italy and in France, too, this idea has found lodgment in the minds of many public men and economists. Most significant in this connection was the agricultural congress which met, some time ago, in Rome. Its main purpose was to devise concerted action by continental Europe to avert the flood of American agricultural imports. True, nothing came of it. This country has some very good friends in Italy, and one of them, Prinetti, sometime financial minister of the kingdom, staunchly opposed all projected anti-American measures. The disunion of the delegates, and their inability to agree on steps which

would have been of equal benefit to all the nations concerned, did the rest.

But the mere fact that such an international congress was held shows what strength this movement, detrimental to American interests, has already gained. We may look for increased agitation throughout Europe in this direction, and the seemingly irreconcilable differences which now divide the advocates of the exclusion of American products may in the end be overcome. In any case, serious danger threatens us in that quarter.

Glutted American markets will, therefore, do well to turn to South and Central America as one of the main fields of American expansion. Roughly speaking, Latin-Americans number 60,000,000. Their natural increase is one of the greatest in the world, varying between 1.5 and 2 per cent. annually. In addition to that there is immigration—Italian, German, Portuguese, Spanish, from the West Indies, and from this country and Great Britain, though it may be well to note that these last two items have so far been numerically small. For some parts of South America, particularly Argentina, the southern part of Brazil, Uruguay, Chile, and Venezuela, the immigration figure is quite large. For Argentina, for instance, it is computed at 600,000 within the past ten years.

It may reasonably be expected that in their totality these countries will soon present a market as large and far more profitable than any one of the chief countries of Europe. After the completion of the Panama Canal a large part of the rapidly increasing energy and capital of the United States can hardly fail to be applied to the development of South America.

The general trend of migration has hitherto largely

been on lines of latitude. There were good reasons for this. There has been abundant unoccupied land to the westward, and movement east to west, or west to east, finds less variation in climate and general conditions than a similar movement in a northerly or southerly direction. There is now exhaustion of free arable land, save in rather inhospitable districts, such as Canada and Siberia. We may look, therefore, henceforth to an increased immigration southward. In this connection it may be well to remember that the proximity of the Andes to the Pacific coast affords a choice of altitude which, together with the great extent of latitude, should make it possible to find almost any desired climate along the western coast of South America, matching that of a given latitude on the Atlantic coast of North America. Certainly, Americans who have settled in Peru and Chile find the climate quite congenial.

Together with American commercial expansion in South America there will probably be intertwined political expansion, though as to the precise form that may take opinions will differ. Possibly, indeed very likely, the form will be something analogous to that taken in the case of Cuba, a sort of political protection extended to the weaker sisters, involving control of their foreign affairs and a more or less close tariff-union.

Doubtless a number of facts speak at present against such a consummation. As yet, the Anglo-American is not sympathetic to the Latin-American; the term *gringo* is most readily applied by the latter to their northern brethren. This feeling of dislike in the bosom of the Latin-American is compounded of various elements. There is a good deal of fear in it, aside

from a deep racial antipathy. The immense superiority of the northern American in material respects, as well as in most of the features of intellectual life, is grudgingly acknowledged by the people of South America. The adventurous spirit that has taken hold of the people of the United States since the war with Spain fills them with deep dread and angry forebodings. They think, and perhaps justly, that there are no bounds to our ambition. In short, they darkly anticipate annexation by this country.

In this connection it is curious to observe that even the Monroe doctrine, though largely conceived, in the first place, to safeguard Latin-American independence, has now become a perfect bugaboo to these very people. They scent danger to their liberties from its application.

Let us mention just a few points in corroboration of this. Though Cuba had enjoyed in her long struggle against Spanish tyranny the undivided sympathies of all other Latin-American countries, the latter at once turned flatly around and showed a fellow-feeling wondrous kind for Spain during the course of, and long after, our war with her. The same "Spanish butcher," upon whom the whole Latin-American press had for years heaped maledictions, suddenly became an outraged and injured cousin. There spoke the kinship of race, of course. But intermingled with it all was fear and hatred of the Yankee. The Acre incident will be remembered—in itself a petty one. But at once Brazil and Bolivia smelt smoke and fire. To them the incident meant another dark scheme of the cunning Yankee to acquire territory and set up the starry banner right in the heart of South America. It took much conciliatory corre-

spondence from Washington to smooth the ruffled feathers of those two peoples.

Although this country took Venezuela under its wing, in 1903, when Germany and Great Britain sent their joint punitive expedition to her harbours with an eye to enforce payment of delinquent debts, it was almost amusing to notice how the people of that vast and ambitious, but very backward and financially impotent, republic thanked us for our trouble. The Venezuelan press, in fact, the press of all Latin-America, went from one extreme to the other during that period. One day they spoke of us as their arch-enemy, and the next as their deliverer. Gratitude and abuse formed an inextricable jumble. The secret understanding effected of late between Central and South American countries, with this country as objective, is another illustration of their unbounded fears. Argentina took the lead in this matter, though she, surely, seemed least in danger from our alleged Machiavellian policy. Practically, this understanding need not frighten us, for it died a-borning. In the face of the large number of mutual jealousies, questions of disputed frontier and all sorts of other quarrels which form so interesting and unfathomable a part of South American internal politics, an offensive and defensive alliance between the various republics would not hold good for any length of time.

Our latest little misunderstanding with Colombia, due to the separation of Panama from that federative republic, again illustrated the existence of latent Latin-American animosities. As we know, it all ended in smoke. Colombia's neighbours helped her with an ocean of printer's ink against the hated *gringo*, but that was as far as they went.

168 The Pacific and the Panama Canal

Nevertheless, these are all straws which show how the wind blows. The day seems still far distant when the South American will love us. But that need not seriously trouble us. The Latin-American intensely dislikes all foreigners. That does not hinder him from doing a very flourishing trade with Great Britain and Germany. This trade, or at least a very large portion of it, might as well be ours. Let us look at the amount of Latin-American foreign trade.

Mexico, our neighbour to the south, has been making rapid progress in all things under the long and wise administration of President Porfirio Diaz. Her exports now amount to about \$98,900,000, and her imports to \$75,900,000. The American share of it amounts to \$36,840,206 in imports, far larger than either the British or German. She takes from us machinery, manufactures, both textile and leather, as well as railroad-building materials, etc. We have built her railroads and we exploit a good share of her mines. Mexico forms for the moment the best American field in all Latin-America. This is very largely owing to her nearness to us. But Mexico might, when our chances are properly pushed, take up treble the amount of our present imports. She is a large country, with some 14,500,000 population, the density equalling that of our own country, and during her long internal peace she has shown a very rapid increase.

Nicaragua, one of the smaller republics, with an export of only about \$3,046,825, and an import of \$1,273,185 (half of the exports being coffee), is, nevertheless, another promising field for American enterprise. In fact, there are many American enterprises flourishing on Nicaraguan soil. Her climate is

salubrious, and we may expect there an expanding trade.

Honduras, likewise small, and with less than half a million of population, offers fair chances for our trade. Her imports, in 1902, were \$1,667,440, and exports, \$2,468,141, whereof 65 per cent. of the imports and 66 per cent. of the exports came from the United States.

Guatemala, another of the small Central American countries, has an area of 48,290 square miles, with a population of 1,647,300. Its foreign commerce is relatively large, exports (nearly all coffee) being \$9,031,507, and imports, \$4,285,000. Of the exports about one-fourth goes to the United States, and about one-eighth of the imports are derived from there. Guatemala has no industry. That country has been almost entirely neglected by us.

Costa Rica measures only 18,400 square miles, with 316,738 inhabitants. Nevertheless, she shows relatively high figures for foreign commerce, namely, \$4,413,333 in imports, and \$5,659,695 in exports, the latter being chiefly coffee and bananas. Her imports are largely dry goods, hardware, and foodstuffs. Of these, 54 per cent. came from the United States.

Colombia stands on a different plane. She has almost 4,600,000 population, with a territory which is as large as our Far West, and which presents a great variation of climatic and soil conditions. Relatively speaking, her foreign trade is undeveloped. Exports amount to about \$9,600,000, and imports to \$5,500,000. Her articles of export are coffee, precious metals, ores, tobacco, hides, drugs, ivory, cocoa, rubber, cattle, and dye woods. Imports are mostly textile tissues, iron and steel products, wool, cotton, and "notions."

170 The Pacific and the Panama Canal

Her main trade has all along been with Great Britain, the United States, and Germany. The United States exported to Colombia, in 1903, \$4,246,762 worth of goods, taking \$2,923,611 of Colombia's products. Considering her financial resources, Colombia's foreign debt is excessive, being more than \$13,500,000. The interest charge on that is a great drain on her resources. At present there is a strong anti-American



feeling prevailing, due to the Panama imbroglio. Nevertheless, Colombia forms an inviting field for American capital and trade. She is very rich in natural sources of wealth, awaiting only capital and technical knowledge to exploit them.

Salvador is the smallest of Central American republics, but she has almost a million of inhabitants, and both her exports and imports show respectable figures, namely, \$4,110,260 (of which coffee, about \$3,000,000), and \$2,647,385, respectively. This country also has been quite neglected by us.

The larger part of Colombia's territory is in South

America proper, stretching far inland. Venezuela is one of her neighbours. That country has nearly the size of Colombia, and something over 2,500,000 population. Her foreign trade is quite large: exports, \$18,624,775, largely coffee; imports, \$10,724,750. Her imports consist in cotton goods, woollen stuffs, linen, hardware, and manufactures of iron and steel. This trade has been largely in the hands of Great Britain and Germany. Of Venezuela's exports, however, the United States, in 1903, took \$5,312,954. The railroads built there, the few manufacturing establishments, the street railways, etc., have been creations of British and German enterprise. Venezuela's foreign and internal debt amounts to a round \$45,000,000. It is almost altogether the result of governmental wastefulness. Due to the arrangement effected of late with some of Venezuela's chief foreign creditors, by reason of which a large part of her customs duties (forming the main revenue of the government) will not be available for her uses, a period of financial depression has set in. The future holds, however, much in store for Venezuela. She is exceptionally rich in almost every form of natural wealth, and with a saner government, and better development of her material resources, she could soon be brought to a very prosperous condition. Americans have so far avoided Venezuela. Advantage ought to be taken by us of the prevailing deep dislike of European nations, increased as it was by the events of 1903.

Bolivia is a field which promises good returns to American enterprise. After the completion of the Panama Canal it will be readily accessible to us, and the geographical advantages so far enjoyed by the European nations will then be in our favour. Her area

172 The Pacific and the Panama Canal

is 703,400 square miles, and this immense territory in 1900 had only a population of 1,816,271. Much of Bolivia is mountainous, and possesses a climate congenial to Americans from the North. Her great natural resources are almost entirely undeveloped. Her revenue is derived largely from customs duties, silver mining, rubber exports, patent and stamp duties. Her foreign debt is very small, barely \$3,000,000. Her only drawback is her interior position, she having no seaport. But she has the Amazon and several of its tributaries as navigable arteries for her trade. Bolivia's foreign trade is surprisingly large. Her exports amount to \$9,947,193, being very largely silver (\$5,340,500), tin (\$2,797,500), bismuth, copper, etc. Her imports are largely manufactured articles; they figure up to \$5,114,444. She has only 640 miles of railroad.

Of greatest importance to our prospective South American trade is Brazil. In territory, she exceeds the United States (leaving out Alaska) by some 200,000 square miles. In fertility of soil and variety of products she fully equals us. Her climatic conditions range from the torrid and tropical to the temperate and bracing zone. With an enormous coast line along the Atlantic, she possesses the mighty Amazon and a number of its chief tributaries. Her population, however, is still quite sparse, for her 18,000,000 mean only a density per square mile of 4.5.

The revenues of the Brazilian federal government, in 1903, amounted to \$40,967,000 (from customs duties), and 248,018,000 milreis in paper, the latter from internal taxes, etc. The expenditures were just within the mark. Brazil has a very large foreign and internal debt. The latter has been partly consolidated, this por-

South America Our Natural Market 173

tion amounting to 570,362,000 milreis, while the floating debt is still 187,949,000 milreis.

While the foreign trade of Brazil is very large, it is matter of regret that this nation has so far secured but about 14 to 16 per cent. of the import trade. For 1901, the total exports and imports of the country were almost 1,300,000,000 milreis, the latter coin being at present worth about 24 cents. Of this total amount,



the United States exported to Brazil in the same year \$11,663,119 worth, and it imported from there \$70,-643,574. In the year following, 1902, our exports had declined to \$10,391,130, while our imports from there had risen to \$79,391,130. Of our Brazilian imports, in 1901, the most important was coffee, \$45,015,836; rubber, \$16,919,707; sugar, \$5,347,503; hides and skins, \$2,061,779. Of our exports in that year, wheat flour figured with \$2,687,786, and petroleum, \$2,-136,982.

It will, therefore, be seen that while the tropical commodities we import from Brazil are a direct complement to our own products, we have so far neglected to induce Brazil to purchase of us the many things in which we excel, and which she absolutely needs. These things she now takes almost altogether from European nations, particularly Great Britain, Germany, and France. These countries supply her with steel and iron manufactures, cotton goods and other stuffs for wear, and the other innumerable articles turned out by a highly developed industry. There are, of course, special reasons for this, the chief one being the greater proximity of Brazilian harbours to Europe, the far older commercial relations with those countries, and the presence in Brazil of large numbers of British, German, and French trading firms. Another reason is to be found in the German and British steamer lines regularly visiting Brazilian ports. The last two points mentioned are susceptible of change.

The Brazilian merchant marine is not very considerable. It consists at present of 228 steamers, with a tonnage of 91,465, and of 343 sailing vessels, their tonnage being 76,992. In 1901, the principal Brazilian ports were visited by 14,360 vessels, of an aggregate tonnage of 11,107,480.

The unfavourable geographic position, so far as Brazilian harbours are concerned, will, of course, not be affected by the Panama Canal. That fact will continue to vex us. But the land route into Brazil will hereafter be open to us. The western half of Brazil lies not far removed from the Pacific. It is now being opened up by railroads. So far, Brazil has 9718 miles of railroad in operation, and 4989 miles building. Another 7110 miles is projected, and within five years

from now several main lines will traverse this western domain of Brazil, while a number of branch lines will tap them. American capital at this juncture could be very profitably employed in constructing a number of additional railroads, especially lines which would give more ready access to the western portion of Brazil, furthering immigration there, and developing the immense resources of that country, now lying almost completely fallow. These lines ought to connect with Bolivia, Peru, and Chile, and would thus supply regular lines of steam and sailing vessels, doing traffic between our ports and those on the western coast of South America, with paying freight and cargoes.

Indeed, when the Panama Canal has once been built, Brazil will become probably the finest field in all South America for American commercial expansion. Her population, too, is less hostile to us. For many years our diplomatic and political relations with Brazil have been extremely friendly. There is no reason under the sun why we should not capture one-half of the entire Brazilian foreign trade. As it is, we are her best customer, outdistancing even Britain. With proper encouragement shown to Brazilians, and with vastly increased facilities of communication for our trade, she in her turn ought to become—and probably would become—one of our own best customers, for she has great and growing need of all our manufactures.

Chile is generally considered the most progressive of the South American countries. She has a population of 3,500,000, and her territory forms a long and narrow strip along the Pacific. In density of population she leads all her neighbours. Indeed, she leads in other respects. Her government is stable and sagacious, and

176 The Pacific and the Panama Canal

in her various wars she has been successful. For so small a country, both her army and navy are large and efficient. Her foreign trade is, per head of population, the largest in South America. She exported, in 1902, saltpetre, copper, guano, precious metals, coal, and cereals to the amount of \$68,309,965, and she imported (machinery, hardware, petroleum, textiles, etc.) altogether, \$47,143,204. Her finances are settled, and her revenues and expenditures maintain a balance. If our Pacific coast were better developed, we should probably be doing a thriving trade with Chile. As it is, we sell to and buy from her very little. It is again Great Britain and Germany which are far in the lead of us. In 1902, we sold Chile \$4,764,000 worth of goods, and bought of her \$9,280,405. The present sea route around Cape Horn being shorter by several thousand miles for German and British vessels, our Atlantic emporiums are at a great disadvantage. The Panama Canal will bring Chile very close to us. Her commercial wants, as we have seen, are precisely those which we can best fill when the opportunities are equal.

The sway of Peru extends over a territory nearly double the size of Chile's, and her population exceeds that of the latter by over 1,000,000. Though she has a fine coast line, she is not distinctly a maritime nation like Chile, and her harbours are few. Her trade relations are far greater with the interior of South America, particularly Bolivia, Brazil, Venezuela, and Ecuador, than with foreign countries. However, her exports exceed \$19,313,335, and her imports, \$16,517,295. Her main exports are minerals and sugar, the climate in a large portion of her territory being tropical, though tempered by sea winds. Her trade

with the United States is third on the list, and the reasons cited for Chile apply also to her. The canal will put us on a more than equal footing with England and Germany in commercially exploiting Peru. Her present imports are largely cotton goods and woollens, machinery, etc., in all of which we can compete.

The Argentine Republic runs Chile a close second in the matter of progress and development of natural resources. Next to Brazil she owns the largest territory in South America, one-third that of the United States. With a population of over 5,000,000, with a large coast line and a fine river system, with an equable and temperate climate, and a virgin soil surpassing in fertility that of our Prairie states, the country could support at least five or six times the actual number of inhabitants. Her rise to prosperity is of very recent date. For several generations, internal strife ravaged her and hampered prosperity.

Argentina and Brazil have both pursued for some time the same policy of encouragement to foreign immigration. In Brazil it is the three southern provinces which have attracted most of these European settlers; in Argentina it is the whole country that is being rapidly covered with a network of farms worked by immigrants, very largely Italians and men from Northern Spain. This immigration proceeds at a rather rapid rate. Within twenty years the total population of Argentina has doubled.

The capital of Argentina, Buenos Ayres, is the largest city in South America, having a population of 840,000. In 1850, it had 20,000, and in 1880, 250,000.

The immense prairie lands of Argentina, together with a mild climate and abundance of water, make her

178 The Pacific and the Panama Canal

the paradise of cattle-raising. Within her borders are grazing 22,000,000 head of cattle, a larger number than the whole immense Russian Empire can boast of, and there are 5,000,000 horses, and 77,000,000 goats. In consequence of this, her exports (amounting to \$187,487,000) are largely derived from the cattle industry,—wool, hides, live stock, canned meats, tallow, etc., amounting together to over \$70,000,000 of her annual exports. Cereals are, however, the largest single item, exports in them figuring up to \$73,045,000. The imports are almost wholly products of industry, cotton goods, iron and steel wares, machinery, cloths, drugs, coal, wine, etc., altogether, some \$113,485,000. In exports and imports the United States, in 1902, occupied only fifth place, with \$13,303,504, and \$10,037,576, respectively.

After sundry financial depressions, the economic condition of Argentina is to-day satisfactory. She has about 10,000 miles of railroads in operation or in process of construction. In 1902, 12,917 vessels, with altogether 6,913,783 tons, cleared from Argentine harbours. The Argentine navy is next in size to the Brazilian.

The foreign debt of Argentina is, however, very large, though now funded. It amounts to \$321,732,720. The revenues for 1902 were \$71,991,000, while the expenditures were \$3,000,000 less, including the interest charge on the national debt.

Argentina's geographical position will continue to be rather unfavourable to us, even after the completion of the Panama Canal. She lies far to the south and east. But there are several railroad projects in the making, and after they have been realised, the vast western territory of Argentina will enjoy much

greater facilities of communication with the Pacific coast, and her products will thus become more readily available to us. In any case, Argentina's trade with us does not offer great prospects. It is otherwise as to the question of internal exploitation of her resources. This, as well as her foreign trade, has so far been largely in the hands of Britain, France, and Germany. There is good opportunity in Argentina for the investment of American capital in all sorts of industrial enterprises, more particularly railroads, street railways, stockyards, and slaughter houses.

The best of land in Argentina is still to be had at very low prices, even when comparing them with our Far West. This fact indicates another chance for American enterprise.

Uruguay is a relatively small state, but it has a million of population, and very great natural advantages. Revenue and expenditures amount to \$16,123,921 and \$16,124,324, respectively. It has a relatively large national debt. Her exports and imports figure up \$29,400,000 and \$24,000,000, respectively, exports being almost exclusively products of the cattle industry, while imports are manufactured articles, largely derived from Great Britain and Germany. The United States (with about \$4,000,000 exports and imports) is seventh on the trade list. Her internal development is in a state of rapid advance, and in that respect, similarly to Argentina, she offers a promising field to American capital. In 1902, 3915 vessels of altogether 4,139,320 tons cleared from Montevideo, her capital city. This city, like Buenos Ayres, is situate at the mouth of the great La Plata River.

Paraguay, with a larger territory than Uruguay, has a smaller population, and the prospects of her in-

ternal development are not nearly so good. She has no ocean front, lying far inland, and hardly any navigable rivers. Her foreign trade, therefore, her revenues and expenditures, and everything else by which the wealth of the country is gauged, are small.

Ecuador suffers likewise from a rather unfavourable geographical position, having only a very short ocean front, a torrid climate, and scarcely any railroads or other means of communication. With a territory of about 120,000 square miles, she has 1,500,000 inhabitants, and a fine capital city, Quito. Her revenues and expenditures are very small, and she has a national debt of \$3,500,000. Her imports amount to \$7,221,492, and her exports to \$9,053,019. Her principal article of export is cocoa. The trade relations between Ecuador and the United States are scarcely worth mentioning. This, however, is likely to be changed by the completion of the canal, as Quito will then afford us easy access.

It was pointed out before that the Panama Canal will once more give to the West Indies a commercial importance which is almost certain to involve political consequences.

For several centuries, and until a comparatively recent time, this island world formed the principal source of tropical products. During the Napoleonic era, when England was shut out, by a ceaseless succession of wars, from a large part of her continental trade, the West Indies furnished her with one-fourth of all her commerce. But misrule, about as vicious as ignorant tyranny could devise, rebellions and constant political changes, as well as the economic development of the Dutch East Indies and of British India, the rise of the beet-sugar industry, and other causes thrust the

West Indies from their former prominent place. West Indian commerce during the last half of the nineteenth century steadily declined, until now it is insignificant.

The canal, however, will again focus a large part of the world's commerce in the Caribbean Sea. Towards its waters empty the mouths of the Amazon and the Mississippi. As natural tributaries to the canal, these two great rivers will pour their commerce and shipping through the Caribbean Sea. The islands in it will become once more important ports of call, and far up along these rivers trade will expand, towns will assume new commercial importance, and the horn of plenty will empty itself over this whole region.

Under these circumstances it will become all-important for us to secure political and commercial preponderance in the West Indies. It will be necessary, for one thing, to put a final stop to outrageous misgovernment that has been wasting and neglecting the rich resources of the second largest isle, at present divided under the name of Hayti and Santo Domingo. This island, under American rule, would become of immense importance, both economic and political.

The whole island comprises a territory of about two-thirds the size of Cuba, and of about as large a population, namely, 1,500,000. Hayti is a French-speaking negro republic, while Santo Domingo has the same nominal form of government (but in reality nothing better than a military despotism), being settled by Spanish-speaking negroes. These two so-called republics have been a political anomaly for many years, and the establishment of American rule there would be warmly welcomed by the whole civilised world. The island is fertile in all tropical products, in a higher degree than Cuba. Under the prevailing

political conditions imports and exports are less than one-tenth of what they might be. The main products of the island are coffee, tobacco, cocoa, and sugar.

The matter of immigration to South America was briefly touched on before. The southern provinces of Brazil (enjoying a moderate and very healthy climate, adapted to European settlers), the whole of Argentina and Uruguay have thus far been the main fields to which this European immigration has been directed. Without question it will do much to further a more rapid development of these neglected countries. The Pacific coast of South America, for a variety of reasons, seems, however, best adapted to draw hereafter the surplus of our own population. With two score of thousands annually migrating from our Prairie states across the Canadian border in search of free, fruitful arable land, and with the practical exhaustion of tillable government lands in our Far West, we may look hereafter for American emigration to suitable districts along the southern slope of the Pacific. Such emigration will probably set in even before the completion of the Panama Canal, but after that event it is likely to proceed at accelerated pace and in greater volume. In those countries—Chile, Peru, Bolivia, etc.—there is still abundance of the finest land to be had, as a gift or for a song, and once sturdy Anglo-Saxon immigration has turned that way, we may look for most important results, economic as well as political.

Uneasiness has occasionally been felt in this country at the large German immigration in South America, more particularly in Brazil and Argentina. This disquiet has been due less to the fact in itself than to its possible ultimate consequences. The belief has been

promulgated, now and then, both by American writers and officials, and by those of the Latin-American countries spoken of, that it is Germany's final design to gain a political foothold in South America; in other words, to found there a new colonial empire. Against this the Monroe doctrine has been invoked in advance.

There can be small question that to establish such a colonial empire on South American soil is the ardent desire of a great portion of the German people. The German press frequently recurs to this idea, pointing out the great need of German colonial expansion—their population increasing at the rate of almost a million annually—and the great commercial advantages to be derived from the carrying out of such a project. The German government, however, has always disclaimed any such ulterior designs in promoting the current of German emigration towards Brazil.

Certainly, next to this country, South America holds the largest percentage of people of German blood. To confine our point to only one Brazilian province, that of Rio Grande do Sul, the facts appear to be these: there is a German population numbering 600,000; that means 40 per cent. of the total population of the province. They live there in colonies, forming, practically, autonomous commonwealths, and neither intermarry nor mingle with the native Brazilian element. They preserve their language and customs intact. The schools and churches they found use German as the chief vehicle of expression, although Portuguese (the language of the country) is also taught. A number of German consuls reside at the chief centres of population within this German-settled province, and they naturally assist in keeping the purely German idea alive. The German-Brazilian press is influential and

ably edited. There are several societies in Germany whose sole purpose it is to direct German emigrants to these settlements in Brazil. One of these societies has as president the brother of the German empress, Duke Guenther of Schleswig-Holstein. Several other societies exist in Germany, which, both as a patriotic and commercial enterprise, have purchased immense tracts of land in the province spoken of—Rio Grande do Sul—as well as in the neighbouring one of Santa Catarina. These societies, too, have made special agreements for cheap transportation with German steamer lines, and with the Brazilian government and local authorities, for the parcelling out of these lands to new settlers from Germany.

This must be a paying business, for last year the older societies of this nature handled some 9000 of such settlers. But a new society of this kind, the Rio Grande Settlement Association, came into being in Berlin a few months ago. This new society has purchased 1,700,000 acres of fine farm lands in that province, and proposes to settle there 17,000 German farmers and peasants, taking payment in instalments, and fitting out each family with the necessary implements, building material, seed corn, etc. This same concern, under a concession from the provincial government, means to build a railroad, 160 miles in length, along the Taquary River for the wants of its settlers.

The natural rate of increase of these Germans settled in Brazil is phenomenal. Families of twelve or fifteen are nothing exceptional, and about eight or nine seems to be the average. The death rate is extremely low. Within the space of five years or less, a fair degree of prosperity is achieved by the newly arriving

settler. In the provincial chambers of the three Brazilian provinces containing the largest percentage of Germans, namely, Rio Grande do Sul, Santa Catarina, and Sao Paulo, German delegates exert considerable influence.

This is a mere statement of the facts in the case; inferences may be drawn by the reader. But in any event, the Germans in Brazil are not likely of their own accord to aim at the creation of a state within a state, or at complete political severance from Brazil. It would be another question, of course, if, at some future time, on one pretext or another, Germany herself should think it worth while to take a hand in the matter. There have been signs of late of the possibility of disruption within the present federative republic of Brazil. The bond holding it together is much more loosely tied than is the case in this country. Rio Grande do Sul on several occasions has broken away from Brazil, and for some length of time maintained her political independence. Her economic needs differ from those of the remainder of Brazil, and a strong separatist sentiment is alive there. Taking all these considerations into account, there is the strong possibility that political complications between Brazil and Germany may at some time arise on the subject of safeguarding the interests of the large and constantly growing German settlements in Rio Grande do Sul. But, after all, this is only a possibility.

Here we have, then, a South and Central American foreign trade, amounting altogether, according to the latest available statistics, to something over \$1,800,000,000, exports and imports. This is not taking into account Cuba or any of the possessions of foreign powers, ourselves included (Porto Rico). And yet

even this last unconsidered fragment of trade, the one with the Antilles and with Guyana, attains a considerable figure. The aggregate foreign trade of the countries and islands to the south of us can be computed, roughly speaking, at considerably more than \$2,000,000,000. Of this trade we have, in exports to Central America, \$49,234,650; Mexico, \$36,840,206; South America, \$40,728,432; altogether, \$126,803,288, which is but \$10,000,000, more than our exports to Canada alone. This is one-half of Britain's entire foreign trade; about two-thirds of Germany's foreign trade; two-thirds of our own foreign trade, and more than the entire foreign trade of France.

What have we done to secure this trade? Or, if not the whole, at least our fair share of it? Practically, we have none nothing. And, as markets do not come, but have to be sought out and conquered by hard work, wisely directed energy, much patience, and the previous expenditure of capital, the consequence has been that our portion of the trade with this immense and favoured region is ridiculously small.

Some of the disadvantages we have been labouring under are of our own doing or spring from our own omissions. Consular reports have enlightened us on this subject. Latin-Americans have a good deal of pride. They expect to be addressed in their own tongues, Spanish or Portuguese, by those who wish to sell them their goods. The Germans do it, their commercial export schools in Hamburg and elsewhere, as well as their trade high schools, teaching them these languages thoroughly; Englishmen, as a rule, are still ignorant of any tongue but their own. This accounts, in part, for the fact that Great Britain has lost to Germany much of her trade in those countries.

Americans, too, to do a profitable trade with Spanish-Americans, must learn Spanish. Another point: we must learn to accommodate ourselves better to these people when dealing with them. They have their peculiarities of race and custom, and they need to be humoured. The English disregard that, and as long as they were the sole masters of Latin-American commerce, their customers had to put up with it. But this is another reason why the Germans, more recent arrivals on the field, have cut so much into British trade. We are inclined to commit the same error; let us avoid it. Goods ought to be put up, shipped, transported, and delivered, to meet the requirements of local conditions. In that respect again the Briton has consistently sinned, and is sinning to-day. So is the American. Accompanying circulars ought to be in Spanish or Portuguese, and weights, measures, coins, and distances quoted ought to be those of the country to which the circulars are addressed. Goods ought not to be so bulky as to render transportation on the backs of mules, perhaps over steep mountain paths, impossible or very difficult. In many cases British or American goods, on their arrival in port, have to be repacked at great inconvenience and expense, before they are fit for transportation inland.

At present, all through Latin-America, means of communication are still very insufficient, either by rail or water. The roads of these countries, too, are for the most part in wretched condition. The American exporter must make allowance for these deficiencies. We need more American steamer lines to South and Central America; also, a far larger sailing fleet. Greater facilities in this respect create trade where it does not yet exist. We have by no means recognised

the intrinsic possibilities of this great market; else, we should probably have bestirred ourselves.

The greatest of our present disadvantages, though, is a geographical one, South America lying far to the east, so that its whole eastern coast, and even its western are nearer to European nations than to us. We have seen that this disadvantage at least, the decisive one in close competition between well-equipped nations, will disappear forever with the completion of the Panama Canal. Let us hope that thereafter a great volume of American export trade to South America being assured, the slighter disadvantages spoken of before will likewise disappear.

After all, the Latin-American is a man with whom it is more easy to deal than with many foreigners. He has, as a rule, a fair share of commercial uprightness, though he is "slow pay." It will not do to hurry him, and that is one more point which American merchants must take into account. He demands, and receives from our competitors, rather long credit. Ultimately, he pays his score. He is fond of the good things of this life, which is a very important point in the case of a prospective customer. Altogether, there is no valid reason why we should not secure, after the completion of the canal, the great bulk of his import trade. The canal once dug, our advantage in a competitive race with Europe will be immense from the start, and it will grow with every day. The canal will open up to our rapidly growing coast navigation the whole of the western shore of America, south of California, and this vast territory, including the coast of Mexico and Central America, is largely unexploited in the commercial sense, to this day. It is, in brief, another virgin market awaiting us.

CHAPTER XIII

THE PAN-AMERICAN RAILWAY

MEANWHILE, Uncle Sam is not to be caught napping. The most important advance work for the expansion of our trade in Central and South America that is being done now is the building of the Pan-American Railway. From the rate at which this great work is proceeding it seems certain that it will be completed several years before the Panama Canal is to be thrown open to the commerce of the world. This railway, connecting with the various railway systems of the United States, will run, in almost a straight line, through Mexico, Guatemala, Salvador, Honduras, Nicaragua, Costa Rica, Panama, Ecuador, Brazil, Peru, Bolivia, Chile, Argentina, and Uruguay, thus affording a grand trunk line anywhere from the border of Canada to the southernmost end of South America.

This project, of course, is not of very recent date. It was mapped out and strenuously advocated as long ago as the days when Blaine was secretary of state, early in the eighties. It was an integral part of his Pan-American policy, and the Pan-American congress which at that time met in Washington indorsed the plan in principle. But from theory to practice is often a long way, and it proved so in this case. Practically, nothing was done until 1900. Then the Inter-Continental Railway Commission surveyed the entire route. Next, at the second International Conference of

190 The Pacific and the Panama Canal

American States, held at the City of Mexico, during the winter of 1901-02, a resolution was adopted by the delegates from the various states represented, indorsing the plan outlined by the railway commission. This resolution was preceded by a very thorough discussion and by a minute statement of facts showing, (1) the existing lines or spurs of railroad that would fit in with the general plan of the Pan-American Railway, and (2) the lines to be built to fill up the gaps, the length of these gaps, the cost and engineering difficulties to be met, and the amount of appropriations, available or prospective, which would fall to the share of each South or Central American government. A binding agreement was then reached for the construction (or, in a sense, the completion) of a continuous line of railroad, fairly homogeneous in character, and of equal width of track, that will permit, within the space of a few years hence, uninterrupted passenger and freight traffic along the line of the two continents.

Within the past two years much work has been done, both in Central and South America, in the line indicated. President Roosevelt appointed Charles M. Pepper, an able and energetic man, as commissioner to supervise the carrying out of the resolution adopted at the City of Mexico conference, and this official has been greatly instrumental in helping the task along.

At this writing the actual status of the whole work is as follows:

Actual construction work is being done on railroads in Mexico as far as the border of Guatemala, and from the terminus of the present system of railroads in Argentina north to the frontier of Bolivia and beyond, thus closing the sections which were open at the time

the survey of the Inter-Continental Railway Commission was made.

There is a marked advance among the various countries in settling boundary disputes and other questions at issue, thus eliminating causes of friction which retarded railway communication between them.

A law was passed by Chile providing for the construction of the Transandean line, by means of which there will be direct railway communication between the Atlantic and Pacific coasts in the southern triangle of the continent.

There has been legislation in Peru and in several other republics, while in the majority of the remaining states such legislation is under way, establishing guarantee funds and other elements of permanent railway policy.

All this has received a strong impetus by the definite settlement of the question of the construction of the Panama Canal, and by the taking of steps on our part insuring the rapid completion of this interoceanic waterway. There are signs that hereafter energy will be displayed in a far higher degree by the Central and South American republics in doing, each of them, their share in the completion of this Pan-American Railway.

At present the mileage of railroads within the whole territory of South and Central America is: Argentina, 9126; Bolivia, 671; Brazil, 9718; Chile, 3254; Colombia, 457; Costa Rica, 178; Ecuador, 215; Guatemala, 430; Honduras, 60; Mexico, 12,076; Nicaragua, 400; Paraguay, 217; Peru, 1300; Salvador, 80; Uruguay, 1400; Venezuela, 800. Altogether, then, there are at present 39,582 miles of railroad in South and Central America, or, roundly, one-sixth of the mileage of the United States alone. This in itself

shows what a promising field for railroad construction is offered in that vast territory.

Concerning the whole inter-continental route, the estimate of Colonel E. Z. Steever, a member of the engineering corps that made the survey, was that in 1896 the distance over the general location from New York to Buenos Ayres was 10,471 miles. Of this he ascertained that 5186 miles were then in operation, leaving an interval of 5285 miles to be covered. From the time this report was made until the meeting of the conference at the City of Mexico, substantially nothing was done in closing up the links. But since then about 450 miles have been filled in on the main locations, leaving 4835 miles to be constructed, if the route marked out by the inter-continental survey should not be varied. The probability of shortening the distance, to which the engineering corps called attention at the time of survey, seems to be verified by later surveys and locations in the interest of private enterprises. Thus, the distance over the Pan-American Railway from New York to Buenos Ayres, at first fixed at 10,471 miles, may be reduced by 500 miles or more.

Commissioner Pepper, in his latest report to Secretary Hay, gives a number of interesting details about the difficulties to be overcome in completing the Pan-American Railway. Incidentally he dwells on the growth of a feeling of reliance and confidence placed by the larger number of South and Central American republics in the good will of this country.

Mexico, as the real junction point of the inter-continental extensions with those railway systems which are already connected with the United States, is of peculiar interest in this matter. The Pan-American Railway, properly speaking, starts from a point on the

Mexican Tehuantepec Railroad, that point being San Geronimo, and thence runs northeast to the border of Guatemala, 260 miles. Of this distance, 172 miles are still to be built. The Mexican government pays a subsidy to the company constructing this road of \$12,000 (in Mexican silver), for each kilometre built, or \$3,816,000 for the whole length. By the terms of the concession the road must be finished on September 11, 1907, but the probability is that this date will be anticipated.

Most of the countries of Central America have made the building of interoceanic or transverse lines the cardinal principle of their policy. This plan supplements the inter-continental project, because north and south lines form the backbone of the interoceanic system, and the greater progress that is made in constructing railways from the Atlantic ports to those of the Pacific, the greater will be the encouragement to north and south roads, for which they will serve as feeders.

The Panama Canal promises to help much in the construction of both longitudinal and transverse lines. The probability that the Panama railroad, in meeting the demands for supplying material and other construction work on the waterway, will be unable fully to provide for the international traffic which now follows that route, indicates the utility of other lines between the two oceans, while the food supplies that will be required show the necessity of increasing the present limited means of transportation from the interior of the region adjoining the isthmus. So far, however, the Central American states have been rather slow in availing themselves of the opportunities thus offered to their internal development. Several of their legis-

194 The Pacific and the Panama Canal

lative bodies are now bestirring themselves to make up for lost time.

As to South America, conditions are in a more advanced state. Beginning at the far south, the lines of Argentina stretching northward furnish the most essential element of further extension. The present system of Argentina has been prolonged to Jujuy, about 1000 miles distant from Buenos Ayres. Under a treaty negotiated in December, 1902, the Argentine government is now building the Bolivian section of the Central Northern Railroad, from Jujuy to Tupiza. The same government will operate this whole line. The connecting link, Jujuy to Tupiza, a distance of 230 miles, will meet there the Pan-American Railway. Once this section is completed, it is certain that the further extensions will be made through Bolivia, so that within a few years this section of the inter-continental route, from the Argentine frontier on the south to Lake Titicaca and the border of Peru on the north, will be completed.

The railway system of Chile is considerable for a country of relatively small size. Between 1840 and 1850 this enterprising country already began building a railroad between Valparaiso and Santiago. Within the last year measures have been adopted which insure the union of Valparaiso on the Pacific, with Buenos Ayres on the Atlantic, by a tunnel piercing the Andes, known as the route of the Uspallata pass. This is the extension of the original system. When completed, Chile will be united with the Argentine railway direct, and will thus have the benefit of through connection with the lines extending northward. This will be the first railroad to cross the entire continent of South America in a direct line. The Argentine lines already

have been extended west, via Mendoza, to the boundary limit of Chile at the summit of the Cordilleras, passing through Puente del Inca to Las Cuevas. On the Chilean side this summit has yet to be pierced. The actual gap is only 29 miles, but the engineering difficulties are numerous and great. The summit there is 12,800 feet, but the railway will cross it by tunnels below the highest elevation.

Bolivia has clearly recognised the importance to her development of the Pan-American Railway. The sections to be formed in this line are now, some of them, surveyed, while others are already under construction. In this connection the settlement of the long-standing quarrel between Bolivia and Brazil over the Acre territory has greatly favoured Bolivia's ambition for wider railroad intercourse. The treaty between those two countries provides for a cash payment, within two years, of \$10,000,000 by Brazil to Bolivia. The latter country will expend this sum for railroad purposes. By this means a through system will be provided from the Argentine border on the south to the Peruvian boundary on the north, thus forming the great midway artery of through railway communication between Buenos Ayres and Lima, as well as enlarging the means of commercial intercourse with the Amazon region of Brazil.

The most significant railway movement that has taken place in many years is now in progress in Peru. The railroad extension from Oroya, the terminus of the line built by Henry Meiggs for the Peruvian government, has been carried on to Cerro de Pasco, and the line was opened for traffic this present year. The route followed is almost precisely the one designated in the inter-continental survey. Primarily, this railroad

196 The Pacific and the Panama Canal

was built to foster the development of the great copper deposits of the Cerro de Pasco region.

In Ecuador the least progress of all has been made in railroad-building of late. But at present the project for connecting the capital, Quito, with the coast of Guayaquil has been advanced, and the road is now in operation as far as Guamote. Some 165 miles are still to be built before Quito is reached.

In Colombia, not much more progress has been made. A general railroad law has been passed, however, which is in sympathy with the Pan-American project, and the surveys of the latter have been used. Cauca, the province bordering on the Pacific, is the one which will be traversed by the main trunk of the inter-continental line. So far, only a short spur is in operation, between Buenaventura and Cali, a distance of 80 miles. Its extension to Bogota in the near future is anticipated. There are large anthracite coal deposits in the Cali district, and a profitable traffic is assured from the outset.

Brazil has a progressive railway policy, which looks forward to communication with the Andes when immigration and colonisation have advanced sufficiently in that direction to insure the rational exploitation of those vast and rich tropical regions. The plans for reaching the slopes of the Cordilleras, which would insure a junction with the main transcontinental line, are well matured. One means will be the joining together of links to give through communication for northern Brazil to the navigable streams. In the growth of Brazilian railways the policies of the Federal government of that republic and of the various states composing it have been in harmony. This has helped in a closer union of the various railway systems,

though in so enormous a country there is necessarily disconnection.

In proportion to population, Uruguay has the largest railway mileage of any of the South American republics. The relation of this country to the Pan-American railway and the South American railway systems is apparent by its geographical position with reference to Argentina, Brazil, and Paraguay. Under the railroad law of 1884, one Uruguayan road runs from Montevideo toward the Uruguay River to join the Argentine lines, and on its completion through communication will be established with Bolivia and Peru. Another road ends at Asuncion, in Paraguay, and a junction with the inter-continental trunk line is thus established. There are two other lines, partially completed, which will shorten the time to points in Brazil, and which would form a section of the ultimate Atlantic-Pacific line between Pernambuco and Valparaiso. In the network of Uruguayan and Argentine railways there is lacking only a section of 22 miles to connect Uruguay with the Pan-American railway. When this section is built, there will be direct communication all the way from Montevideo to Jujuy, in northern Argentina.

The situation of Paraguay in the heart of the South American continent makes it especially desirable for that country to be connected by railroads with its neighbours. The only railway in operation so far is from Asuncion to Villa Encarnacion, a distance of 217 miles. An extension to Posadas is on the point of completion, and then Paraguay will have quick communication between the Plata and the Paraguay rivers. This will add greatly to the internal development of the country. This region will also be the

198 The Pacific and the Panama Canal

location for a junction for the inter-continental trunk system and establishing communication between Uruguay, the southern states of Brazil, part of Argentina, Bolivia, and Peru.

In his report to Mr. Hay, Commissioner Pepper makes this observation: "It is the opportunity for the United States to extend its commerce by encouraging railroad building in the republics which are its neighbours and friends, and which look to it for guidance. The benefits of this extended commerce will be enjoyed by all the nations of the three Americas. The attitude of the respective governments, and their earnest desire for the increase of United States investments, have been declared with frankness and sincerity. They cannot be expected to bar themselves completely from European capital, yet their preference for North American investments and enterprises is significant. Their policy, as the result of experience, is to treat with reputable and legitimate companies or individuals. For capital of this character there is every encouragement, not only in the growing stability of the governments, but also in their ability to carry out their guarantees, and in their disposition to enact legislation which will meet reasonable requirements."

CHAPTER XIV

THE PACIFIC HEREAFTER

THE Pacific during the twentieth century will assume the importance which the Mediterranean had for the leading commercial nations of ancient times. Mediterranean means "midland." There, it meant Asia and Europe; here, it will mean Asia and America. From the Mediterranean the sceptre passed to the Atlantic, and now the time is ripe for the supremacy of that immense ocean of which the ancients knew nothing, and of which we modern people as yet know so little.

In the chain of events leading up to our own time, the exploitation of the Pacific stands for the culminating one. It means the intimate joining of the youngest with the oldest nations, the union of the lusty West with the decrepit East. Whatever changes future cycles will bring about, the retracing of our road from east to west cannot be one of them.

The cutting of the Panama Canal will be the last geographical event of the first magnitude. There are no more isthmuses the severing of which could shift the commerce of the world. Looking westward over the broad expanse of the Pacific,—from San Francisco, Seattle, Port Townsend, and Portland, across the waste of water to China and the intervening island world,—imperial possibilities lie before us. We believe that in that direction is to be found our heritage of

expansion. The strong hand of the younger branch of the Germanic family of nations is about to stretch forth and grasp those wonderful regions of the earth, firmly, though kindly. That, indeed, is the last chapter in the gospel of expansion. Through the Golden Gate we look out upon the Orient. The ruling power has ever passed to younger hands, to a race unspent and with the wine of enthusiasm in its veins.

England reaped an immense advantage from the digging of the Suez Canal, far more than France, although French hands had done the work. The Panama Canal will transfer that advantage to the United States, with the all-important certainty that this advantage cannot again be transferred by any geographical cause. Therefore, the commercial supremacy of the Pacific will be final. The nation holding that supremacy will, so far as human foresight can discern, hold the supreme power on this globe.

When the commercial and maritime drama of Europe was shifted from its stage of the Mediterranean to the Atlantic, those nations who had the front seats, got most out of it. They furnished the best-trained actors in the stirring scenes of exploration, colonisation, and trade, and reaped the largest rewards. This was fundamentally brought about by the one fact of geographic location. The same principle must hold on the "ocean of the future." But in this case the development will come by means of exploiting the Pacific from the basis of the Atlantic. Therefore, those countries which have a foothold on both these oceans possess the vantage-ground; their potential strength will be in proportion to the length and proximity of their two ocean frontages and the resourcefulness of the interior regions dominated by them,

In some respects the Pacific affords by no means such fine opportunities for commercial development as did either the Mediterranean or the Atlantic. Except in its remote parts the Pacific is not studded with islands, as is the Mediterranean. From the whole west coast of America there are no stepping-stones inviting to a conquest of the Pacific. The nearest islands lie in midocean, 2000 miles off. In other respects, too, the natural conditions are not so inviting as in the case of the Atlantic. A narrow ocean, near-lying continents, remote watersheds, long navigable river systems, accessible inland regions, a large back country to draw upon—that is the Atlantic field. A vast ocean, remote continents, a few unnavigable rivers, walls of mountain hugging the coast, an inaccessible interior, limited back country—that, as to its general features, is the Pacific field. That ocean, though thrice the size of the Atlantic, has a drainage basin less than half as large. In Australia and South America the mountains rise directly from the sea, and only short, plunging torrents erode their slopes, while all the extensive drainage is in another direction. In the northern continents the watershed is 1000 miles or more inland, and thereby furnishes almost the whole drainage area of the Pacific. But this location of the divides does not mean navigable streams to the coast. Indeed, the character of our American Pacific rivers is most unfavourable for navigation. Those of Canada are scarcely better. We find on the whole Pacific coast of our continent but the Colorado, the Sacramento, the Columbia, the Fraser, and the Yukon rivers. Of them the Yukon alone, by sweeping around to the north of the coast range, affords a navigable course for steamers of light draught for 1370 miles to Forty Mile Creek;

there the international boundary line of Canada and Alaska crosses the river. The nature of the country, however, together with the ice-bound conditions for most of the year, renders the Yukon of little commercial importance.

Of far greater importance are the Asiatic rivers of the Pacific. The Amoor with its tributaries (especially the Shilka and Ussuri) furnishes hundreds of miles of navigable waterways. Owing to the northward bend which the Amoor makes before reaching the ocean, it discharges its waters into the Okhotsk Sea, however, and its port is frozen six months of the year. We know Russia's complaint on that score. The next great river, the Hoang Ho, though watering for hundreds of miles the great plain of eastern China, is shifting in its course and cannot be relied upon for navigation.

The lordly Yang Tse alone is comparable to the great rivers of the Atlantic. It can be navigated by steamers and barges for 1000 miles upwards, and it admits ocean-going vessels up to Han Kow, 630 miles from its mouth, where cargoes of tea and silk may be laden for America and Europe. Of the other Chinese rivers of importance, the Si Kiang and Me Kong are rendered practically useless for navigation by rapids.

Therefore, of all the rivers flowing east and west into the Pacific, only the Yang Tse gives a good route of communication between the interior and the coast. That is why we find it lined with free ports all the way up from Shanghai and Chin Kiang to I Chang, 1000 miles inland. The Yang Tse, in fact, is the one valuable river adjunct of sea power in the whole Orient. It was because of this that the Briton early claimed it as his specific sphere of influence, a

claim which has since been disallowed, not by Germany alone, but by the United States, and Russia as well. Both Germany and Russia have now important commercial interests along the whole navigable course of the Yang Tse. Both of them have consuls in the chief cities along this river, and German firms particularly are now more numerous and do apparently a larger trade than the British. The proceedings between Germany and England during 1901 and 1902, and the compromise finally effected between them, show beyond doubt that England has relinquished her former pretension to absolute commercial supremacy along the Yang Tse. This feature of the case, however, can only be advantageous to American interests, since practically it means the preservation of the "open door," and equal chances with the other powers for our future trade along that river.

By reason of its long irregular coast line stretching through twenty-one degrees of latitude, the possession of the one really navigable river of the whole Pacific, its central geographic location within the temperate zone, and its large territory of enormous latent resources, China has a strong position on the Pacific. We have seen in another chapter that she, cut off for many hundreds of years from the quickening influences of Western civilisation, has not profited by these great natural advantages. On the other hand, Russia's frontage on the Pacific is much reduced in value by its far-northern situation. Japan has central location, a long island base, and is possessed of the spirit of progress which makes her develop the maritime activity of her people at a wonderful rate. But Japan has a small area, and the base of her operations does not show great natural resources. She is, in fact, like

England, forced to expand outwardly, and we find her to-day on a keen hunt for colonies and commercial strongholds outside her own home sphere. The British possessions in India, Australia, New Zealand, North Borneo, New Guinea, Hong Kong, Malacca, and numerous islands give to the home country a wide base in the Pacific. But the scattered location of these possessions, their remoteness from the national centre of strength in the Atlantic, and also from the storm-centre—the northern part of Far Asia—together reduce the value of her maritime strength in the Pacific.

Australia, full of ambition, is nevertheless debarred from a great share of the Pacific hereafter, and this by reason of her lack of navigable rivers (the Murray being the only one, and even that being of slight importance), the sparseness of her population, her torrid climate, and a lack of sufficient rainfall.

China, then, is the only power on the Asiatic shore of the Pacific which, by reason of her geographic conditions, might have attained political and commercial predominance there. But aside from the peculiar political conditions which have prevented her from doing so, she lacks one essential, namely, contact with the Atlantic.

The United States, everything considered, presents all the features requisite to achieve supremacy in the Pacific. This will be shown under a separate head.

However, in spite of the fact that natural conditions in several aspects seem less promising on the Pacific than on the Atlantic, the former is the "coming ocean." Let us cite some of the reasons for this claim.

Commerce depends, first, on population. Other things being equal, the greater the population the

greater will be the commerce. Now, the present population of the lands bordering on the new Mediterranean is considerably in excess of 500,000,000, one-third of the population of this globe. If we include India, to which the commerce of the Pacific hereafter will have easy access, the above figure rises to more than 800,000,000, or one-half the entire human family.

But this is the present population. In these lands on the Pacific there is room for an enormous expansion of the race. Indeed, though it is a fact easily explained, it seems singular at first sight that, with the single exception of China, all the Pacific lands are but sparsely inhabited. Europe has a population of 109.2 to the square mile; Asia, 58.9; Africa, 15.7; North America, only 13.8; South America, 5.3; and Australasia, only 1.4; Siberia is just about as sparsely peopled as Australasia. If the population of North and South America and of Australasia were one-half as dense as that of Europe, it would aggregate 923,000,000.

The rain supply of the Old World is but scant, while there is an abundance of it on our hemisphere. As a consequence, the greatest river systems are here, and the greatest deserts there. Geographers find as much arable land in America as in Europe, Asia, and Africa combined, namely, about 10,000,000 square miles. This statement has been endorsed by as great an authority as the "Encyclopædia Britannica," and the same authority says: "If the natural resources of the American continent were fully developed, it would afford sustenance to 3,600,000,000 of inhabitants."

In the above estimate of arable land in America is not included the vast region north of the 53d degree. And yet it is there that resources almost limitless have been discovered. James W. Taylor, considered an au-

206 The Pacific and the Panama Canal

thority on this topic, claims that in the western half of Canada there are still 200,000,000 acres of land well adapted to wheat culture, but now lying fallow. This would be equal to the larger part of Europe, with a population of 215,000,000.

Alaska likewise has resources which are not comprised in the above estimate. Its cod-banks are the greatest in the world, with an extent of about 2600 miles, and its grazing resources will sustain millions of head of cattle.

Therefore, whatever the population of the American continent may finally be, a time will come when it will support more people than the Old World, and this for the simple reason that it is capable of supporting more.

A glance at Australasia shows similar conditions, though by no means on the same scale. New Zealand, the inhabitants of which are the antipodes of Great Britain and Ireland, is very rich in natural resources, and is suited eminently to agriculture and grazing. Some 20,000,000 acres are still under forest. In 1901, there were reported in New Zealand 21,305,000 sheep. The climate of this island is delightful, admirably adapted to Europeans or Americans. In time it will become very wealthy and populous. There are productive mines of coal, gold, silver, and other precious or useful minerals on the island, and the annual output of these is now between \$9,000,000 and \$11,000,000.

Australia is much less favoured by nature. A hint of that was given before. Still, in the possession of sturdy Anglo-Saxon stock, of late formed into a federation of states, much may be expected from it. The mineral wealth of Australia is amazing. Since the discovery of gold, almost \$2,000,000,000 of it have there been brought to the surface. Silver exists in

considerable strata, and tin, copper, lead, and iron are also profitably mined. New South Wales alone, up to 1900, had produced coal to the value of \$187,357,000. There are grazing on Australian land over 110,000,000 sheep, and together with those of New Zealand, furnished (in 1901) 567,000,000 pounds of wool. Her exports of frozen meats, leather, tallow, hides, furs, and other agricultural products are very large.

There are barely 3,600,000 in the Australian colonies, but this small population has accumulated \$7,000,000,000 of wealth, or almost \$2000 per head. This is a figure which exceeds that of our own wealth per head of population. Australia's foreign trade has attained to the enormous sum of nearly \$1,000,000,000 per year, thrice as much as that of China with a population more than a hundredfold greater. Evidently, Australia will play a figure in Pacific trade, and will be capable of supporting a much larger population.

Of the South American continent and its almost limitless potentialities we have spoken before. It is but reasonable to conjecture that by the middle of the present century its population will have trebled, and its wealth quadrupled.

The tropical wealth of the Dutch East Indies will be spoken of more in detail elsewhere. It may suffice to say here that this archipelago, having an area of 783,000 square miles, and with a population of about 36,000,000, that is, less than one-eighth the density of population of England, will support in the near future twice that number.

The Malay Peninsula and Siam, Indo-China and French India, Formosa and Corea, lastly China, all have populations which under more favourable conditions may be doubled and trebled, and have natural re-

208 The Pacific and the Panama Canal

sources of the first magnitude. Quickened by Western influences, these regions will hereafter play a great part.

The population of Japan is very dense, and her scale of living is low, at least when compared with ours. But Japan has willingly submitted to western civilisation. She has become a manufacturing nation of some account, and her foreign commerce flourishes, rising by leaps and bounds. Thus, we may expect the consumptive powers of her people to increase at something of the same rate it has already increased, namely, threefold since 1870. And this means, commercially speaking, an equivalent to a large increase in population.

China's resources, as was shown before, are almost limitless. The introduction of western civilisation will necessarily have in its wake the raising of her standard of living. At present, the Chinaman of the lower classes earns in money about 5 per cent. of what our labouring men or mechanics earn. Even admitting the improbability of such a rapid advancement in China as occurred in Japan, and putting the increase in purchasing power of the Chinese people at one-half or one-third the increase of the Japanese during a given time, that would mean, nevertheless, speaking in a commercial sense, the doubling and trebling of our trade with her.

It was shown in another chapter that China's population, speaking of the empire as a whole, has by no means reached the limits of density. There are very thickly settled portions of China, but even that province which shows the greatest density of population, that is, Shan Tung, exceeds but slightly England's density. For the whole of China we find a density per square

mile of only 95, as against 188 in France, 209 in Germany, 315 in Great Britain, and 536 in England. If China were as densely peopled as Japan, she would have thrice her present population. Under favouring circumstances, we may look in China for such an increase within this present century, simply because she is vastly richer in natural resources than any of her neighbours, and has a climate mild and yet bracing.

There is Siberia, an enormous expanse of country, and though her natural conditions are far inferior to those of China, it may be taken for granted that the six millions of her present inhabitants within this twentieth century will increase to twenty or thirty millions. For, after all is said and done, she has the immense Russian hinterland with its teeming millions, ever seeking an outlet and better opportunities eastwardly. Siberia is a country of magnificent distances, and she is rich in gold, platinum, iron, and copper, in valuable forests and fur-bearing animals, in arable and grazing lands, at least in her southern fringe. The Czar offers great bounties to the Siberian immigrant. To each Russian family intending to settle in Siberia he gives some 300 acres of land, a loan of \$300 for thirty-two years without interest, agricultural implements at cost, and exemption from military service, while free transportation is furnished to families without means. To the starving peasant of European Russia such an offer seems almost the millennium.

The Philippines, too, within a short time will be on the highroad to prosperity. Even under the paralyzing reign of Spain, this large group of islands had a foreign trade of \$32,000,000 per year. What may be expected under American rule! John Barrett, one-time minister of this country to Siam, says: "Even Java,

210 The Pacific and the Panama Canal

the garden of the East, with a foreign trade of \$250,000,000 annually, has no such large extent of fertile areas as the Philippines." We may confidently look to a vast increase of her present population of 9,000,000 and of her foreign trade.

Summarising, then, this hasty survey of the lands which border on the Pacific, we find three conditions: First, the countries on the north, east, and southwest are vast continents, sparsely settled at present, but by reason of their intrinsic potentialities capable of an enormous increase of population. Second, scattered over the more remote portions of the Pacific are thousands of islands, lying mostly in the tropics, and with great natural resources. Of these many, such as Sumatra and Borneo, are tenanted by savages, but may be brought under the influence of civilisation, which means trade. Third, on the mainland of Asia we discover millions upon millions of people who, under the vitalising influence of Occidental civilisation, will be able to increase their earning and purchasing powers immensely. In fine, we have ascertained conditions presaging an almost boundless increase in the trade of the Pacific.

But this trade, even at present, is no small matter. John Barrett in this connection says that "the foreign trade of this wonderful Pacific-Asiatic coast line, that winds in and out for 4000 miles from Singapore to Vladivostok, is valued at the mighty sum of \$1,000,000,000, and yet is only in the earliest stages of its development."

This, it must be remembered, leaves aside the foreign trade of Australia and Oceanica, itself amounting to considerably over \$1,000,000,000, the export and import trade of the Dutch East Indies, which means

another \$250,000,000, and also that of the British Indies, Siam and the French possessions, and some other hitherto neglected regions. If all this were included, the total annual figure for the Pacific trade would rise to the gigantic total of \$5,000,000,000. With all that, it must be conceded that this trade is still in its infantile stage, capable of great development.

Let us analyse, however, a little more closely the present main items of trade in this region, and some of its natural resources.

In 1902, these countries together produced 1,207,000,000 pounds of wool out of the world's total of 2,752,000,000 pounds. A few of these new lands, containing only 6 per cent. of the world's population, produced of late years 30 per cent. of the world's wheat. In 1902, Pacific countries gave up some \$176,900,000 in gold, while all other lands together yielded but \$121,560,000. The proportion of the world's silver produced by these lands was still greater, namely, \$203,653,000, against \$22,439,000 from the remainder of the world. Indeed, the borderlands of the Pacific Ocean are amazingly rich in precious metals. They are to be found in abundance in Australia, New Zealand, the Philippines, China, Corea, Alaska, California, British Columbia, and all along the western coast of South and Central America, even to Patagonia. In that inhospitable region at the southernmost end of South America, Tierra del Fuego, it is estimated that mineral wealth awaits the enterprising miner which may equal or exceed that of the Klondike.

Hereafter, we must look for a much keener competition in the whole Pacific than obtains now. The Panama Canal, while furnishing vastly increased opportunities for a larger and more profitable trade with

212 The Pacific and the Panama Canal

all the Pacific countries, will necessarily have also this effect of putting each of the leading trading nations on its mettle. The race for wealth and power will be a spirited, a pitiless one, and each must put his best foot foremost. Enterprise is considered, the world over, a distinctly American characteristic. This is the time to prove it. The China market during the next twenty years will be the great bone of contention.

The enormous size of the Pacific, and the great distances to be traversed between ports located on either shore, has told so far against rapid expansion in the Pacific. The Pacific at the equator has a width of 10,000 miles, 8500 at the Tropic of Cancer between Hong Kong and Mazatlan on the Mexican coast, and 4750 between Yokohama and San Francisco. This means more than double the average width of the Atlantic, and the entire absence of islands, except midway, emphasises this fact still more. But we must not forget the fast-increasing average rapidity of ocean communication. The present Pacific steamer lines do not come up in this respect to requirements that will be made hereafter. A twenty-one-knot vessel would cross the Pacific between San Francisco and Yokohama in ten days, between Valparaiso and Vladivostok in seventeen days, and between the two remotest points, lying 10,000 miles apart, in twenty-two days. Such vessels will plough the Pacific as soon as the pressure of new conditions, precipitated by the digging of the Panama Canal, will have begun to be seriously felt. Indeed, with the speed-rate on the Atlantic steamer lines constantly increasing, even faster time than the above may be looked for.

In the foregoing it has probably become sufficiently evident to the reader that the greater portion of man-

kind will soon be gathered around the New Mediterranean, because there is plenty of elbow-room, and also because there are the resources capable of sustaining and enriching the world. Becoming the centre of the world's population and commerce, the Pacific will become likewise the centre of the world's wealth and power. At the close of this century San Francisco will probably have succeeded New York as the imperial city of America.

There have been some few far-sighted men in the long ago who predicted such a turn in man's affairs. One of them was Alexander von Humboldt, that sagacious scientist and cosmopolitan traveller who, in his chief work, more than half a century ago, predicted the ultimate supremacy of the Pacific. Several of our American statesmen, William H. Seward and Thomas H. Benton among them, had a similarly acute prevision.

Surveying to-day soberly all the inherent facts, any man possessing the ability of correlating facts and drawing a conclusion may well say: It is the Pacific, its shores, its islands, and the vast inland regions which will become the chief theatre of events in the world's great hereafter.

CHAPTER XV

THE DUTCH EAST INDIES

THERE is one colonial empire within the Pacific sphere of influence which, curiously enough, has so far escaped the attention of Americans. That is the Dutch East Indies. It is a curious fact in more ways than one, because the untold riches of this matchless group of islands under Dutch sway have formed the burden of many a song and story for centuries past, and still more because this archipelago, since our acquisition of the Philippines, has become our close neighbour. Every vessel coming from the west has to thread its way cautiously through this maze of islands before it can reach the Philippines or the countries beyond, China and Japan. And yet, after all, it is not so curious, this ignoring of the Dutch East Indies on our part. For, from the start, it has been the owner's shrewd policy to brag as little as possible about his property, to keep everything close, and to prevent, as far as practicable, the outside world from discussing the modes and methods by which the tiny Netherlands have clung, ever since 1600, so tenaciously to this tropical mine of wealth. Theirs has been a policy of addition, division, and silence, and they have thrived wonderfully well under it. But new conditions have arisen of late, to the great dismay of the honest and long-headed burgher of Amsterdam, and it is well to take note of that.



Dutch East Indies

A glance at the map will show what a vast possession is that of Netherlands-India. It nearly equals in size British India itself, covering an area of 783,000 square miles, and lying altogether within the luxuriant tropics. But though for three hundred years past the thrifty Dutchman has drawn immense wealth into his coffers from these colonies, they have not cost him (until the very recent past) much blood or treasure. No Clive or Hastings had to fight warlike hosts, in order to establish the supremacy of the Hollander over the Malay. With Holland, in fact, rule over that rich island world began quite modestly, purely as a matter of barter and sale with the dusky native, the precious spices of the Moluccas being the objective point. These beginnings were about 1600, very soon after the little country had fought her way to recognised independence from the Spanish yoke. A trading company, something like the British East India Company, but more grasping and monopolistic in character, exploited the riches of the Malayan archipelago for fully two hundred years before Holland ever thought of exerting any real political rule over the scattered islands. This company poured million after million into the lap of the privileged few at home, and its ships plied the southern seas with the one end in view of getting cargoes of precious wares for next to nothing, and selling them on the Amsterdam bourse for their weight in gold.

The nineteenth century came, and during the Napoleonic wars the Dutch Indies became the good prize of Britain. But the Congress of Vienna restored to the Netherlands their treasured possessions. For another half-century and more the old policy of "squeeze" was pursued by Holland in managing her

East Indian isles, and the subject population of Java, Celebes, Madura, and—as far as circumstances permitted—of Sumatra and Borneo as well, was kept at hard and ceaseless labour to enrich the Dutch spoils-men. Dr. Clive Day of Yale has lately told the English-speaking world all about the horribly inhuman governmental methods persisted in by the Netherlands in Java. A change for the better has been wrought within the past thirty years. The present system of administration in the Dutch East Indies, particularly Java, the “Pearl of the Tropics,” may be termed one of “credit bondage.” This means that the native, by nature lazy, is forced to work for his creditor until his debt is extinguished. Almost every native is actually under debt, and he lives and dies a debtor. Not only so, but the debt descends to his children and children’s children. It is, therefore, something worse than the Chinese and Japanese “coolie labour” system. However, this present system is a vast improvement over former ones. It is defended not only by the Dutch themselves, but by many foreign observers, as being the only method possible in Java and the whole Dutch East Indies under given circumstances. Count Joachim Pfeil, a German authority, in his recent book, likewise approves of it and recommends its adoption for Germany’s African colonies as the only means to induce the natives there to work.

A striking contrast is thus presented between the Dutch East Indies, under the rule of Holland, and the Philippines, under American sway.

The determining idea with the Dutch is to compel the native to work, and to work for the benefit of the Dutch people and government, leaving the labourer himself just enough for the bare necessities of life.

218 The Pacific and the Panama Canal

The main staple in Java is coffee, and the culture, purchase, and sale of that are a government monopoly.

The American idea is to raise the native Filipino, by stages, to a higher level of mentality, morals, and economic efficiency, thus gradually making a responsible political being of him.

Which of the two ideas is the correct one is a riddle time alone can solve. But on the face of it, nothing could well be more repugnant to American conceptions of the rights and ends of man than the Dutch way of treating a subject population, one, too, showing a close race affinity with, and standing at present just about on the same level as, the bulk of the population in our Philippines. What incarnate cruelty these Dutch masters have been guilty of in their treatment of the Malay natives may be judged by a single illustration. A famine broke out in central Java, one of the naturally richest parts of the world, and over 300,000 natives died of hunger. This was solely due to the fact that by the so-called "culture system" in vogue, the Dutch administration in Java, compelling each person to labour in the coffee fields at a per diem allowance of about one cent, made it impossible for the starving natives to till their fruitful fields for the purpose of supplying their own crying needs.

It has been stated that there is to be seen improvement, relatively speaking, in administrative methods in the Dutch East Indies. To-day such wholesale waste of human lives no longer occurs. Under the new civil service rules, natives of Java, after passing an examination, may be appointed to minor offices in the local and provincial governments. But "credit bondage" survives, and altogether the same brutally

selfish and grasping methods still prevail, making out of the native a beast of burden.

With all that, these Dutch administrative methods in Java and, more or less, in the other islands, are signally failing. For a period of thirty-five years Java alone had yielded the home government a large and regular surplus, computed to have been some \$350,000,000 within that period. Of late years there has been a regular deficit, steadily rising. In 1902, it amounted to \$3,821,226, and in 1903, to \$6,017,170. For 1904, the budget is likely to show a still larger shortage.

Let us look a little more closely at the resources and prevailing material conditions in this archipelago under Dutch rule. We find the following:

Java and Madura, 50,554 square miles, population, 28,745,698; Sumatra (east coast), 31,649 square miles, population, 1,527,297; Sumatra (west coast), 35,312 square miles, population, 421,088; Sumatra (Lampongs), 11,284 square miles, population, 142,426; Sumatra (Palembang), 53,497 square miles, population, 692,317; Sumatra (Atjeh), 20,471 square miles, population, 110,804; Island of Benkulen, 9399 square miles, population, 158,767; Borneo (west coast), 55,825 square miles, population, 370,775; Borneo (south and east), 156,912 square miles, population, 716,822; Celebes, 49,390 square miles, population, 1,448,700; Celebes (Menado), 22,080 square miles, population, 293,947; Dutch New Guinea, 151,789 square miles, population, 200,000; Molucca Islands, 43,864 square miles, population, 430,855; Bali and Lombok, 4065 square miles, population, 431,696; Timor archipelago, 17,698 square miles, population, 119,239; and a number of smaller or larger islands, of

which Banca (with famed tin mines) and Billiton are the most important, giving a total of something over 36,000,000 (census of 1900) in population, and an area of 783,400 square miles.

The revenues for Java, in 1901, amounted to 149,-255,766 Dutch guilders (the guilder equals 42 cents), and the expenditures to 148,279,953, leaving a surplus of 975,823. For 1902, the figures were 152,186,414 and 159,728,866, respectively, making a shortage of 7,542,452 guilders. Last year, as stated before, the deficit had grown to double the last-named figure.

By examining somewhat closely the budget figures of 1903, we find that out of the total expenditures of 165,383,599 guilders, the home government spent 34,-662,974 guilders, leaving to Java itself a sum of 130,-720,725 guilders. About one-third of the general expenditure of Java is for army and navy purposes, another third for general administration of the colonial offices, and one-third is used in helping to pay the interest on the national debt and for railroads and other internal improvements.

As was briefly mentioned before, the main source of revenue, both for the government and for the Dutch planters and residents of this imperial island, is coffee. In quality and price, Java coffee enjoys practically a monopoly the world over. There are, however, a variety of other means of revenue, such as the salt monopoly, railway incomes, taxes on trades, the opium tax, customs duties, and taxes on mining privileges. A clear distinction is made in the official account of imports and exports in Java between "government merchandise" and "private merchandise." For 1900, the imports of Java amounted to 195,923,522 guilders, whereof 9,370,149 "government merchandise." The

exports were 259,033,606 guilders, whereof "government merchandise," 26,954,304. Altogether, then, exports and imports for that year amounted in American money to about \$186,000,000.

The principal articles of export are: coffee, sugar, rice (of which one-half goes to Borneo and China), tea, indigo, cinchona, tobacco, and tin. More than four-fifths of the whole export goes to the Netherlands. The imports of Java, in even a larger proportion, are from the Netherlands. The remaining small fragment of the import trade is almost altogether in the hands of Britain and British colonies. This country has, practically, no direct trade with Java.

In 1900, there entered the principal ports of Java 3445 steamers, with a tonnage of 1,638,666, and sailing vessels, 1842, with a tonnage of 588,868. In 1901, the total length of railways in the island was 1348 miles, the revenues of which amounted to 18,447,000 guilders. Within the Dutch Indies in the same year there were 7003 miles of telegraph in operation.

The Chinese question in Java is a very interesting one, although quite different in character from our own. The Chinaman there is not the "hewer of wood and drawer of water." He is the merchant and capitalist, the shrewd and unscrupulous trader, going the canny Dutchman always "one better."

From the above birds-eye view it will have been noticed that Java, economically considered, forms the very backbone of the Dutch empire in the Indies. Outside of that island population is sparse and largely in a barbarous condition. For thirty years past, Sumatra, a large island of boundless intrinsic possibilities, but with very small population and very little developed, has cost Holland a pretty penny. The Atchi-

nese, a sturdy and bellicose tribe inhabiting the north end of the island, have been in a state of constant rebellion. To subdue them, Holland has spent within that time a sum aggregating several hundred million dollars, and her loss in troops and civilian population due to these "murdering villians," has amounted to over 60,000. This fact forms a curious feature of Dutch colonial history, for it stands out alone. Nor is that part of Sumatra very valuable. It must be the inborn stubbornness of the Dutch character that is responsible for such an enormous and disproportionate outlay in money and men. The Atchinese war is still on, nor is there apparently any prospect of a speedy end of it. During March last, in a single engagement between the Dutch colonial troops and the rebellious Atchinese, 677 of the latter were left dead on the field. The Dutch East Indian army is maintained at about 38,000, and nowadays it is almost altogether used to keep these savage Atchinese in a more or less complete state of subjection.

And that brings us to the question: what is to become of the Dutch East Indies? The question may well be asked in view of all the attendant circumstances. Let us examine them.

Holland's hold on her East Indian possessions is steadily relaxing. In Mr. Colquhoun's "Mastery of the Pacific" there occurs the following passage:

"Up to the present time Holland has been singularly successful in preserving her colonial empire from outside influences, but with the recent developments in the Pacific a change must inevitably come. The position of Netherlands-India between two go-ahead and flourishing democracies—Australia and the United States in the Philippines—will make it difficult to pre-

serve the isolation and monopoly hitherto maintained by the Dutch, and the revolutionary methods adopted by the United States cannot be without great influence on all the other islands of the Malay archipelago. To educate 8,000,000 Malays in the English tongue is in itself a step fraught with the most far-reaching consequences, and it seems impossible that the Javanese, Celebeans, Borneans, and the many semi-independent tribes of other islands should not be swept up by the wave of civilisation which, for good or evil, has at length caught a great part of their race on its crest and is bearing them on towards an unknown future. . . . Is Netherlands-India to be exempt—to lie like a log in the middle of the great Pacific trade routes and not be absorbed into the busy, bustling, wide-awake whole? The colonial Dutch—who form seven-eighths of the white population—are rapidly becoming alienated from their native land, and a population is springing up which is as little Dutch as the Spanish Mestizos of the Philippines are Spaniards, and these cannot be said to see eye to eye with their rulers. Nevertheless, Dutch phlegm, combined with an indolence born of the tropical climate, would prevent any very strong colonial spirit from growing up unless pressure occurs from outside. Such pressure is likely to occur in the immediate future. Not only will Britain, the United States, Japan, and Australasia enter into the keenest competition in the new fields of enterprise in the Pacific, and so cut away the ground under Holland's feet and render her slack tenure of many islands precarious, but the ambitions of France and Germany will further complicate the situation. If the prosperity of the Javanese planter were to decline, who knows that he might not prefer to be under the flag of an enterprising power,

224 The Pacific and the Panama Canal

rather than one whose creed is 'As it was and ever shall be!' That Germany casts longing eyes in the direction of the East Indies has long been an open secret, and that she intends, sooner or later, to swallow up her little neighbour in Europe everyone knows, but the Hollanders will take a good deal of swallowing, despite the German alliance of their queen and other circumstances. The colonies are another thing, and we may yet live to see a Greater Germany in the Pacific."

This is all very true, as far as it goes, but there are a good many other things that enter into this problem. Here are a few of them :

The Hollanders are a small nation of 5,000,000, numerically too small to colonise their colonies in the full sense. That is why we find in the hundreds of islands making up the Dutch East Indies, with the single exception of Java, so few Dutchmen, even including officials and soldiers. Their colonial army is made up, to the extent of nine-tenths, of foreigners and hirelings. The officials, at least those holding minor offices, are largely natives or foreigners. Excepting in Java, Dutch rule in this whole archipelago is usually represented only by a "resident," and would crumble to pieces at the first attack by a vigorous outside power.

For Holland, the days of profitably administering her colonies are over. The regular and increasing deficit in her colonial budgets shows this. Even the monopolistic system and the serfdom in which she has held the Javanese—forming over three-fourths of her entire subject population—for three hundred years past, have not been able to prevent this. The Atchinese war has been a curse under which the small Dutch nation

has been groaning for over thirty years past, encumbering her budgets and decimating her colonial army.

The Dutch do not care, and never did care, for colonies *per se*, but only in so far as they bring treasure to her coffers. For a number of years the Dutch have seen the writing on the wall. It is but necessary to study with attention their newspapers and magazines to become convinced of that.

Since 1898, when Dewey's guns reverberated throughout Far Asia, the Dutch have felt that their rule in the East Indies is doomed. Since that time, the question has been ventilated by them, not so much whether they shall relinquish their dominion in Asiatic waters, as rather to whom. This topic of discussion has more than once been transferred to their national parliament, and with every airing of the subject the number of those advocating the sale or cession of their colonies has increased. Of course, the one fact that their colonies have ceased to be profitable to them has been the chief factor in this growing desire, although the further consideration that sooner or later some larger and more ambitious power will deprive her of these possessions has also had much to do with it.

In other words, stripped of all verbiage, the question for the Dutch people has narrowed down to this: Who is to be our successor in the Far East? That question, of course, may be answered in various ways. Germany answers it in one way.

That Germany has had her eye on the Dutch possessions in Asia during the last thirty years is a fact which cannot well be denied. The German press has often discussed it, advocated, or advised against, their acquisition. All the driving forces of German public opinion have been in favour of acquisition in one form

or another. The question has popped up in the Reichstag again and again. In fact, it may be asserted without any reserve that the overwhelming portion of the German people would be willing to submit to almost any sacrifice for the control, direct or indirect, of the Dutch East Indies. Nothing could be more natural for the Germans than such a wish and purpose. For Germany is overcrowded and needs new fields of expansion. Within the Dutch press, a few of the leading organs have favoured German acquisition of these East Indian possessions, or else condominium, Germany guaranteeing possession. But as a matter of pure choice, the Dutch people would prefer France for their successor in Asia. They do not fear annexation by France, but they do fear it from Germany, and they do not wish to hasten the process. Still, if France, for some reason or other, should not desire to take over the Dutch inheritance, the people of the Netherlands would rather see Uncle Sam become the happy heir than their German neighbour, and this for similar reasons to those actuating them as regards France.

It is, then, broadly speaking, a choice for the Dutch people—and perhaps not for them alone—between the three nations of Germany, France, and the United States, as to who is to be the future owner of the Dutch East Indies. The moment when such transfer or purchase is to take place may still be years off. On the other hand, events in the Pacific may proceed hereafter at such an accelerated pace that the decision must come between one day and the next. In any event, it will be the part of wisdom and of legitimate national egotism for Americans to acquaint themselves now with the leading facts underlying this most interesting problem, so that events hereafter may not take them

unprepared. It is well to face this matter boldly and with eyes open, for the Dutch East Indies may well be compared with an overripe plum which will drop at the first shaking of the tree into some enterprising nation's lap. The Dutch cannot hold it much longer; everything points that way.

That being so, the question crops up: Who is to have the Dutch East Indies, Germany or the United States? Let us keep in mind that this Dutch island empire is our next-door neighbour in the Philippines, the latter being our base and lever for the whole American policy in Far Asia, and that German acquisition of that wonderful region would no more be palatable than her acquisition of the Danish Antilles in the Caribbean Sea, and this because of the same attendant circumstances.

THE RACE IS TO THE WISE

CHAPTER XVI

OUR EQUIPMENT FOR THE RACE

THROUGHOUT this book the assertion has been met with, here and there, that this nation is destined to be the supreme factor in the future development of the Pacific. We are now concerned with proving this contention.

The most momentous advantage of the United States is her interoceanic location, giving two great bases of action. The location itself we share with Mexico, the Central American republics, Colombia, and Chile; this last-named country owns a narrow tape of territory extending around the southern extremity of the continent to the Atlantic entrance of the Straits of Magellan. But all these countries, for practical purposes, can be left out of the reckoning; they possess neither size nor political and commercial development sufficient to enable them to become competitors, and this even if we ignore the economic inferiority of their Latin-American populations.

To the north of us, a young and ambitious neighbour, of the same blood and aspirations as ourselves, has also a broad frontage on both oceans, enjoying, moreover, as part of the British Empire, the great advantages to be derived from the possession of British mid-ocean islands in the Pacific, to serve as way-stations to the opposite coasts. British Columbia, with its 1000 miles of seaboard and its excellent harbours,

occupies a fine position in relation to trade with China and Japan, Siberia and Manchuria. This colony enjoys other natural advantages, such, for instance, as large coal mines yielding an article of excellent quality, a point of particular importance because of the scarcity of coal along the whole United States littoral. Again, British Columbia has all of Canada's resources back of her—another item of strength on her ledger. But allowing for all this, the disadvantage of a location too far north and west, a sparse population, an undeveloped hinterland, and the immense distance which severs her from the mother country, when taken together, minimise the natural advantages enumerated before.

Since the middle of the last century the fact defined itself that the United States was to be a Pacific power. It was clearly recognised at the outset by American statesmen, and our national policy has been consistently shaped accordingly. The conquest of California and the acquisition of Oregon, together with the rapid settlement of these promising territories, were chief stepping-stones in this direction.

The mere presence of the United States on the Pacific sufficed for a long time to fix the idea firmly in the minds of Europe's statesmen that we had come to stay there and that our rôle, with every new year, must necessarily gain in importance. This, too, was the guiding reason which induced Russia, in 1867, to press upon us Alaska, thus strengthening our base on the Pacific and weakening that of her hereditary enemy—England. For, with Alaska in our hands, British Columbia was placed between the fires of American enterprise on both its northern and southern borders. The "ten marine leagues," moreover, which fix the width of the long "panhandle" of southern Alaska,

cut off 1000 miles of the natural Pacific frontage of British Columbia. Again, the possession of the peninsula and the Aleütian Islands gives our Pacific base a reach of over 4000 miles, from San Diego to Attu, 300 miles beyond the international date-line of the 180th meridian, and only 600 miles from the nearest Japanese islands. Alaska has made us a near neighbour of Russia, the Bering Strait alone separating us from her Asiatic dominions.

Americans have been slow, overslow, in recognising the immense value of Alaska, not alone in material resources, but as a strategic base in our Pacific policy, and as a means of curtailing British influence which otherwise would be overweening. It is only since the acquisition of the Philippines that this truth, plain and easily grasped as it is, has been slowly gaining headway in the mind of the nation. Indeed, in the approaching struggle for supremacy in the Pacific, our possession of Alaska will be an all-important factor. With it we are invincible; without it we should be deprived of one of our best weapons.

Take the item of coal and mineral mines as an illustration. Coal and iron abound in many parts of Alaska. On the Chilkat River the supply is apparently inexhaustible. Professor Davidson, of the Coast Geodetic Survey, relates that while at Chilkat he noticed the marked aberration of the needle of his compass, and discovered that it was caused by a mountain of iron ore some 2000 feet high. On further investigation this mountain proved to be only one of a range of similar character extending 30 miles. This authority adds: "As if nature had anticipated its use to man, a coal mine was found nearby." The greatest copper ledge in the United States and a lake of oil are

reported from Alaska. The timber wealth of Alaska is perhaps unequalled, and it is peculiarly rich in yellow cedar, so remarkable for its durability both on land and sea.

It is, however, the coal wealth of Alaska, above all, which commands our attention, and this both for the



Alaskan Coal Fields

Courtesy of Engineering Magazine

reason that coal of good quality is scarce along the whole borders of the Pacific in America and Asia, and because this coal exists in profusion and in unexcelled quality. The first field with promises of real commercial importance was found pretty far north along the coast, just east of the mouth of Copper River. This coal is the best found on the whole Pacific seaboard, equal to the standard Albion Cardiff coal of Wales. The seams are thick and extensive. The coal found just off Cook Inlet, at the extremity of the Kenai Peninsula, is likewise commercially exploitable. However, the most important of Alaskan coal fields lies

still farther west towards the extremity of the long, slender Alaskan Peninsula and on Unga Island, cropping out in many seams at Portage Bay on the Pacific, as well as Herendeen Bay on Bering Sea. This coal ranks next in quality to that discovered near the mouth of Copper River, and is equal to any mined farther south. Because of the situation of the field near protected harbours—an important matter in the wide sweep of the Pacific—and its location on the great circle of navigation, constituting the shortest route for steamer lines between the United States and any part of Asia, it assumes paramount importance. Portage Bay will be a coaling station three degrees of longitude farther west than Honolulu and one equipped with its own mines, from which coal will be delivered to deep-sea vessels at low cost. Situated in the latitude of Glasgow, and like it exposed to mild ocean winds, the Portage Bay mines have a winter not more severe than that of New York; thus, climate will interpose no obstacles in their development. The above facts are largely taken from a minute report, based on surveys on the spot, made by H. Emerson, an American civil engineer of note. His report has since been verified abundantly, and the national government has based its calculations for the future upon it.

Following close on Dewey's victory in Manila Bay and the subsequent acquisition of the Philippines, came the recognition of the fact that certain other advantages, hitherto overlooked, had to be made speedy use of to strengthen our strategic and commercial position in the Pacific. The annexation of Hawaii was the first step taken, and, of course, the most important. It was supplemented by the practical assertion of our

rights of possession of Wake Island and Guam, the latter being the southernmost isle of the Ladrões group. In this way a direct mid-ocean line of communication between the home shore and the Philippines was assured. Looking at this achievement from any point of view—commercial, political, or military—it must be considered a master-stroke of prompt politics.

The annexation of the Hawaiian Islands was inevitable. They had sought refuge under the starry banner a half-century before, and many times after. They had been successively under British, French, and American protection, but the logic of events, as well as their geographic location and the economic conditions depending on the latter, again and again brought them into the maëlstrom of American affairs. This country had at no time been indifferent to the ultimate fate of Hawaii, and had twice interfered in her behalf with England; and once, in 1850, with France. Daniel Webster already declared, in 1843, that no other power must get possession of these islands. Economically, since 1876, Hawaii had been brought entirely under American influence. Her chief crop—indeed almost her only one, namely, sugar—was, under the compromise of 1876, entirely absorbed in this country, being admitted free of duty. American capital was almost exclusively exploiting the islands many years before formal annexation took place. In fact, Hawaii, for all her beautiful clime and tropical fertility, would have starved or run to seed if she had not been able to sell her sugar to this country, for such is her geographic location that the only consumer to whom she can profitably dispose of her products is the United States.

But, on the other hand, Hawaii means much to us.

coming—an impediment to sustained maritime operations well-nigh prohibitive. It is rarely that so important a factor in the attack or defence of a coast line—of a sea-frontier—is concentrated in a single position, and the circumstance renders it doubly imperative upon us to secure it, if we righteously can.”

This was written in 1893, and the final annexation of Hawaii shows that the lesson and warning conveyed in the above were minded at the right moment.

With the Sandwich Islands we have acquired Pearl Harbour, of which Admiral Walker said: “It should not be forgotten that Pearl Harbour offers, strategically and otherwise, the finest site for a naval and coal- ing station to be found in the whole Pacific.”

In 1899, by virtue of the tripartite agreement between the United States, Germany, and England, we obtained absolute ownership of Tutuila and Manua, part of the Samoan Islands. The superior harbour situated on Tutuila, namely, Pango-Pango, had been ceded to us as early as 1872, but never actively occupied until after Dewey’s achievement in Manila, again showing a prompt recognition of our widened sphere of influence. These two islands and the splendid harbour mentioned are likewise of great strategic value. They lie at about 14 degrees south latitude and 170 degrees west longitude, on the direct path from Puget Sound to Sydney, Australia, and on a line from Panama to east Australian ports. That describes their significance for the United States.

Let us now turn for a moment to the Philippines. They are in the immediate proximity of the southern coast of China, and in the pathway of Far Asian commerce. Manila is only 628 miles from Hong Kong, and 812 miles nearer than Singapore. It is 400 miles



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nearer China than Yokohama. It lies directly on the route between Hong Kong and Australasia. The chief distributing centres of China, Japan, Corea, Siam,

Annam, and the East Indies are as near to Manila as Havana is to New York, and the distributing centres of British India and Australasia are nearer to Manila than to any other great emporium. When we consider that the imports of all these countries chiefly consist of goods which we can furnish cheaper and better than any other country, we get a suggestion of the possible commercial future of Manila under energetic American domination. Besides, our possession of the Philippines has enormously increased American prestige in China and throughout the East.

The Hawaiian Islands, Wake Island, and Guam form a line of communication to Manila lying between the narrow limits of the 13th and 21st parallels. The American terminal points of this line are located at San Francisco, Los Angeles, and Panama, and to all three of these Honolulu holds a central position. The pre-eminence which it now enjoys as the radiating point of the great commercial routes of the Pacific will only be enhanced with the opening of the Panama Canal, because it will lie in the path of an increasing file of vessels moving along from Panama to China, Japan, or Asiatic Russia. At the western end of this island chain of communications are the Philippines. This large group, scattered over an area measuring 1000 miles north to south and half as much east to west, is located wholly within the tropics, and distributed around it in a wide-sweeping semicircle are the Far Asian countries whose vast populations make the markets of the East.

At present we supply this whole market with only about 11 per cent. of its imports, while the commercial countries of Europe have a share of 50 per cent. of this import trade. The total commerce of the United

States with Asia and Australasia has risen from \$138,000,000 in 1892 to \$287,000,000 in 1902, having more than doubled within a single decade. Under the new conditions which we are now facing, these figures will rapidly rise to double and treble the amount.

Considering, therefore, the problem of the future Pacific supremacy from the three points of geographical location, commercial advantages and facilities for manufacture, and, lastly, of strategic strength, we find the United States impregnable. No other nation or group of nations possesses anything approximating our combined advantages. Two other points remain for consideration. One is population, and the other is naval strength.

As to the former, the facts are well within our ken. We shall soon have passed the 100,000,000 point, and the middle of this century will probably see this nation fairly under way towards the second hundred million. Our immigration, far from diminishing, has of late years risen to heights equalled only during a few exceptional years before, and the annual average is now higher than ever. With that, while in the older Eastern States (due to a variety of causes) the rate of natural increase has been diminishing, it is steadily on the increase in the West and South. We may easily look forward, therefore, to the time when, with the single possible exception of Russia, our mere numerical superiority will exert an unparalleled influence in a policy of expansion in the Far East and in South America.

The same amount of confidence can hardly be felt when it comes to discussing the question of naval superiority. With the close friendship now existing between this country and Great Britain, it has become

a habit of speech and thought with many Americans to group the two navies, the British and the American, under one head. But this is scarcely in accordance with the underlying facts. For in the matter of supremacy in the Pacific we cannot expect Great Britain to forego her own hopes and ambitions. To do so would be folly. There can be only one supremacy, be it British or American, and no joint action in such a matter is possible. The Briton in the Pacific hereafter will be one of our most formidable foes, just as much as the German—in fact, almost as much as the Russian. And the present British naval superiority—if it should remain—will give that nation at least one great advantage over us. There is no way out of this dilemma but the one—to make our navy the strongest in the Pacific. Let us cast a glance at the present naval conditions of the world, and thus arrive at an approximately correct idea regarding what is required of us.

There are at present six large naval powers, these being: Great Britain, France, Russia, Germany, the United States, and Japan. Their exact respective naval strength can be determined from several points of view. The ordinary way, of course, is to state the number of vessels, their armaments, and tonnage. This does give a sort of approximate idea, and, measured in this way, Great Britain is to-day stronger than France and Russia combined, and almost as strong as Russia, France, and Germany together. This mode of reckoning is, however, deceptive, and not adopted by naval experts. From the total naval strength of each power must be eliminated, in order to arrive at practical results, all those vessels antedating a certain period, say, fifteen years, because after that time the

usefulness of any war-vessel is doubtful. Applying, then, this measurement, we nevertheless arrive at a similar result. Again, the total tonnage of British men-of-war, cruisers, and torpedo boats is larger than that of France and Russia jointly. But even this mode of measuring naval strength and sea-power is discarded by competent judges. The battleships alone are considered the determining factors, and of these again only those of modern construction and of a practically uniform type. On this principle was built up the youngest of the big navies—the Japanese—and on the same principle we are now making a powerful American navy. Germany, too, has made her navy on this plan. The naval events of this present war, however, cast some doubt on this principle. It is true, on the one hand, that the much smaller, but homogeneous, Japanese navy has proved superior in efficiency to the larger Russian navy (larger even in her Pacific squadron), lacking in the element of homogeneity. But torpedo boats and armoured cruisers are also important factors; of how much avail these would be in a pitched naval battle remains to be seen. The promptness of the Japanese disabled the Russian navy in the Pacific before the latter's vessels could be concentrated and give the enemy battle.

In this connection it is interesting to note that during a Senate debate, late in April last, Senator Hale very tersely said: "I may say that if I were secretary of the navy, in the present condition, I should not dare to go and commit the Government to the building of another immense battleship costing \$8,000,000. The lessons of war between Russia and Japan thus far go to show the vulnerability and the unsafety of those immense and lofty battleships, and the undesirability

at present of committing ourselves to the further construction of them. The great and salient events of the war show how incomplete as an engine of war one of these enormous, high-turreted battleships is. If she is struck below the water-line, and the centre of gravity is disturbed, she turns over like a turtle, and everybody on board is drowned."

Now, we have at present a capital of \$150,000,000 invested in the building of enormous battleships and heavily plated cruisers, and the growing belief among naval experts that the availability of the torpedo boats has been greatly underrated and that of the battleships overrated gives much point to Senator Hale's remarks. But it must be remembered that in this we are "in the same boat" with all the other naval powers. They, too, have all along believed in the surpassing strength of the battleship as the chief fighting factor in war, and our own experience at Santiago did much to fix this belief. In that battle we certainly won with our battleships, more powerful than those of Cervera. England's naval strength consists in her 29 first-class battleships of recent make. She, too, has enormous sums invested in the construction of new ones—about \$250,000,000. The same is true of Germany, France, and Russia. The new situation—if it should prove a new one—does not vitiate, therefore, our general argument.

Whichever way we measure the effective fighting force, England is enormously in the lead—able to beat France and Russia, and perhaps able to hold her own against the three powers of France, Russia, and Germany. True, her fleet of battleships of recent date—that is, launched and completed since 1889—is 34, against the 33 of France and Russia, and against the

52 of those three powers together. But only 14 of the 19 German battleships are really available, and of the 33 battleships of Russia and France, 17 are of a size too small to compare with the British leviathans. So that, on this computation, Great Britain again has the best of it.

Japan is a poor country, and her navy is about half the size of the present American one, one-third the size of that of France, and less than one-sixth of that of Great Britain.

Now let us turn to the United States. At this writing, she is still inferior in naval strength to Great Britain, France, Russia, and Germany. That is, if mere tonnage of battleships is to decide that question. The tonnage of our effective battleships is only 125,900, as against Germany's 144,000, Russia's 221,000, France's 306,900, and Great Britain's 627,800.

But, of course, the disparity is in reality not quite so great as that. The finishing touches are now being put to no less than seven American battleships and first-class iron-clad cruisers. All of these will be of tremendous fighting strength, in size from 16,200 tons down to 14,000, therefore among the largest war-vessels now afloat, fitted out with the latest improvements, and called by our naval experts "perfect wonders." By 1905, therefore, in tonnage of battleships alone we shall outclass Germany and Russia both, and in real, effective fighting strength shall be superior to France. But this is not all. The British blue-book published, in April last, a comparative table showing the rate of naval increase to be greatest in this country, the figures being 223,000 tons per annum for America, 185,000 for Great Britain, 127,000 for Russia, and 110,000 for Germany. If Congress persists in this policy and

maintains this rate of increase for, say, ten years, we shall, in 1915, be second to Great Britain alone—that is, about the time of the opening of the Panama Canal.

The French navy is admittedly in a bad way, both in ships and men. Quite a number of her war-vessels are antiquated, worn out, and practically worthless. The Russian navy has suffered such severe losses during this present war that it practically now ranks below either Germany's or this country's. Great Britain, too, has on her naval lists large numbers of vessels that have no real fighting value. Germany's navy is new, well officered and well manned, but probably in all these respects behind ours.

If we accept the authority of the *Statesman's Year-Book* for 1904, we find the present effective fighting strength of the main navies to be: British, 29 first-class battleships, 11 second-class, and 13 of the third, fourth, and fifth classes—altogether, 53; French, 1 single first-class battleship, 10 second-class, and 20 of the third, fourth, and fifth classes; German, 5 first-class, 5 second-class, and 17 of the three lower classes; Russian, 3 first-class, 4 second-class, and 13 of the three lower classes (Russia, therefore, distinctly below Germany in real naval fighting strength); United States, 6 first-class, 6 second-class, and 11 of the three lower classes; Japanese, 4 first-class, 2 second-class, and 2 of the fourth and fifth classes. In torpedo boats and destroyers, the ratio is the following (the countries in the same order as above): 238, 218, 95, 136, 52, 75.

According to these figures, then, the actual naval strength of Great Britain is even greater, comparatively speaking, than by adopting the scale of comparison mentioned before. Furthermore, we find (in

the same comparative list) 10 first-class battleships building for Great Britain, 7 each for the United States and Germany, 6 for France, 10 for Russia, and 2 for Japan.

If by the close of the present Russo-Japanese war the torpedo and destroyer should have been proved superior in achievement to the battleship, why, that, of course, would upset all the present standards of comparison and would put France almost on the same footing with Great Britain. But that is a very large "if."

Let us look the facts in the face. We see, in any event, that it will take a great deal more than our present rate of naval increase to own the largest and most powerful navy in the world. And there are great difficulties in the way. To build up such a navy requires, above all, three things: much time, much money, and many able and trained men. The American people—that is, the broad masses—must first become convinced of the absolute necessity of having such a navy before they can possibly be willing to incur the sacrifices that it would entail. Look at the British budget, and you will see how enormous are these sacrifices in men and money. The British budget for 1903-04 shows \$172,285,000 appropriated for the navy, with 127,100 men. If the American navy is to be the largest and most powerful of all, it would swallow up an annual outlay of \$200,000,000, and would need between 120,000 and 150,000—men and officers—to man it. That would be a great burden, and the mere mention of such figures to-day would scare the average American. No Congressman on the floor of the House to-day would be bold enough to advocate such a naval programme.

Yet the day will come when the American people will clearly see that to win and hold the place fate has in store for us, such enormous sacrifices are absolutely required. Great Britain with her 40,000,000 of inhabitants willingly bears this burden, and her Parliament every year makes the necessary appropriations. Shall a nation of 85,000,000, growing at the rate of 2,000,000 a year, and with natural resources far superior to those of her cousin across the sea, shirk its responsibilities? If England is able to pay for her navy, we are doubly and trebly able to do so. It is only a question of driving this conviction home to the soul of the average American.

A navy of inadequate size—that is the one great weak spot in our armour at present. Fortune has been kind enough to give us a geographical position which enables us to dispense with a gigantic army, an army that would have to be far more costly in blood and treasure than a navy of the first magnitude. Poverty-stricken Russia, a country at present on the very brink of national bankruptcy, is not so situated. She has to spend untold millions, wrung from her starving peasantry, to maintain both a huge army and a great navy. Germany, another one of our chief rivals in the Pacific hereafter, must likewise pay for two enormous fighting machines, one on land and the other on water.

A matchless navy, powerful enough to enforce our policy in the Pacific, is an indispensable requisite to mastery there.

It may be quite possible, in the years to come, to join our navy to that of Great Britain in the Pacific, in order to solve certain questions or to decide some specific and permanent issue of vital interest to both

powers. That is quite possible, and, for instance, when the point should come to be determined whether Anglo-Saxon or Slav is to be the master in the Pacific, it might be that Great Britain would join hands with us. And then again, it mightn't. British statesmanship of late years has played strange tricks, and the strangest of all, perhaps, we are witnessing at present. Great Britain and Japan, in 1902, made a formal alliance for the purpose of holding in check Russian power in Far Asia. In 1904, Russian aggression became so unbearable as to force small Japan into a life-and-death struggle with Russia. Then what does England do? She approaches Russia in a friendly way for the avowed purpose of making her permanent peace with that power. Comment is superfluous.

To broach the subject of such a naval increase as contemplated in the foregoing would doubtless raise at once the old cry of "Militarism." But that is an idle cry where the navy is concerned. Armies and generals have often proved dangerous to liberty; navies and admirals never. In all the world's history we find no instance of a navy overturning government and usurping power. For Monk, who might be cited against this contention, was a soldier, not a seaman. Navies may defend a land; they cannot conquer it. Vast standing armies, such as Russia's and Germany's, are perfectly in accord with the spirit of absolutism, and will serve to strengthen and perpetuate that spirit. But Anglo-Saxon civilisation, it was decreed, has been and is free from that curse. A navy stands on a different plane, and we must have a much more powerful one in order to hold what we have and to acquire new power. Our two long sea frontages, while conferring

on us great blessings and limitless potentialities, make it also incumbent to protect them by walls of steel, walls better adapted for defence than the Great Wall of China, walls movable upon an enemy thousands of miles away at the mere pressure of an electric button.

CHAPTER XVII

RIVALS IN THE PACIFIC—BRITISH

POLITICAL and commercial sagacity usually go together. Great Britain reached the zenith of her political power about the middle of the last century, precisely at the time she ruled supreme in trade and manufacture. Since then she has virtually lived on her prestige. Comparatively speaking, she has retrograded. In 1850 she held in the hollow of her hand the fate of all Europe, and nothing was done without her full consent. The United States was then a second-class power, lying a long way off, with slow steamer communication, with a small population distracted by internal issues, and having only just set out on conquering the vast continent, having no concern and taking no interest in European affairs. Russia had only one-third its present population. Germany was split up into small fragments, each working at cross-purposes with the other. France had just seen another revolution drowned in blood. Proud Albion, secure behind her white cliffs, and with the whole world tributary to her solid merchants in the City, looked on with a somewhat scornful smile and felt herself the paramount power on the globe.

But the world "do move." The year 1904 witnesses a very different spectacle. Across the ocean a lusty young giant has grasped the sceptre which has fallen from inept hands. Our population is almost

threefold that of England, and it will soon be treble that of Great Britain. Our wealth far exceeds that of the older nation. In trade and industry we have become more than England's rival—her master. In her own home market she can no longer compete with us in a number of those essential products in which England, a decade or two ago, enjoyed practical monopoly. In fine, the day of British trade supremacy is over. She is now bending all her efforts to retain as much as she may of what she holds.

Across the Channel, another great power has arisen, also a keen rival, and in this case the Briton has not even the poor satisfaction of acknowledging defeat by men who have sprung from his own loins. England saw the achievement of German unity and the founding of a young and vigorous empire with mingled feelings. But these feelings turned to venom and hatred when she began to observe that the growth and further consolidation of this young empire meant the loss of much profitable trade to her.

In volume of foreign trade, it is true, Great Britain is still far ahead of the United States (the figure for Great Britain being \$3,559,076,200, and for the United States \$2,417,950,539), but in exports we already equal her. Another few years, and our foreign trade, too, will have attained such heights as to leave her far behind us in the whole race. Besides, so far, our foreign trade has been but small compared with our domestic.

There are observable plain signs of British material decadence, and this decadence seems to have unfavourably influenced British character as well. Witness the dog-in-the-manger policy which England has persistently followed towards Germany. Instead of giving

her poorer Teuton cousin—whom she had looked down upon for centuries—a lift, she put all the stones in his way she could. She has never found it in her heart to forgive her one-time humble relative on the continent his new prosperity. His colonial ambitions she hindered wherever possible. For successful German competition in trade she sought to account by crying down the quality of German wares—"muck-and-tuck" trade the English called it—and said that Germany was turning out merely cheap imitations of English goods and selling them under a piratical flag. To remedy this alleged grievance, Mr. Williams published his much-advertised book, and Parliament passed a law on "Made in Germany." But the cure was worse than the disease. "Made in Germany" became a trademark all the more valuable to England's competitor, and Germany continued to forge ahead.

The German steamer lines made better time and gave greater comfort to their passengers; therefore, they did a better business. The disgruntled Briton put it all on the score of imaginary and heavy government subsidies. But that did not help the matter.

All these are plain signs of decadence. Where now are that sturdy British manliness and independence, that much-vaunted fairness to an opponent?

In the Orient, this British decadence is seen most conspicuously. England has been busy undoing the work of a century in upbuilding commercial and political supremacy in the Orient. Senator Beveridge, in his recent interesting book, speaks of "a drugged and cocained slumber," a "sinful inactivity" of the Briton in the whole of Far Asia. And as in Far Asia it is in Central Asia and in Turkey. Persia, Afghanistan, Turkestan, Khiva, and Bokhara—one by one England

has stood by, and without a murmur allowed Russia to incorporate or overawe these countries. Since the Pamir commission, of unsavoury memory, England has done nothing to impede Russian advance. She has allowed everything English in the East to go to rack and ruin. Towards France, her old-time foe, she has become modest—almost humble. Fashoda marked a last flickering of her old energy. In Africa, she is now trying to come to an understanding with the aggressive Gaul; but Tonkin, Annam, Indo-China, and Madagascar, besides a number of valuable islands in Oceanica, she let the Frenchman swallow without lifting a hand.

But it is worst of all in China. After selling to the Germans line after line of steamers plying in Far Asian waters, and seeing the trade go with the flag, she has lost her last fastness in the Celestial Empire. To-day, English supremacy in the whole Yang Tse valley is gone. But a few years ago that was still held to be an English sphere of influence. Now, more German trade goes up and down the Yang Tse, that main artery of China, than English and French combined.

The clear eye of the British statesman seems to be obscured, seeing, as through a glass, darkly. Look at this present war. It gave England for the first time a splendid chance to balk, for good and all, Russian advance in Asia. Does she improve it? On the contrary, King Edward offers Russia, a power whose statecraft and diplomacy are proverbially tainted with duplicity, to adjust all pending differences. She leaves her ally, Japan, in the lurch and tries to make a compact with her ally's enemy at a time when the latter is fighting for his very life. Moreover, England declares her willingness to take Russia's word in

such an understanding only a couple of months after that same Russia had broken her solemn pledge to England and the United States to withdraw from Manchuria. Can political folly go further?

This same England, then, will be one of our chief rivals, perhaps *the* chief one, in the Pacific. It would be an immense task, and one requiring a big book by itself, to go here into statistical details, giving a comparison between British and American material resources, trade, and prospects of future trade. Nor is this necessary for our purpose. It will be admitted at the outset that to compete successfully hereafter with the Briton in the Pacific will be no easy matter, even after due allowance be made for that strange drowsiness and lack of energy which have of late years seized the Englishman in the East. With a merchant marine of 16,006,374 in aggregate tonnage, exceeding by far that of all the other nations of the globe combined, with banking institutions everywhere, and many millions of capital invested in every country, with old-established firms in every port and in every inland town of any importance, and with the immense prestige still clinging to her name, England, on the face of it, has even an immense advantage over us in the coming struggle for commercial predominance. This initial advantage is greatly strengthened by the fact that England has spun over the earth a network of colonial possessions, large and small, and planted with unerring instinct at those points where trade moves most rapidly and navigation is most profitably followed.

Nevertheless, there are several elements of great importance which make for England's ultimate defeat.

One of these is the evident disheartenment and loss of virile aggressiveness which have come over the

British merchant. To-day, he is a creature moving slowly and cautiously, wedded to habits and methods of the past, taking his ease and sticking to his fatalistic shibboleth: "In the long run Old England can't be beaten! Old England will always remain Old England!" And though the fact stares him in the face that this is a fallacy, he still believes in this worn-out creed. Such a man is no match for the American of to-day.

Another British disadvantage is remoteness from the home market, that market which must remain his chief base of supply and distribution. That point has been dwelt on in a previous chapter. The completion of the Panama Canal will turn the geographical advantage which the Englishman has so far enjoyed, as against the American, in trading with the East and the whole of South America, into the reverse. Thereafter, we shall have the start of him by thousands of miles, meaning, of course, cheaper transportation and lower cost for American goods. As between New York and Liverpool, the distance to Shanghai (when the Panama Canal shall have been finished) will be 150 miles to the advantage of New York, almost 2000 miles less for New York to Yokohama, 1000 miles less to Manila, 3000 less to Honolulu, almost 3000 less to Auckland, and 1000 miles less to Melbourne. From our ports on the Pacific these differences in our favour will be much greater, and this is true in even a higher degree regarding trade in South and Central America. Moreover, the Philippines will soon serve us as a distributing centre for the whole of Far Asia.

Another point in our favour—and one which can be scarcely overestimated—is our manufacturing supremacy, now firmly established. The articles most in

demand hereafter in the Pacific are precisely those which we can furnish more cheaply and of better quality than England can.

In one of these chief commodities, namely, cotton goods, England is still in the lead. In 1903 there were counted in Great Britain 48,000,000 spindles, as against 23,000,000 in this country, 34,000,000 on the whole continent of Europe, 5,000,000 in British India, 1,500,000 in Japan, and about 2,000,000 in the remainder of the world. In this particular, therefore, there is still distinct British predominance. Cotton-spinning is the last important phase of her industrial supremacy. But let us examine the facts a little more closely. In 1895, there were counted in the whole world, 93,500,000 spindles, and of this Britain had 45,400,000, almost one-half. The United States had but 16,100,000. Four years later Britain showed still the same figure, while the United States showed an increase of 2,200,000 and the continent one of 4,300,000. There is, then, a rapid increase in the cotton industry of the other leading commercial nations, and this increase is most pronounced and greatest in this country, amounting to 45 per cent. within eight years. England, in other words, sees her supremacy in the cotton industry swiftly waning. Another decade, and this last remaining pillar of her industrial strength will also have fallen.

But by the term, "British rivals in the Pacific," was not meant the native Briton alone; under that caption must be included the men of the British colonies as well. With them the case stands differently. Let us examine this point more in detail.

The Dominion of Canada, or, more precisely speaking, the far western part of it, will be one of our most

active rivals in the Pacific. To-day, the foreign trade of Canada amounts to \$400,000,000. A great manufacturing industry is increasing rapidly, agriculture expands steadily, and large quantities of timber and foodstuffs are yearly exported, chiefly to Great Britain, with the United States a good second. If the United States had not been short-sighted enough to hinder trade with Canada by unfavourable tariff conditions, and if the reciprocity treaty had been agreed to, it is safe to say that to-day Canada's exports and imports with this country would have been doubled. Moreover, the annexation movement had gained considerable headway in Canada, and if it had not been for our unfortunate tariff policy as regards that neighbour, it is very likely that this movement would have gone on increasing, instead of diminishing. Whatever the ultimate political fate of Canada may be, for the time at least nearly all Canadians have shelved the idea of amalgamation with this country. Increasing American immigration to Canada, as well as the constantly growing investments of American capital there, and the decrease in political power and prestige of the mother country, are factors, however, which in the long run must tell in favour of such amalgamation. As it is, Canada is one of the most important countries, commercially speaking, we have dealings with. For the purposes of this book, though, it is that portion of the Dominion called British Columbia which is of interest to us.

It has been more neglected by the home government than almost any other portion of the British colonial empire. And yet British Columbia is a land of great possibilities. In wealth of natural resources it is not exceeded by any portion of the United States. Its

population shows the true Yankee spirit—indomitable enterprise, tireless energy, and great shrewdness. In the course of time, British Columbia is almost certain to become one of our most dreaded rivals in the Pacific trade.

Even as it is, her various undertakings in that line are not to be undervalued. Victoria shows itself a wide-awake competitor of Seattle and San Francisco, and both the splendid steamer line plying between that port and the Far East, and the Canadian Pacific Railroad, have to be taken into account in all future reckonings made by this nation in the Pacific commerce of the near future. An idea of the natural wealth of British Columbia awaiting exploitation may be gained when the fact is mentioned that, of its 382,000 square miles, fully three-fourths are covered with forests. The density of these forests is extraordinary. As much as 500,000 cubic feet of wood have been taken from a single acre. The lumber industry is bound to become an immense source of wealth, once the canal is opened. The Douglas fir abounds everywhere, with hemlock in the north, and there is abundant water power. The total mineral production of British Columbia for 1900 was slightly in excess of \$16,000,000, being gold, silver, lead, copper, and coal. Coal beds of fine quality and immense capacity only await the miner and a profitable market. In the future Pacific trade this fine coal will be an important item.

The only serious handicap at present for British Columbia in a race with this country is the sparseness of its population. With an area double that of France; with 1000 miles of seaboard and many fine harbours; with marvellous resources in its soil; with great treas-

ures in its waters; with wonderful forests; with great mineral wealth awaiting development, and with a climate which produces a race as sturdy and bold as the American, it can boast of but a few hundred thousand of inhabitants. Like our own Pacific slope, British Columbia as yet is suffering from "distance." It lies thousands of miles away from the Atlantic coast, and thousands more from the island kingdom whence it draws its settlers and its modest measure of political influence.

Of all British possessions, British Columbia will be most benefited by the opening of the Panama Canal. In almost like measure as for our own Far West, her people will be brought nearer to Eastern and Western markets. There is no reason why British Columbia should not compete on favourable terms with the United States in the great Asiatic markets, which are on the eve of an era of development. What she lacks is men and money; but even under present conditions she will grasp and hold her share of the future trade.

Another and more important competitor of ours in the Pacific will be Australia. Australia is nearly the size of the United States proper. Her climate presents great varieties. The north is tropical—almost uninhabitable for white men—while the coasts of the east, south, and west enjoy a fine and healthy climate, hot summers, but bracing winters. The great trouble is the alternation of droughts and floods, the former being the more prevalent. The arid part of Australia covers the whole interior, amounting to five-sixths of the continent, while the region with an annual rainfall of but ten to twenty inches makes another large belt. Sufficient rain for agriculture falls in only about one-

tenth of the whole territory. The following map is taken from Mr. A. R. Colquhoun's "Mastery of the Pacific":



Rainfall Map of Australia

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It is thus certain that Australia can never become either a very prosperous or a very populous country, measuring her prospects with ours. Nature has interposed insurmountable obstacles not to be overcome by man. Irrigation is sure to be introduced on a larger scale than at present. But in such a riverless country

as Australia, given, besides, the geological formation of the continent, even that stratagem will never accomplish much. There is only one navigable river, the Murray, in all Australia.

The new Australian Commonwealth, unifying for political and partly for economic purposes all the colonies, seems a step in the right direction. Nevertheless, the present population—3,600,000—does not grow rapidly. The rate of natural increase is small; in the second and third generations it rapidly declines. And, as a curious feature of a country of such enormous size, with a very sparse population, it deserves mention that in all the colonies, but particularly in the most productive parts of Australia, and in the fertile fringe skirting the eastern coast, emigration is going on and immigration is discouraged in every possible way. In several of the colonies emigration actually exceeds immigration. As a future rival of the United States—a bright day-dream which fanciful Australians indulge in—this youngest of the continents does not come into serious consideration.

Far more natural advantages are enjoyed by New Zealand than by the continent proper. As yet, however, this double island is very thinly settled, and its great natural resources are largely undeveloped. New Zealand is, therefore, a very promising field for the immigrant, but in Pacific trade, as our rival, she cannot possibly play an important figure in the near future.

In Australia there are railroads with a mileage of 15,000, and with very small traffic. In New Zealand this mileage is 2300.

As an exporting and importing region Australasia is, however, of considerable importance. It will afford

a fine market for American goods. Her total foreign trade, in 1903, amounted to \$891,000,000. Of this the most important of the colonies, New South Wales, claimed \$272,000,000, with Victoria next, with \$191,000,000, and New Zealand, with \$105,000,000.

From the present trend it can be clearly discerned that Australia will develop on political and economic lines of her own, distinct from the British. Her tariff policy, aiming at more varied sources of supply and greater markets for her own products, shows this. An Australian species of Monroe doctrine, claiming "Australia for the Australians," and also directed against German and French power in the Pacific, is developing rapidly.

Australia's main product is still wool, cereals being next in importance. In this way she does not compete with us as an exporting country, and while she is actively trying for Far Eastern markets, that need not trouble us seriously. On the other hand, Australia imports chiefly articles of industry. The mother country still sells her the great bulk of these, but the American share of the remainder of her foreign trade has already risen to 34 per cent. Hereafter, we may look for a far larger share, under the more favourable conditions opened up for us by the Panama Canal.

The two great British trade-distributing centres of the Far East, Singapore and Hong Kong, occupy altogether unique positions. Nowhere else in the world under similar conditions can be found commercial and strategic posts of equal value. Both are situated on islands, but whereas Hong Kong is steep and rocky, Singapore lies low. Both are important as shipping centres, but Hong Kong, although the medium for a considerable Chinese trade, is to a great extent cut off

from its natural hinterland, the great southern trading centres of China. Singapore is the outlet for the flourishing trade of the greater portion of the Malay peninsula. Hong Kong lies next to a great undeveloped estate in Chinese hands, while Singapore is situated close by a territory which, to all intents and purposes, is British.

These two important trading centres, jointly and singly, will prove a thorn in the flesh to the American trader in the Pacific. Their merchants have shown hitherto much enterprise, and a very large percentage of the Chinese trade is in the hands of Hong Kong, while Singapore taps the whole wealth of the Malay world at a very convenient point, and hence holds a goodly portion of it in its grasp.

The prosperity of Singapore, however, is in very large measure due to the lack of enterprise of the Dutch merchants of Java and the surrounding islands, as well as to the worse than unenterprising economic policy of the Netherlands government. The Dutch East Indies, under the sway of another nationality of more energy, such, for instance, as the German or American, would very soon cut the ground from under the feet of the Singapore trader. Indeed, during the last five years, since Americans and Germans have seriously begun to exploit commercially the Far East, the trade of Singapore, or at least the British portion of it, has not only shown no increase, but an absolute decline, small though it be.

The case is similar with Hong Kong. There it is the German that has cut in very uncomfortably into the big British pudding. At first, the English merchant of Hong Kong smiled derisively at the advent of his new rival. He pointed with satisfaction to the

small bulk and the smaller profits of the trade which the newly arriving German was able to secure. But he has changed his tune somewhat of late, for the German is now firmly established in Hong Kong, and he obtains an ever-increasing share of the Hong Kong commerce. There is no reason why hereafter the American should not join the pair and make a happy third. There is plenty of room for him, and Hong Kong in a short while will be nearer to the New Yorker and a great deal nearer to the San Franciscan than to the men of Liverpool and London.

Summarising, therefore, all the available facts tending to show the relative chances which the British merchant (both of the home and colonial varieties) and his American compeer will enjoy in the trade of this whole promising region, the scale seems to tip in favour of the latter, though it will take much hard work, capital, and persistence to win and hold predominance.

CHAPTER XVIII

RIVALS IN THE PACIFIC—GERMAN, FRENCH, AND JAPANESE

OF all our future rivals in the Pacific, Germany will be, perhaps, the most dangerous. With the Briton our fight will be to wrest a slice more or less large from his present trade. The Briton, in other words, will be on the defensive; Germany, like ourselves, will be on the offensive. Her people are straining every nerve and sinew to conquer new fields of commerce. An exact parallel of our own case, she must increase her export trade in order to live, and in order to avoid industrial and labour catastrophes of frightful effect. Her ambitions are young, like ours; she is not sated with power and spoils; her enterprise, like ours, must be directed to virgin markets and neglected fields; the ever-growing pressure of her dense population impels her in all directions where the right of pre-emption is not exercised in prohibitive fashion. Her men belong to a virile, unspent race. Her monarch, the Kaiser, furnishes enormous forces of propulsion; nothing escapes him, and in one of his speeches, a couple of years ago, he said that it was the duty of every German "to find spots and crannies on the whole globe where the German could drive in a nail, and on it suspend his armour of commercial enterprise."

We must look, therefore, to a bitter and determined struggle with the German for supremacy in the East

and extreme West. Let us examine this German armour a bit more closely.

The commercial and political rise of Germany has been one of the marvels of the closing decades of the nineteenth century. Since the conclusion of her peace with France, in 1871, and the establishment of a united fatherland and a vigorous empire under Hohenzollern leadership, Germany has doubled and trebled her resources and powers. Just a few points in illustration.

In 1870 Germany was mainly an agricultural country, and her commerce was relatively unimportant. Her industries were in an undeveloped state, and were carried on with extreme caution and on small capital. From this, within thirty years, she had become England's chief rival. Between 1890 and 1900 the volume of her import and export trade rose from \$1,800,000,000 to \$2,650,000,000, an increase of 50 per cent. Since 1870, her population rose 50 per cent., to 57,000,000.

As to capital, the growth of Germany has been even more surprising. In 1900, British capital invested in foreign countries amounted, in round figures, to \$10,000,000,000, and the interest drawn from it to \$450,000,000. Of this, \$800,000,000 was invested in this country, about \$3,000,000,000 in foreign railroads, and \$200,000,000 in foreign mines.

For Germany there are precise figures at hand. These show total German foreign investments, in 1900, of \$5,200,000,000. Of this sum, \$3,400,000,000 were held in foreign securities and \$1,800,000,000 engaged in foreign industrial enterprises, such as railroads, mines, factories, street-car lines, etc.; and of this sum \$500,000,000 alone in South America, \$250,000,000 each in North America and Africa. This, then, shows

Germany with more than one-half the total foreign investments of Great Britain. And let us keep in mind that the accumulation of this enormous superabundance of capital was the result of thirty years' efforts, or, more properly speaking, of fifteen years', for only since 1885 has Germany launched out seriously on her new industrial and commercial career. Truly, there is only one parallel in modern history to this phenomenal growth—Japan.

The most illuminating illustration of this growth is found in the rise and progress of her chief private bank, the Deutsche Bank, in Berlin. In 1870, this institution started out with a modest capital of \$3,750,000. In 1901, its capital had increased to \$50,000,000, the volume of its business to almost \$13,000,000,000, and its dividends to 11 per cent. This bank has issued loans for Austria, Russia, Chile, Italy, Mexico, the United States, Sweden, Egypt, Roumania, and other countries. It has founded several hundred industrial enterprises, many of them in far-away countries, such as South America, Central America, China, etc., and financed other enterprises, like the German-Atlantic Bank, the German-Asiatic Bank, the largest German electric and mining societies, the Anatolian and Macedonian railroads, and, to a large extent, the Northern Pacific Railroad as well. The leading position of Germany in electric enterprises of every description is largely due to it. In a word, it is an epitome of German industrial and commercial progress during recent years.

A faithful thermometer of this growth is furnished by Germany's commercial relations with this country. In 1882, she bought but \$28,000,000 worth of us, and in 1900 she took \$250,000,000 of American goods.

The above facts are taken from the author's book, "Germany: the Welding of a World Power," published late in 1902. But the facts and figures for the time since elapsed emphasise the contention made still more strongly. Despite a financial depression in Germany, her foreign trade has grown instead of diminishing. In 1903, it amounted to almost \$2,800,000,000.

In this present instance we are mainly concerned with the future possibilities of German trade in the Pacific. A few figures will show them.

German export to China has risen at a more rapid rate even than has American export to that country, from \$7,500,000, in 1892, to \$14,500,000 in 1900, \$16,300,000 in 1901, and \$17,400,000 in 1903. To Japan her trade, in 1892, was only \$3,890,000; in 1900 it was \$17,600,000, and in 1903, \$18,470,000. To the British East Indies she exported, in 1892, not quite \$8,000,000 worth; in 1900, something in excess of \$17,000,000, and, in 1903, a round \$18,000,000. To the Dutch East Indies, Germany exported, in 1892, \$3,700,000; in 1900, \$6,780,000, and, in 1903, \$7,100,000. As to Australia, next to this country, Germany has become the largest of the foreign importers. In 1892, her imports there were computed at \$5,120,000; in 1900, at \$12,050,000, and, in 1903, at \$14,500,000. To the Philippines Germany exported, in 1892, but \$700,000 worth; in 1900, \$1,600,000, and, in 1903, \$1,720,000.

We see, then, that all through the Far East, Germany has made very rapid advance in her export trade, exceeding ours in not a few instances. Let us examine how the case stands in South and Central America.

To Argentina Germany exported, in 1892, \$9,500,000 worth of goods; in 1900, \$16,000,000, and, in 1903, \$18,200,000. To Brazil, in 1892, \$12,750,000; in 1900 (owing to financial depression in Brazil), \$11,500,000, but in 1903, \$13,850,000. To Chile, in 1892, she exported \$4,900,000; in 1900, \$10,100,000, and, in 1903, \$11,400,000. To Mexico, in 1892, \$2,950,000; in 1900, \$7,050,000, and, in 1903, \$8,060,000. To Uruguay, in 1892, \$1,500,000; in 1900, \$3,000,000, and, in 1903, \$3,650,000. To Peru Germany exported, in 1892, \$1,450,000; in 1900, \$2,500,000, and, in 1903, \$3,100,000. To Central America, all told, in 1892, \$1,400,000; in 1900, \$1,670,000. To Ecuador, in 1892, \$300,000; in 1900, \$1,450,000, and, in 1903, \$1,720,000. To Venezuela, in 1892, \$1,200,000; in 1900, the same amount, and, in 1903 (despite hostile feeling because of German armed intervention), \$1,650,000.

The above figures, however, do not tell the whole tale. Under the statistical system adopted by the German foreign office in computing exports and imports, those leaving port from non-German parts, such, for instance, as Rotterdam and Antwerp, do not figure in these lists. The omissions thus made are quite considerable, as a very large portion of both exports from, and imports into, the western industrial provinces of Germany (particularly Westphalia and the Rhenish districts) go largely by way of the nearest ports on the North Sea, these being Antwerp and Rotterdam. That class of goods, therefore, appears under the head of Belgian and Dutch imports from, and exports to, Germany. It can only be estimated how large a proportion of the whole thus escapes the proper heading, but presumably it is fully 20 per cent. However, taking the

figures as they stand, the total volume of German exports to South and Central America exceeds the figures for the United States.

To this country Germany's exports have steadily increased. In 1892 they amounted to \$85,790,000; in 1900, to \$109,880,000, and, in 1903, to \$121,790,000. They are almost altogether industrial products. True, there has been and is a considerable balance of trade in our favour, but by no means proportionately as large as in the case of Great Britain. Furthermore, German industry still advances by leaps and bounds, and, on the whole, is proving itself superior to the British of these days. Besides, Germany, like this country, has drawn a wall of protection around her industry, while Great Britain is still adhering—and despite Mr. Chamberlain's protective tariff campaign will probably continue to adhere—to free trade.

Another point. In a number of her chief exports Germany is competing in the markets of the Pacific with our own chief exports to those regions. In cotton goods, for instance, she was exporting, in 1892, \$38,000,000 worth; in 1900, \$61,100,000 worth, and in 1903, \$66,300,000. In woollen goods, in 1892, she sent to foreign parts \$53,860,000; in 1900, \$59,050,000, and, in 1903, \$61,070,000. Machinery of every kind she sent out, in 1892, \$15,500,000; in 1900, \$58,300,000, an increase of almost 400 per cent. within ten years. Of coal, she exported, in 1892, \$24,950,000; in 1900, \$53,970,000, and, in 1903, \$55,300,000. Of hardware, Germany exported, in 1892, \$15,150,000; in 1900, \$34,507,000, and, in 1903, \$36,785,000. Of the finer grades of steel and ironware, Germany exported, in 1892, \$6,090,000; in 1900, \$17,650,000, and, in 1903, \$18,350,000. She is also doing a trade

of some importance in the following articles: iron and steel billets, cement, steamers, and vessels of iron or steel,—whole or in parts,—rubber goods, cables for telegraph, etc., rails, copper wire, cotton yarn, ironware, plates of malleable iron, brass and copper ware, leather goods and prepared leather, technical instruments and machine tools, etc., in all of which she is our direct competitor. In addition to all this, Germany of late is making systematic efforts to emancipate herself from the American monopoly in cotton. This is up-hill work, of course, and results of any magnitude may not be looked for for years to come.

But in her own way, with much patience, forethought, and system, she has entered on this task. Within the last two years this is what has come of her endeavours in this line:

In three of her African colonies, namely, German East Africa, Togo, and Kameroons, she has introduced cotton culture in a manner both practical and scientific. Her colonial department in Berlin first studied soil and climatic conditions, in order to determine the most suitable districts and methods for this culture. Next, she studied the labour question in these colonies, and decided on a number of steps to cure unfavourable conditions in this respect. The department followed this up by obtaining American experts in cotton culture. In all three of the colonies named she set to work, as overseers and superintendents, graduates from Booker T. Washington's practical and theoretical institutions in Alabama. These men, all of them of the coloured race and able to withstand the hot climate, were secured under ironclad contracts for a number of years. Then, with the help and instruction of these men, natives were trained in the raising of cotton, good results

being accomplished. Next, the same colonial department made sure of the services of three or four white cotton planters from America. One of them, J. H. G. Becker, from Hockley, Texas, was put at the head of the whole enterprise in German East Africa, and has advanced cotton culture in that large colony in a remarkable degree. An additional step taken in this direction was the sending of young German farmers to the Agricultural and Mechanical College of Texas, to study there, practically and theoretically, the problem of profitable cotton culture; these men had all their expenses paid by the German government.

In this whole matter the German government has had the active support of the various German chambers of commerce, as well as that of the colonial societies and individual promoters of the colonial policy of the empire.

The cotton grown in the German colonies in Africa has so far been nearly altogether from Sea Island seed, the best for the desired long staple, and it has been found well adapted to soil conditions there.

The cotton crop of 1903, raised in the three German colonies named, has aggregated about 175,000 pounds. Some 50,000 of this were grown in German East Africa, while the remaining 125,000 were produced in Togo and Kamerouns. Experiments have been made in German East Africa with White Egyptian cotton seed, and, largely due to the dry climate of that colony, have proved more successful than like attempts with Sea Island seed. For this year much new land has been put to cotton in all these three colonies, and it is surmised that the crop of 1904 will be at least 400,000 pounds. All the cotton produced has been readily sold at a good profit in the German home market, and

it is said that this German colonial cotton is fully the equal of our own best varieties.

These, of course, are only beginnings, and for years to come the German colonial output of cotton will not measurably influence the world's market or compete with our own. But everything must have a beginning, and this one looks, indeed, very promising from the German point of view.

Next, let us look at the German colonies. Altogether, they are about 1,000,000 square miles in area. They are, therefore, five times as large as the empire itself. Germany needs lands of her own to which to divert the stream of her emigration. For fifty years that has flowed primarily to the United States; and then (leaving out of account southern Brazil and Argentina) to other English-speaking countries, chiefly Canada and Australia. In that way, millions of these German emigrants have been absorbed into the economic and political life of Germany's main rivals,—Great Britain and the United States,—and have strengthened the latter. Since 1870 German emigration has footed up almost 4,000,000.

The objective point of an emigrant depends on a number of considerations, and it cannot be altered in a mechanical way, at the mere dictum of a government. The German colonies are all located within the tropical or subtropical belt, and they offer obstacles not to be overcome; above all, climatic ones. Thus, in spite of persistent urgings, the tide of German emigration runs on in its old course. Altogether, within that million of square miles, there are less than 60,000 Germans, all told; and that includes the colonial troops and officials. The one German colony which seemed suitable, at least on a limited scale, for the German immigrant

—German Southwest Africa to wit—is just now the scene of the first serious colonial war the empire has had on its hands. It will hereafter be shunned by the German emigrant in his quest for a new home.

But Kiao Chao, Germany's colony in China, must be excepted from the above remarks. Properly speaking, this colony is not a field for German immigration, either. Its territory is too small for that, being only about 300 square miles. But in other respects it is very important. For Kiao Chao has as vast hinterland the whole province of Shan Tung, with its 38,000,000 of inhabitants and its enormous mineral resources. Of these we spoke before. If Germany is allowed to carry out her plans, Kiao Chao will become—after the manner of our programme in regard to the Philippines—the centre of Germany's political and economic expansion policy in the Far East. She means to exploit, for her own use exclusively, this province of Shan Tung. She uses now Kiao Chao as a base for her naval and military forces in the Far East. The chief city of the colony, Tsing Tao, far more accessible for navigation than the town of Kiao Chao itself, and with a splendid harbour, Germany has transformed, since 1902, from a miserable Chinese town of mud hovels into a modern city equipped with every improvement, public and private.

The Reichstag is appropriating every year a sum of \$5,000,000 or more for the enlargement and improvement of this new city and its harbour. The latter has one of the safest and largest roadsteads on that part of the China coast for a hundred miles or so either way. But this harbour is being deepened and improved still further. The intention is to make of Tsing Tao a second Hong Kong. It is meant to be-

come the second most important, or, if possible, the first, distributing centre for China. In one respect Tsing Tao offers better facilities for this than Hong Kong. It lies on the mainland, and not, like Hong Kong, on an island separated from China proper by the sea. It has a densely populated hinterland, offering every opportunity for enormous industrial development. This development, in fact, has already begun. The Shan Tung Railroad Company is now completing the first of the large railroads connecting Tsing Tao



with the interior. This company is made up of about a score of Germany's leading financiers, although quite a number of small capitalists are among the shareholders. By June, 1904, this railroad will have reached its terminal point, Tsi Nan Fu, the provincial capital of Shan Tung, about 350 miles inland. Several railroad projects are afoot in Germany, the purpose being to construct a network of railroads for the complete industrial and commercial exploitation of the province. The Shan Tung Mining Company has begun, under a concession granted by the imperial government in Peking, to work the big coal and iron

deposits in the district of Wei Hsien, as well as those of I Tshou Fu and Po Shan, and with all these points the railroad has already direct connection.

Three other large German companies have been organised within a year, these being the Kiao Chao Society, the German-Chinese Silk Industrial Company, and the German Society for Mining and Industry. All three of them purpose to assist in the exploitation of the province. Among its members are also some of the large German merchants and bankers resident in China, above all the firm of Arnhold, Karberg & Company, of Shanghai, Tien Tsin, and Foo Chow. Some six or seven other companies, made up of German capitalists, are now forming for the same purpose.

Secretary Hay seems to be watching this rapid development of German commercial and industrial influence in China with a wary eye. It is possible that at the close of this present war, when a sort of settlement of Chinese affairs is to be made on a new basis, this German colony of Kiao Chao will form one of the points of international discussion and adjustment.

As to other vantage-points of Germany in Pacific waters, she possesses some which will help her very materially in realising her ambitions. She owns a part of New Guinea, that facing in the direction of China and Japan. This colony, large and of fine natural resources as it is, has so far been left almost completely undeveloped, but hereafter it will afford the German policy in Far Asia another base. The Carolines and Marianes will likewise become of importance to her, both as coaling stations for her navy and in a commercial sense. The same remark applies to the so-called Bismarck Archipelago, a large group of fertile islands within the sphere of influence of Australia.

The groups of islands known as the Marshall, Brown, and Providence isles, belong administratively within the sphere of Samoa. Of this last-named group of islands—Samoa—Germany obtained the lion's share in virtue of the tripartite agreement in 1899. The larger islands of this group, Upolu and Savaii, she is now industrially developing at a fair rate of speed. Both for naval and merchant marine purposes Samoa is of great importance to Germany.

We see, therefore, that Germany has a number of workable bases of operation for her commercial and political ambitions in the Pacific. It must be admitted, however, that these are far inferior in every respect both to the American and British ones.

And now a word about the other points that tell in the equipment of Germany for the coming strenuous race in the Pacific.

First, the merchant. The German merchant is more of a cosmopolitan, and more ready to make allowances for the peculiar characteristics of other nations, than either the Briton or the American. That much the geographical location of Germany has done for him. It has saved him from isolation of thought and insular habits. He is scientific and thorough in his methods, usually a polyglot; he has a great fund of patience, intense application, and methodical habit. He is content with small profits and long credit whenever he cannot do better. As the phrase goes, he "studies to please" his customer. He does not insist on speaking German with a Spanish or English-speaking purchaser. Neither does he try to force his likes and dislikes on his customer. He sends his wares to foreign markets, South America, or China, exactly as his customer likes to have them. He puts them up in parcels, packages,

or boxes of the size and weight most convenient, and if instructions or explanations accompany his goods he has them printed in the language of the country.

As an amusing illustration of this, it may be mentioned that all the Latin-American countries get their flags and bunting in the national colours from Germany, and when, some years ago, memorial medals celebrating the anniversary of certain patriotic events in South America made their appearance, on their rim could be read: "Made in Germany."

Under these circumstances it is no wonder that Germany has made such enormous advance in Latin-American trade. But relatively speaking, the advance has been much greater in the Far East, more particularly in China. To conquer that country commercially, a mixed commission was sent out by the Kaiser in 1897. It was made up of practical merchants, as well as economists, writers, and government officials. After an extensive tour this commission returned home, and each member of it wrote out his own report as to which plan seemed most feasible to him to enlarge present German trade in China and introduce new branches of it. The German consular service in China is by all odds the best, barring the American. A few years ago several existing British steamer lines that had ceased to do a paying business were purchased by the North German Lloyd. These lines plied between ports of minor importance in Malaysia. They immediately began to pay under their new owners. Next, the North German Lloyd and the big Hamburg-America line reorganised steamer communication between Europe and Far Asia, and did it so well as to beat at every point—speed, comfort, and price—the old famed British P. & O. line, although the latter had virtually

had a monopoly of this traffic for several generations. Several new steamer lines were also started by German companies, these attending to a goodly fraction of the coastwise traffic between Shanghai and north and south of that main Chinese emporium. Thus it has happened that the German flag at present is the one most frequently and numerously seen in Chinese waters.

By similar methods Germany has not precisely conquered, but obtained a very large share of the trade along the whole Yang Tse. On that lordly river, too, the rule of the Briton was broken. Two German steamer lines now make regular and frequent runs between Shanghai and Han Kow, 650 miles up. They touch at every more important point, and have succeeded within a few years in capturing the good half of the former British trade.

Banking facilities are another point which the German has very well attended to in China. The Deutsche Bank made a start in that direction in 1895. Since then this institution alone has founded twelve branch houses in Far Asian ports. Of late its directors have added to these one in Tien Tsin and another in New Chwang. A group of Berlin banks, of which the Disconto Society is the leading one, have since followed the lead of the Deutsche Bank.

The same methods as those outlined above have been employed by Germany in securing a good slice of the foreign trade of Australia and that of Japan. The number of German firms in both these countries is steadily on the increase. The German consuls keep people at home well informed about every new opening for trade that offers. In Australia the considerable German element among the immigrants is another help

in the same direction, particularly as there also exists a well-edited German press.

After all these advantages and achievements of Germany it remains to mention the disadvantages. These are few, but very serious. First, the great distance that separates Germany from these regions. The Panama Canal, as was pointed out before, will render this difficulty much more pronounced, and turn it to a distinct American advantage. Next, Germany's natural resources do not begin to compare with ours. All her skill and brains, all her energy and enterprise, cannot make up for this deficiency. Again, Germany is inferior to this country in manufacturing methods. Another point: the adequate development of her colonies is seriously retarded, perhaps rendered impossible, by that system of bureaucratic interference and supervision which has become a second nature to Germany's government, and which hampers at every step the initiative of the individual German. Lastly must be mentioned the fact that, in the matter of a navy, Germany cannot possibly keep step with this nation. Her home territory is surrounded by foes—or at least rivals. At our present rate of naval increase, Germany will be left far in the rear within another ten years. And, even if this were not so, Germany at no time would dare to deprive her coasts of the protection of her war vessels, both on the North Sea and the Baltic. Only one-half of her navy, at best, will be available for purposes of her foreign policy. And if it ever should come to a trial of strength between Germany and this country, it may be taken for granted that her navy would give a very good account of itself, but that, nevertheless, she would not have the ghost of a chance from the outset. In the Pacific we hold the

only mid-ocean bulwark, Honolulu, and without that Germany could not even approach our western coast because of lack of fuel.

The clear-eyed men of Germany are recognising these points, and an almost ludicrous illustration of the spirit bred by this knowledge was given at the Reichstag session, on April 19 last. One of the leading delegates wound up his tale of woe by saying: "Our business people will soon have nothing to do but emigrate to America and utilise their intelligence there to the detriment of their own countrymen."

Of French ambitions in the Pacific it is hardly worth while to say much. All unbiassed judges of the French of to-day agree in calling them a decadent nation. A people which has made the "two-children system" part of its accepted sociologic code; the population of which, despite a considerable immigration, is practically stationary, and which has neither genius nor liking for all those tasks which fall on the shoulders of an expanding nation, cannot be seriously reckoned a future rival in the Pacific or anywhere else.

It may be admitted at once that if these self-imposed obstacles did not stand in the way, France would have very fine opportunities for competition in the Pacific. She has a number of colonies there, giving her strategic and economic bases. She has much idle capital at home waiting for chances of safe and profitable investment, and she has also a highly developed industry, one which is leading the world in a number of features.

But when all this is admitted, it will not vitiate our contention. Besides, the national ambition of France of late years has turned to Africa as a field to engross what adventurous spirit she has left.

Lastly, there is Japan. Doubtless, she will play

quite a respectable figure in the Pacific hereafter. She has a number of the elements necessary to win success—intelligence, adaptability, patience, and diligence, and the true mettle for a commercial and expanding nation. But these advantages are partially offset by points which tell against her. The decisive one is geographical in nature. Her island empire is too small in size. Her population must seek, and will doubtless find, new outlets. Corea she may acquire. The chances are against her acquisition of Manchuria. If that large Chinese province should, however, come into her possession, it would solve the population problem for her, for Manchuria has space for five times the present population of Japan. The probability is that Japan, like Germany, will have to send millions of her emigrants to other countries, there to be absorbed.

Besides, even after her wonderful industrial rise, Japan is still a very poor country, with a scarcity of capital, small natural resources, and a very low scale of living, when comparing her with western countries. To change all this would in any event require another fifty years or more. Meanwhile, the United States, Germany, and Great Britain have the start of her, and later it will be almost impossible for Japan to make up for lost time.

Nevertheless, the race affinities that bind the Jap to the Chinaman and the other denizens of Far Asia are something in his favour. He may find it very profitable to drive a growing trade with China. As a case in point, it deserves mention that Japan, since 1895, has come to monopolise more and more the cotton-goods trade with China. Her manufactures in that line are just cheap and rough enough to suit the purse and

the taste of the Chinese labouring masses, and that means eventually a gigantic trade.

Whichever way we look at it, though, as a serious rival for supremacy—commercial supremacy—Japan need not be taken into serious account. There is a field for her, certainly, but it is rather limited. Her export in rice to Asian countries may grow considerably. So may her exports of beer, textiles, coal, copper, saké, the cheaper grades of hardware, and, possibly, later on, machinery. Her trade in tea is scarcely susceptible of great expansion, because it is relished nowhere except in Japan itself and in this country. Still, both as a merchant and manufacturer, the Jap appears to have at least a fair chance in the future Pacific trade. Nobody will be more glad of this chance (outside of Japan) than the people of this country.

CHAPTER XIX

AMERICAN SUPREMACY AND THE SLAV.

ON the border of the Pacific, on his own soil, stands the Slav, brawny and overbearing. The American's struggle with him for supremacy in the Pacific will be the hardest of all. It will not be of the same nature as that with the other nations. For with the latter it will primarily be commercial; not so with the Russian. It will not even be so much a question of fighting for the possession of material things. No, the strife will be of a different character.

First, politically. The Russian's hegemony over Asia must be broken. The Russian article of faith—that the whole of the immense continent by right belongs to him and must come under his sway—is to be destroyed. His pretension to exclude from Far Asia all influence and all trade but his own must be resisted and overcome. His type of civilisation must be made to yield to ours, or at least confined to his own dominions. His dogma—that the Orthodox Church of Russia is to have spiritual rule throughout Asia—must be crushed. In fine, the chief issue hereafter between the Russian and the American in Asia will be for the predominance of Western or Eastern civilisation. We have already seen in what consists the American equipment for the winning of the supremacy in the Pacific. Now let us examine the Russian armour.

It is a fact that between the Slav and the American there are certain striking resemblances. The American nation is numerically one of the strongest in the world. Russia exceeds us in numbers, but we have the greater rate of increase, and within a generation both nations will be equal in population. Since 1860 Russia's population has doubled, ours has trebled. The natural resources of Russia, like those of the United States, are practically limitless. We have had enormous territorial growth; the Russian likewise. During the nineteenth century we have added more than 2,000,000 square miles to our domain; the Russian has added a territory of almost precisely the same circumference to his country. The American as well as the Russian nation has remarkable powers of assimilation, a fact which goes far to account for unequalled growth on both sides. Here in the United States alien peoples, within one, or at most, two, generations, have been absorbed into the current of life, sunk, and disappeared like snowflakes in the ocean. Russia on her part has swallowed up and digested more than one hundred nations and tribes. Again, both the American and the Russian exhibit a genius for organisation and government. Without much bloodshed Russia has introduced new forms of administration in her conquered territory of central and northern Asia. In our own country, without disorder, new territories have been formed and become in a short while self-governing states. Lastly, the American as well as the Russian possesses vast territory, capable of an enormous increase in population. The new and unsettled lands of the north temperate zone—and that means the zone of power—have been divided between them. And now, having reached the uttermost limit, they face

each other from both shores of the Pacific. It is these points of resemblance which made a keen-eyed Frenchman, Lavelaye, say: "A hundred years hence, leaving China out of the question, there will be two colossal powers in the world, beside which Germany, England, France, and Italy will be as pigmies—the United States and Russia."

But the contrasts between the two nations are even more striking and numerous. The decisive one is the difference between their conceptions of the best form of government, involving as it does individual ideals of life. The American is the supreme representative of civil and religious liberty; the Russian is the supreme representative of absolutism, both in State and Church. American civilisation, erected on the foundations of Anglo-Saxon ideals, is the product of the development of the individual. It means individual responsibility and individual effort. Russian civilisation is based on the suppression of the individual. Once the American individual should cease to assume his share of effort, responsibility, and government, the fabric of our institutions would crumble. But, on the other hand, if the average Russian should rise politically to the level of the average American, Russian institutions could no longer exist.

The Russian form of government, in fundamental principles, in ideals and in methods, is diametrically opposed to our own. The two systems do not represent two different stages of development upon the same foundations. They spring from radically different conceptions, and they aim at radically different ends. Russian and American development on present lines will drive the two nations further and further apart, and finally must bring on a conflict. The Russian,

too, is a bearer of civilisation, but it is of a different type. To make room for our own mission of civilisation in Asia, we must first curtail or neutralise that of the Russian. There is no possibility of the two factors working side by side.

What does the Russian expect to accomplish in Asia? He expects to win and to hold the whole continent. That is part of the creed of every normal Muscovite. The whole of Russian literature is permeated with this idea. The whole Russian nation is deeply imbued with the notion that Providence specially favours "Holy Russia," and specially despises all the rest of the world.

To summarise the Russian doctrine: the future of the world is with the Slav; Russia is The Inevitable; the Russians are the only remaining organised people on earth; only in Holy Russia is religious faith permanent; only in the Czar's empire are perpetuated order, form, and authority; it is the mission of Holy Russia to give back to the peoples of the earth these blessings; Holy Russia must advance with the Cross for the regeneration of the world, and make the Orthodox Church paramount throughout the whole of Asia.

These ideas—amounting probably with the Russian masses to a powerful instinct—lie at the root of her advance in Asia. This advance has been like that of a glacier—slow, but resistless. It has reached China. Unless prevented by Russia, this nation, backed up, let us hope, by Great Britain and Japan, will give China and the whole Far East the priceless boon of western civilisation, making her population free, prosperous, and intelligent. But if Russia gains control of China and Asia, these populations will

remain Asiatic, and their hands, groping for the light, will only meet the mailed fist of the Russian conqueror.

True, Russia has stood our friend once or twice. During the Civil War she made a naval counter-manceuvre to offset the designs of England and France. A few years later, in 1867, she prevailed upon us to purchase Alaska, thus strengthening our base on the Pacific and curtailing that of Great Britain. Alaska at that time was absolutely useless to Russia; but it was also useless to us, and it is only since 1898, since our acquisition of the Philippines, that this outlying territory has assumed value for us. However, leaving that aside, what has been Russia's motive in these two friendly acts? That motive was purely and singly her hostility to England. She wished to weaken England, to checkmate her, and to perpetuate the ill-feeling existing at that time between the United States and Great Britain.

This is the place to say a word about England's present and future attitude towards Russia. Strangely enough, very many Americans take it for granted that Great Britain will make common cause with us hereafter in neutralising or limiting the overweening influence of Russia in northern and central Asia. On the face of it, there seems to be good ground for such an assumption, for, surely, it would appear to be to Great Britain's own vital interest to do so. But England's statesmanship has become quite hysterical of late, and there is no telling what she may do. With England's waning prestige in Asia has come a waning ability to see things as they really are. Russia's frankly avowed policy has been, and still is, to seize India. The former generation of British statesmen,

the Palmerstons, Disraelis, Gladstones, Salisburys, for forty years past endeavoured to prevent Russia's steady, if slow, advance towards Hindostan; they did this with varying success. The Russian advance guards are now separated from the northern border of Great Britain's chief possession by a narrow strip of land. The war broke out between Japan and Russia, affording England a golden opportunity to balk Russian advance in Asia once and forever. With Japan England has a formal treaty of alliance. With all these circumstances so favourable to England, she has not improved her present opportunities.

What does England mean by that? Are Russia's legions to be stopped hereafter, if England misses so signally her present opportunity? Are Russia's promises to be relied upon? Manchuria proves the contrary; it has been proved before on innumerable occasions. Is Russia to forego the dream of centuries? Is she to content herself with a *modus vivendi* with England? If she wished that, there would have been peace—deep and lasting peace—between England and Russia before now. Is Russia to gainsay the heart's desire of her government and people, the desire to bring the Asiatic peoples under her sway and that of the Greek Cross? And yet England thinks the Lion and the Bear can become friends.

This is not the age for sentimental politics. Facts rule, interests rule—tangible interests—nothing else. And will then Russia allow her policy to become a sentimental one? Hundreds of penny-a-liners in England assure us that she will; but will she? Nicholas II., personally amiable, well-meaning, and peace-loving though he be, is a puppet in the hands of his strong advisers, and they all wish anything rather than a per-

manent compromise with England, even if political blindness should go so far in England as to sanction Russia's acquisition of an approach to, and a harbour on, the Persian Gulf.

No, the differences between England and Russia are too real, too manifold, to yield to sentimental treatment. They are irreconcilable, just as much as are the Russian and the Anglo-Saxon points of view in life and politics. This Gordian knot can only be cut in one way—with the sword. The present course of double-dealing, of carrying water on both shoulders, will not avail England much. It is doubtless to the detriment of Japan, England's ally, but in the end far more to England's own detriment.

So, then, from the vacillating course which England has pursued in her foreign policy during the last few years Americans must not look forward with confidence to active and able British co-operation in our coming struggle for supremacy with the Russian. Moreover, England's position in such a struggle will be far more vulnerable and difficult than our own. Her Indian empire forms a tremendous strategic disadvantage to her in this matter. But let us state right here that in this coming struggle for commercial and political predominance in the Pacific, this country is large and powerful enough to do without much active assistance on the part of the British cousin. Examination of the main facts will reveal this.

Russia has no islands and no colonies to serve her as bases in a possible war in the Pacific. She must confine her operations to the mainland. We have seen that the Philippines give us a tremendous advantage, and that we are the nation owning the chief intermediate stations of strategic importance between the

west coasts of America and Far Asia. Russia's navy is small, much smaller now since the Japs have crippled it. She has to defend three coast lines, the Baltic, the Black Sea, and the Pacific, each separated from the other by thousands of miles. Russia's finances are in such a bad state that she may fairly be spoken of as on the brink of national bankruptcy. She has to strain her resources to the utmost to maintain at the present size her army (unavailable against us in the event of a war) and her navy. We shall increase our navy to five or six times the size of that portion of the Russian navy which the empire can spare for the Pacific.

The Russian is no navigator. On January 1, 1901, Russia's merchant marine consisted of 745 steamers, of 364,360 tons, and 2293 sailing vessels, of 269,459 tons; altogether, therefore, 3038 vessels, with a tonnage of 633,819. This is one-fifth the size of the German merchant marine, one-eighth the size of our own, and one twenty-fifth that of the British merchant marine. The Pacific portion of this is entirely insignificant. The two Russian ports of Vladivostok and Nikolayevsk in the year mentioned were visited by only 93 vessels. Her Pacific merchant fleet has increased since, but it is trifling in comparison with the number of vessels to be seen in that ocean belonging to other sea-faring nations.

Russia's industry is small and poorly developed. She cannot for a moment hope to compete with us in this respect. The only system under which Russia can expect to reap any considerable portion of the Far Asian trade is by first conquering those countries and then rigidly excluding the goods of foreign nations, the same system which she pursues in her home mar-

ket. But, as pointed out before, the coming struggle between the American and the Russian will be not so much a commercial as a political and ethical one.

In his book, "The Problem of Asia," Captain Mahan, several years ago, made this point very clear.

In the foregoing pages we dwelt for a moment on the contradictory and irrational Asiatic policy pursued of late by Great Britain, a policy so disastrous to British interests in that part of the world that it must have raised many a derisive smile in Russia. But it cannot be supposed that this is to be the end of it. The public mind of Great Britain during the last decade has become demoralised by a succession of unfortunate or disturbing events. The removal from the scene of some of her greatest statesmen, the present lack of sagacious and safe political leaders, the enormous blunder of the South African war, the overpoweringly strong commercial competition of the Americans and Germans, and the greatly disturbed condition of her tariff policy—these are all things that have made for England's weak and exhausted condition at this hour. She will and must recover from these blows. Then she may prove indeed our valuable ally in Far Asia, so far at least as successful opposition to Russian aggression is concerned.

There is another contingency worth mention. The prospect of a confederation, more or less close, of the English-speaking countries of the world appeals to a growing number, not only in this country and England, but in the British colonies. W. T. Stead, the enthusiastic advocate of this idea, commands a following steadily rising in numbers and influence. Mr. Carnegie's views are well known. Many of the fore-

most minds, both in England and this country, are in agreement on this point. To be sure, there are enormous difficulties in the way. But the younger brothers in the Anglo-Saxon family unmistakably have the advantage over the eldest. Australians are no longer English, though they remain Anglo-Saxon. The climate of Australia has made of that people something very much like ourselves, even including the similarity with the American temperament—optimistic and daring. The same remark applies to British America. The Canuck is a good deal more of an American than a Briton.

We find at present six Anglo-Saxon branches, all of which are to be numerous and strong—the United States, Great Britain, Canada, Australia, South Africa, and New Zealand. Four of the six are ranged around the Pacific, on the northeast and southwest, while on the northwest, the west, at the centre, and scattered over its broad surface at strategic points are many hundreds of islands under the American or British flag. Surely this New Mediterranean, which in this present century is to become the centre of the world's population and the seat of its power, is to be an Anglo-Saxon sea. A navy, so large and efficient as to deter all evil intentions, will keep it so. The English-speaking countries are nearly all girt by the sea, and hence can dispense with huge standing armies, but absolutely need large and powerful navies. It may be that Canada will of her own free will join us. In any event, it is quite within the bounds of possibility that, by the middle of this century, a confederation of English-speaking countries mutually safeguarding each other's colonial and commercial interests and possessions will confront the aggressive Slav

in Asia. Such a confederation, comprising a population which then will have risen to 200,000,000 and will overtop Russia in every essential element of strength, would be victorious and resistless by its mere weight.

Meanwhile, whatever the outcome of this present war, Russia will issue from it in a sadly weakened condition. And that will be a telling fact in our coming struggle with her in the Pacific.

There is, however, another possibility, though a remote one, to be taken into consideration. Mr. Colquhoun, in a recent book, calls attention to it. He says: "Will the United States, abandoning the policy by which her foreign relations have hitherto been guided, follow the example of Britain, or will she consider what may be termed her immediate material interest and give the support of her countenance to Russia, by following out to a logical conclusion the Monroe doctrine? That Russia desires to apply such a doctrine to all northern Asia is not to be doubted, and if the United States in her new sphere should take a similar view of her own interests, we may yet see the two Great Powers of the Future, the Great Autocracy and the Great Democracy, Slav and Teuton, dominating the Far and Farthest East as two gigantic Trusts."

That, then, expresses a semi-belief on the part of the distinguished writer that the United States will make common cause with Russia in dominating the Pacific. We may probably dismiss such a thought. The temper and the political convictions of this nation would never sanction such an unholy and unnatural alliance. Neither would it be advantageous to us, looking at the matter from a baldly material point of

view. Russia has nothing to offer us for our friendship and support in that region. She can only withhold, not give. And yet Mr. Colquhoun's idea seems to be shared by a good many of the instructed minds of Great Britain.

CHAPTER XX

LIFE UNDER NEW CONDITIONS

It is a truism that we are living in a transition era. Nevertheless, its full bearing does not seem to have entered the minds of many. These are apt to forget that the old is making place for the new; that there is not only a regrouping of powers all over the world, but a creating of new ones; that the political and economic commonplaces of the past are, some of them, no longer applicable, and that in the range of thought and sentiment there is noticeable even more change than in material things.

A striking case in point is the complete transformation of diplomatic habits and methods wrought by the example of the United States. On the continent of Europe it is still the fashion to speak, in a vein of pitying irony, of American "shirt-sleeve statesmanship," meaning by that term the frank and straightforward methods adopted and persisted in by this country in its dealings with foreign nations. But that does not alter the fact that these "shirt-sleeve" methods have proved triumphant, and, furthermore, that they have first been imitated by the scented and laced diplomats of Europe, and finally made their own.

Let us look at some of these new conditions under which we live.

The one great necessity of life is, of course, something to eat. Other things being equal, plenty to eat

means plenty of power, plenty of prosperity, plenty of energy and progress, and, finally, plenty of culture. Whoever holds a great surplus of the foodstuffs of the world, free to give or to withhold, is the master of the world. A simple fact, but fraught with deep meaning and generally overlooked. The same remark, though in a smaller measure, holds true of a superabundance of manufactures.

In both these essentials the English-speaking nations are pre-eminent. Mastery of steam and electricity in their applied forms is likewise an Anglo-Saxon possession.

The new industrial civilisation has developed a new national life, highly organised and highly sensitive, with new conditions, new needs, and new possibilities for good or evil. The British Empire is the most striking exponent of this. It forms an impressive contrast with the Roman Empire of old. Commerce is more powerful than British arms to hold the Greater Britain together. Oneness of civilisation is the closest bond of all. To-day, the differences between life in the United States and life in the British Empire are but slight. They will steadily diminish. This makes in the direction of eventual amalgamation, confederation, or alliance. The great stream of life for all the English-speaking countries will show a wonderful oneness in essentials and chief ideals within the compass of the twentieth century.

The sovereign power to-day in all English-speaking countries is public opinion; this power has steadily gathered momentum during the past fifty years. It has overridden formal power of sovereigns and rulers. The President of the United States, just as much as the crowned head of the British Empire, is powerful

only in representing a strong public opinion. There is no swimming against that tide. He who attempts it fails. And this public opinion, as the term is understood in English-speaking countries, has imposed itself even upon the non-English-speaking world. Russia herself, autocratic as she certainly is, has not escaped the overwhelming force of this factor. Of late years she has stood more than once before the world, her head bowed in shame. A year ago, after the horrible Kishineff massacre, the very man who had instigated these atrocities, Minister of the Interior de Plehve, tried to escape the opprobrium he had earned, and it was the sheer force of western public opinion which compelled Russia to order an official investigation, and, subsequently, a series of criminal trials.

Every ruler, every nation, to-day tries to justify action at a particular crisis. It was so with us at the outbreak of the war with Spain, and it was so with Great Britain during her recent war in South Africa. The Venezuela incident was another case in point. Each of the nations principally interested in that "creditor war" made out as good a case as it could to satisfy the public opinion of the world. The international tribunal at The Hague owes its existence not so much to a whim of the Czar as rather to the organised public opinion of all the civilised countries, to the aroused public conscience.

The press is another name for public opinion. To-day the press has to follow, not lead, public opinion. One-man opinion in the press to-day is futile and powerless. For weal or woe, public opinion has become our chief, almost our sole, master. And this public opinion is best organised in the English-speaking countries. To this fact is due a large portion of

the supremacy of the English-speaking race, and this truth at present is beginning to be dimly felt by the non-English-speaking world. By reason of the wide circulation of the daily press, and of the immensely improved methods of news-gathering, the important events happening anywhere on the globe are read simultaneously, a few hours later, by millions upon millions, by all the nations that lay claim to the term "civilised." News is now the swell of a great tide, moving the hearts and minds on the whole earth at one and the same time. The press of to-day is a factor in our civilisation second in importance to none. And whoever has this world-wide public opinion on his side is invincible. Governments and kings alike seek to square themselves with it. Secretary Hay, at that critical time when the ambassadors of all the foreign nations were imprisoned in Peking and momentarily expecting death, fought his battle to a finish on the mere strength of the public opinion of the world. Ten years before such a thing would have been impossible; nay, it would not even have been attempted.

We now speak of world sympathies, and to-day they form a most important item in the stock-in-trade of every diplomat and statesman, of every ruler and of every nation. Each tries to capture this impalpable and yet so potent force. The present war strikingly illustrates it. Everywhere, in all capitals of the world, Japan and Russia, through their accredited representatives, do their utmost to enlist this world sympathy.

We speak of world calamities, such as the Indian and Russian famines, the Armenian massacres, the eruption of Mont Pelée in Martinique, the Spanish atrocities in Cuba, our own blunders in the Philippines and their rectification by means of American

public opinion. All such catastrophes, all saddening events, all heroic conduct or proof of singular nobility of feeling, nowadays are immediately commented upon and become the common topic of conversation the world over. At Santiago, when a victory had been achieved that electrified the world, pity tempered triumph, and Admiral Philip exclaimed: "Don't cheer, boys; the poor fellows are dying!" And the humane sentiment fluttered around the world along the electric wire.

It is this community of feeling, this final arbitrament of the good and the wise, which is one of the most hopeful signs of our age. Its tendency is to make the brutal less brutal, and to make the good better.

There has grown up a system of international law, incomplete and not always adhered to, but furnishing a common ethical standard, and to this all civilised nations are held by the force of public opinion. There is a world's postal union—another bond of fraternity binding the nations together—and an enormous step forward in eliminating international misunderstandings and ill will. There are regulations for navigation which have the force of law all over the world.

As a correlative there is a growing interdependence among the nations. A pathetic illustration of that was the opinion spread among the Boers during their long struggle with Great Britain, that if they only could hold out until after the presidential election in the United States, a turn in the political tide would come and favourably affect the peace negotiations with Great Britain.

The belief is no longer held that a great nation must be altogether sufficient unto itself. Indeed, this is no longer possible. The interests of the various nations intertwine and touch at too many points. In Mecca

the cholera breaks out, and at once quarantine is declared at all the ports, and every nation takes sanitary measures to prevent its spread. Russian peasants are laid low by the million, hunger, typhus, and the grippe having seized them; this means a curse to millions in every neighbouring land, and precautions are at once adopted. Germany's beet-sugar industry rapidly rises to great heights, and German sugar is exported by millions of tons to America and elsewhere. This leads to frightful losses of the sugar-cane planters, and it entails distress for the whole West Indies. We hear that Great Britain has harvested so small a wheat crop that it would suffice her island population for barely three months. At once the cable is set in motion, and a few hours later millions of bushels are on the way to save Britons from starving. Indeed, it is computed that 2,000,000 of our farmers get their living by feeding 40,000,000 Europeans every year. Europe never raises enough to supply her own needs. The farmer of North and South America, Australia, and Siberia tills his soil for the European consumer. The price of bread in London depends on the wheat crop in this country, Argentina, India, and Russia.

The slightest hitch in the economic mechanism of the world is felt at once everywhere. When the McKinley tariff bill was passed, one of its items provided for a practically prohibitive duty on pearl buttons. The next day, several thousands of workmen in a single Austrian city were thrown out of employment, for their occupation was gone.

A great crisis is now approaching for this life under new world conditions—severe international competition. And this coming competition will mean the sharpest struggle for existence which the world has

yet seen. It may retard temporarily the higher and better life to come, but out of it will evolve the saner and more abundant life of the future. The question of mastery must first be solved before an apportionment of wealth and influence in accordance with the new conditions can take place. This preliminary struggle, strictly on Darwinian principles, will in a sense be pitiless, as it will be in consonance with natural law—the ultimate rule of the fittest. It will weed out the unfit nations, and will discipline and develop the fittest. Survival will depend more on social efficiency than on mere strength. The race will be, not to the strong, but to the wise.

The tendency to absorb small peoples, peoples unable to grapple successfully with the new conditions of life, unable to compete on even terms with those better equipped, is in accordance with the trend of the times. We see the workings of this new principle in the trust, the syndicate, the “combine,” the consolidation of every form of industrial life into great systems, merging the smaller railway and the smaller factory into the larger body, and thus effecting a huge saving of time, labour, and money. In its essence this tendency is the sign-manual of the new civilisation, the most important and far-reaching economical fact.

It is now recognised that nations have both the right and are in duty bound to safeguard common vital interests, even if by so doing they invade the independence of other nations. On this ground, for instance, rests the right of international interference in China. Suppose Russia wins in this war, and administers a crushing defeat to Japan. Russia would not be permitted to taste the sweets of triumph to the full. The civilised nations would interpose if Russia wanted to

wipe Japan out of political existence. But there are many other cases at hand illustrating the fact that interference by joint action of the powers, in other words, world action, has become an established fact. Conditions existing in more or less backward countries, conditions threatening the common welfare of the world, will no longer be permitted to continue. There is a consensus of opinion on that point wherever printer's ink is abundant. Contagious diseases can no longer be allowed to find permanent breeding-places in certain countries, starting thence on a crusade of death around the world. The yellow-fever centre of Cuba was done away with by the friendly action of the United States, and millions of lives have been thus saved. The bubonic plague, arising in the tropics (the "black death" of the Middle Ages), will similarly have to be eradicated. At present, this scourge still inflicts untold misery and loss of life, even after travelling thousands of miles away from the sources of its origin. The last epidemic of this sort arose in eastern Persia, among the dense crowds of pilgrims to the shrine of a Sheeite saint, and filtered thence, first, to the filthy hovels of densely packed Chinese towns, and from there proceeded on its course of devastation all over the East and West, completing the circuit of the world within a couple of years, and leaving in its wake hecatombs of corpses. Joint steps have since been taken by the civilised powers to prevent the recurrence of such a catastrophe.

Again, life under these new conditions demands the protection of property everywhere. This principle is now acknowledged very generally. To cite a case in point, hundreds of big corporations, having far-spreading interests in scores of countries, would have to go

out of business if their home governments did not protect their legitimate proprietary rights. It may be remembered that three of our largest insurance companies, doing business in both hemispheres (and, indeed, one of them has branch establishments in no fewer than 48 countries), for a number of years were the object of important diplomatic negotiations with the German government, the latter having interfered with their field of usefulness. But present conditions also demand the safeguarding of legal rights of sojourners in foreign countries. The pending negotiations between the United States and Russia, aiming at a fair standing in Russian courts for citizens and corporations of this country, are a case in point.

The enormous investments of capital in other countries call for, and receive, the protection of the home government. That this is one of the legitimate functions of government is now recognised in international law. Indeed, it was one of the first stages that marked the advent of an industrial age. As long ago as 1863, Napoleon III. made the unsatisfied claims of a French banker, Jecker, his pretext for invading Mexico. And it was on the same plea that a number of creditor nations of Europe, with England and Germany at the head, intervened last year in Venezuela.

Since this country became a creditor on a large scale in foreign parts, dating since 1897, American moneyed interests abroad have begun to play a more and more conspicuous figure in our foreign policy. Vast sums are now flowing out of American coffers into every corner of the world, fertilising existing industries or creating new ones. South and Central America will, hereafter, be special fields in this direction. China, too, will probably get a fair share of this fructifying

gold. But the more American gold will go to China and Far Asia, the more our statecraft will have to insist on the maintenance of the "open door."

A material age, you will say. And truly it is. If ever the dollar ruled, it does now. But this material age will lead onward and upward to one when the leading nations of the globe will be able to afford a policy based on higher motives. Without material prosperity, without well-assured supremacy in trade and manufactures, progress and the ultimate possession of higher blessings would not be possible. Let that be our consolation.

The vast majority of Americans have come to recognise the fact that the United States is now a world power, with all that this rather recently coined term implies. It is useless longer to inveigh against "expansion," for the widening of our territory and of our influence is an established fact. The cry of "imperialism" is heard more and more rarely. It would be unjust to the motives of a large body of men, counting in their number many of our purest and best, to deride them as "idealists" and unpractical dreamers. These men perform a very beneficial function in our political life—they serve as a ballast to save the ship of state from toppling over. They help to quicken the public conscience and to keep it from becoming callous.

But, making all due allowance for this, and leaving entirely aside the question whether it has been "a good thing" for us to become a world power, we must, nevertheless, look the facts in the face. We *are* a world power; expansion is here—we are right in the midst of it; we can no more undo the recent past than we can return to the days of our childhood. It is idle to deplore this. If it could not be prevented at the

outset, it must now be accepted as an unalterable fact. We have outgrown the garb of youth. Since 1898 we have been in the prime of manhood, and we must accept, without whimpering, our new responsibilities.

And, really, much, very much, of this opposition to our new policy, our "world policy," is due to misapprehension. For one thing, the very generally accepted interpretation of Washington's farewell advice, defining it as a warning to keep forever our hands off foreign affairs, has been responsible for a good deal of it. This interpretation was certainly not warranted by the facts. Washington's parting counsel amounted merely to this: "Let us mind our own business." Advice good enough for any age, and quite applicable to present American conditions. But that advice did not mean—in fact, could not mean—the abandonment of American interests abroad.

This is the twentieth century, not the end of the eighteenth. And consider what changes have been wrought within the space of one single century! On certain lines more progress was made between 1800 and 1900 than during the preceding 2000 years. When Washington turned his eyes for the last time towards Mount Vernon, it took him longer to reach home from New York than it would now for any American to reach one of the European capitals. The world is now much smaller, and our interests of every kind touch and interlace at many points with those of almost every country under the sun. We cannot, like the ostrich, bury our heads in the sand, and pretend not to see approaching dangers.

The attitude of mind bred by this long-continued misapplication of Washington's advice, has done us untold harm. It led to a studied neglect of golden op-

portunities. Of course, there was a time when it was necessary for this young and struggling nation to refrain from interference abroad. We had our hands full at home, conquering this vast continent. Numerically we were too weak, and financially too poor, to do anything but develop our own resources. But since the eighties we have been strong enough to make our voice heard anywhere, if only we had been minded that way. We stood by and saw England, France, and Germany seize, one by one, the finest tracts of Africa, Asia, and Oceanica. The process even of partitioning China was fairly under way, when we bethought us, late in the day, that this must not be done against our wishes.

Consider the humiliating position of Americans abroad all through the nineteenth century! At home, the phrase was: Who cares for Europe? And for this indifference shown to Old World opinion they revenged themselves across the water by showing the same degree of indifference toward American opinion, sympathies, or antipathies. Americans travelling or residing abroad, until a very few years ago, were, practically, defenceless. Numberless outrages were perpetrated on them; in their standing with foreign authorities, courts, and private individuals, they were not even on a par with the subjects of petty states. And through it all, the Starry Banner, of which, at home, the American tourist had felt so proud, and under the shadows of which he had deemed himself safe anywhere, meant no protection to him. The intervention of our consuls achieved nothing; the remonstrances of our diplomatic representatives were calmly ignored. The author, during his long stay at one of the great European capitals, saw frequent in-

stances of this offensive and contemptuous disregard of American rights, even of rights secured by international treaty. Thank God, conditions in this respect have changed since.

American failure to profit by the experience of other countries was another evil due to our former bent of mind. This has not yet been cured, but under our new conditions there is steady improvement in this line. One of the greatest of our public curses, municipal misgovernment, would never have attained to such heights if we had been willing to mind the lessons taught by the successful or unsuccessful administration of European towns. And that is but one of the many cases in illustration.

The United States, up to 1898, was, practically, a hermit nation, something like Corea. Richard Olney, Cleveland's secretary of state, was the first to change this. The time was ripe, overripe. The cry of "jingo" did not disturb him. It need not disturb us to-day. A great nation must pay the penalty of its greatness in money, bother, and men. Olney, in his writings, first called attention to the unpalatable fact that while we expected to reap all the advantages of our geographical position and of our great strength in population and natural resources, we studiously avoided the assumption of the responsibilities that go with such a favoured place among the nations of the world.

We are to-day the most forceful and resourceful nation on the globe, and is it to be believed that such a nation will play the part of a weakling or utter egotist by supinely sitting down in its backyard, and letting the world drift by? Of course not. American young men in increasing numbers will hereafter go abroad to

seek wealth, fame, and distinction, as the British cousin has been doing for several centuries, and as the German cousin, with increasing success, has done for thirty years past.

Even if we would, it is no longer possible for the United States to maintain a policy of political isolation. This is a commercial age, and commercial considerations are to-day the mainspring of national policies. Questions of finance, of tariff, of expansion, of colonial policy, of the "open door" dominate politics, national and international, because they profoundly affect industry and the whole material life.

Bismarck's dictum—made during a tariff war between Germany and Russia—that close political relations, and even friendships or alliances, with other nations are quite feasible, although a state of economic war should exist, holds true no longer. The interlacing of politics with commerce is too intimate for that. The Far Eastern problem, on a satisfactory solution of which the civilised nations have now fairly embarked, is in the main an industrial and commercial one. Great Britain acquired her East Indian empire because she once had an East Indian trading company. England rules Egypt to-day because, in the first place, a mass of English capital had been invested there.

Six years only have gone since the outbreak of the war with Spain. But casting a look backwards upon that short period, what do we find? We find that since then, at every critical stage of the international game of politics, the United States has not only been one of the players, but indeed, on several momentous occasions, the chief player. In China, during the Boxer troubles, Americans marched shoulder to shoulder with the soldiers of the other great powers. The American

flag to-day floats over Hawaii, Porto Rico, and the Philippines, a part of Samoa, and a number of other islands, small in circumference, but of enormous value for future expansion. Our insularity is irretrievably gone, deplore it who may.

Although in this war between Japan and Russia we are not one of the belligerents, the world recognises that in the problems bound up in this struggle the United States is to be the greatest factor. To vigorous American statesmanship the world is indebted for the narrowing down of the theatre of war, and to the elimination of some of the dangerous features that threatened its spread. But would Mr. Hay's wisdom have accomplished this if it had not been felt, nay known abroad, that back of him there was an ambitious, powerful, and yet fair-minded nation?

The most dangerous thing this nation could do would be to allow itself to *drift* on its course of world politics. The only safety for us is to recognise clearly the fact that we are "in for it," and that it behooves us, as a manly and energetic nation, to play our part well and to the full.

The division of mankind into nations seems to be part of an all-wise plan. There must be national selfishness, national push, and, occasionally, even the over-riding of other men's formal rights, if there is to be permanent progress in this world. Despite the British statesman's pithy saw, patriotism has not yet become the last refuge of a scoundrel. Nay, there has been no time in the world's history when patriotism was a virtue so much needed by all the leading nations of the globe.

Righteousness in international affairs—that will become the chief motto of world policy hereafter. This

principle will be seen to "pay" in the best sense of that word. And world-consciousness is already felt a factor in world politics which cannot be neglected. Consciously or unconsciously, every ruler to-day, whether owing his mantle of authority to the mere accident of birth or to the deliberate choice of his fellow-citizens, must and does reckon with this element of strength or weakness in his calculations and course of action.

World-consciousness means, therefore, world-conscience as well. As such it will make an element of immeasurable force in the weary way upwards pursued, with many backslidings, by humanity. A world policy, therefore, necessarily means progress. The narrow selfishness of nationalism will hereafter, not indeed be replaced entirely, but controlled and guided, by the broader and saner feeling of race responsibility and race solidarity. And to that happier and less bloody age we may be permitted to look forward with joyful anticipation. It may be, as military men tell us, that war will never disappear from this globe of ours, and that, the dread of war gone, mankind would be deprived of a most salutary restraint. But if so, let us hope that unrighteous war at least will become less and less frequent.

CONCLUSION

WITHIN a century the world has seen the United States growing from a tiny acorn to a tall and sturdy oak; from a small and widely scattered people, holding the fringe of the Atlantic border, into the most powerful and one of the most populous of nations. This is a trite statement, one which has formed the main topic for innumerable stump speeches and Fourth-of-July orations. It is, nevertheless, so wonderful a thing in itself, so wholly unparalleled in the entire range of history, that only familiarity with the fact has dulled our minds to its true meaning.

Indeed, we have drifted away from the days of small things—drifted in more senses than one. To-day, it is not this nation that is afraid of European meddling with things American; it is Europe that dreads American interference with her affairs, dreads hourly American intervention in this present war, dreads American push and resourcefulness in the coming bitter struggle for supremacy in the Pacific.

However buttressed by logic may be the claim of our Anti-Imperialists that we would have done better not to launch our vessel of state on the troubled seas of a world policy, the events themselves have proved stronger than any theories. Hereafter, it will not be possible for us to keep aloof from European affairs, nor, for that matter, from world affairs.

Devout Christians may deplore the use of force in the settlement of international differences, and in the

procuring of the necessary elbow-room for the utilisation of our gifts and powers as a nation. But our war with Spain, in 1898, and our joining in the suppression of the Boxer uprising, in 1900, have again demonstrated that the employment of brute strength is still the only thing, in certain well-defined cases, to prevent greater evils. Carlyle, in one of his sarcastic moods, once spoke of the people of England as "mostly fools." With even greater justice, it is to be feared, that saying would hold true when applied to mankind at large. And "fools," as we know, cannot be reasoned with; they must be coerced.

There is, however, no valid reason to suppose that we are on the way to becoming a soldier-ridden country. Our geographical position will mercifully save us from the curse of militarism. Indeed our soldiers, while they have done much hard fighting with Moros and other irrational creatures in the Philippines, have been doing just as effective work in that island world in the matter of policing and practically instructing the natives in the elementary duties of citizenship. There, as well as in Cuba and Porto Rico, our army has been a highly valuable educational factor, and there is good ground for surmising that our regular armed force will continue to do similar work hereafter in other parts of the world.

The reader of this book has been presented with a rather summary statement of the main underlying facts governing conditions in the Pacific spheres of the various colonising powers, and of the burning questions of the day entering into the whole Pacific problem. Anyone acquainted with the state of affairs may fitly form his own opinion as to the probable trend of future events. The chief aim of the writer has been to

direct attention to, and stimulate interest in, all the elements that make up a problem which will loom larger with every hour.

It has been pointed out that it is not overwhelmingly large land forces such as Russia possesses, but naval supremacy, which will decide the mastery of the Pacific. The hope may here be expressed that the understanding obtaining at present between the United States, Great Britain, and Japan will continue unbrokenly. All three of these powers possess natural advantages which will count for much, if properly utilised, in the future development of the Pacific region. But, in any event, there is good reason for saying that this country will be the dominant factor in the mastery of the Pacific. The United States has all the advantages, qualifications, and some of the ambitions necessary for the rôle. Her unrivalled resources and fast-increasing population provide the material for future greatness. In a word, we are able to win and to hold the mastery of the Pacific Ocean and the more important lands contiguous thereto. That will require steadiness of policy, boldness of commercial conception, and persistence in carrying this out. A navy, adequate to play the dominant part in the Pacific, will, however, be urgently required. That sacrifice in men and money must be made by the patriotic citizens of the United States. The revival of our shipping is likewise a step which must precede American expansion in the Pacific region. That, however, will come of its own accord.

The strength and the weakness of our coming chief rivals in the Pacific have been pointed out briefly. One remarkable fact, though, must be mentioned in conclusion, viz., the newness of those countries which will

play, presumably, the greatest part in the approaching struggle for predominance. Our young republic is, relatively speaking, the oldest, though our advent on the world's stage dates only a few years back. Australia was born but yesterday, and her rawness and youth may conceal possibilities which at present are not taken into account. Japan, though old as the hills, as a world power is a creation of to-day. The same remark applies to Germany, for thirty-four years ago she was but a "geographical idea," scarcely able to hold her own. Russia again, a decade since, was still wholly unformed. Without Witte, without the establishment of the gold standard, and without the abolishment of her fluctuating currency system, she would not have been able to play such an ambitious rôle on the shores of the Pacific. And only since the building of her Transsiberian road, a couple of years back, has she been able to throw armies into the disputed territory.

On the other hand, we see the waning power of Great Britain, the stagnant rule (in all likelihood soon to pass away) of the Netherlands in the Dutch East Indies, the complete extinguishment of the ancient colonial power of Spain, and the same fate in store for Portugal.

Thus, then, the early years of the twentieth century find the United States best equipped for the approaching strife.

APPENDIX

APPENDIX

ANGLO-RUSSIAN AGREEMENT RESPECTING SPHERES OF INFLUENCE IN CHINA

(Signed April 28, 1899)

SIR C. SCOTT to COUNT MOURAVIEFF :

The undersigned British Ambassador, duly authorised to that effect, has the honour to make the following declaration to his Excellency Count Mouravieff, the Russian Minister of Foreign Affairs : Great Britain and Russia, animated by a sincere desire to avoid in China all cause of conflict on questions where their interests meet, and taking into consideration the economic and geographical gravitation of certain parts of the empire, have agreed as follows :

1. Great Britain engages not to seek for her own account, or on behalf of British subjects, or of others, any railway concession to the north of the Great Wall of China, and not to obstruct, directly or indirectly, applications for railway concessions in that region supported by the Russian government.

2. Russia, on her part, engages not to seek for her own account, or in behalf of Russian subjects, or of others, any railway concession on the basin of the Yang-tse, and not to obstruct, directly or indirectly, applications for railway concessions in that region supported by the British government.

The two contracting parties, having nowise in view to infringe in any way the sovereign rights of China on existing treaties, will not fail to communicate to the Chinese government the present arrangement, which, by averting all cause of complications between them, is of a nature to consolidate peace in the Far East, and to serve primordial interests of China itself.

(Signed) CHARLES S. SCOTT.

ST. PETERSBURG, APRIL 28, 1899.

(A copy of the above note was signed at the same time by the Russian Minister of Foreign Affairs, "duly authorised to that effect.")

TREATY OF OFFENSIVE AND DEFENSIVE ALLIANCE BETWEEN GREAT
BRITAIN AND JAPAN

(Signed at London, January 30, 1902)

The governments of Great Britain and Japan, actuated solely by a desire to maintain the *status quo* and general peace in the extreme East, being moreover specially interested in maintaining the independence and territorial integrity of the Empire of China and the Empire of Corea, and in securing equal opportunities in those countries for the commerce and industry of all nations, hereby agree as follows :

ARTICLE I. The high contracting parties, having mutually recognised the independence of China and Corea, declare themselves to be entirely uninfluenced by any aggressive tendencies in either country. Having in view, however, their special interests, of which those of Great Britain relate principally to China, while Japan, in addition to the interests which she possesses in China, is interested in a peculiar degree politically, as well as commercially and industrially, in Corea, the high contracting parties recognise that it will be admissible for either of them to take such measures as may be indispensable in order to safeguard those interests if threatened either by the aggressive action of any other power, or by disturbances arising in China or Corea, and necessitating the intervention of either of the high contracting parties for the protection of the lives and property of its subjects.

ARTICLE II. If either Great Britain or Japan, in the defence of their respective interests as above described, should become involved in war with another power, the other high contracting party will maintain a strict neutrality, and use its efforts to prevent other powers from joining in hostilities against its ally.

ARTICLE III. If in the above event any other power or powers should join in hostilities against that ally, the other high contracting party will come to its assistance and will conduct the war in common, and make peace in mutual agreement with it.

ARTICLE IV. The high contracting parties agree that neither of them will, without consulting the other, enter into separate arrangements with another power to the prejudice of the interests above described.

ARTICLE V. Whenever, in the opinion of either Great Britain or Japan, the above-mentioned interests are in jeopardy, the

two governments will communicate with each other fully and frankly.

ARTICLE VI. The present agreement shall come into effect immediately after the date of its signature, and remain in force five years from that date.

In case neither of the high contracting parties should have notified twelve months before the expiration of the said five years the intention of terminating it, it shall remain binding until the expiration of one year from the day on which either of the high contracting parties shall have denounced it. But if, when the date fixed for its expiration arrives, either ally is actually engaged in war, the alliance shall, *ipso facto*, continue until peace is concluded.

In faith whereof the undersigned, duly authorised by their respective governments, have signed this agreement, and have affixed thereto their seals.

Done in duplicate at London, the 30th January, 1902.

(L. S.)

LANSDOWNE,

His Britannic Majesty's Secretary of State
for Foreign Affairs.

(L. S.)

HAYASHI,

Envoy Extraordinary and Minister Plenipotentiary of His Majesty the Emperor of Japan at the Court of St. James.

INDEX

INDEX

A

Acre, 166, 195
Alaska, sale of, 5; lumber supply in, 151, 232; map of coal fields, 234
Aleütian islands, 233
Alexander III., Russian battleship, 7
American emigration to Canada, 55
America, South, *see* South America
American trading methods in China, 116
American trade with war zone, 29
Amoor, 202
Anglo-Saxon branches, 294
Annam, 240
An Ping, 81
Anti-Imperialists, 313
An Tung, 42
Apostolov, Russian battleship, 7
Arable public lands, exhaustion of, in the United States, 55
Argentina, immigration, 164; statistics of, 177
Artel, 138
Asahi, Japanese battleship, 7
Asama, Japanese battleship, 7
Asuncion, 197

Attu, 233
Austin, O. P., on American trade in the war zone, 29
Australasia, 206
Australia, 207; statistics, 260; rainfall map of, 261; Commonwealth of, 262; emigration from, 262
Average wages, in America and Germany, 60

B

Balance of trade, in favour of the United States, 58
Bali, 219
Baltic Canal, vessels passing through and tolls collected, 160
Baltic provinces of Russia, 131
Banca, 220
"Bannermen," in China, 108
Barrett, John, quoted, 209
Bases of supply, Russian, 11
Bashi Channel, 72
Battle fleet, Japanese, 7; Russian, 7
Beet-sugar industry, German, 302
Benton, Thomas H., 213
Beresford, Lord, quoted from, 112
Bering Strait, 233

- Berlin, Congress of, 25;
Deutsche Bank of, growth
of, 268
- Bermudas, 158
- Beveridge, Senator, quoted,
253
- Billiton, 220
- Bungo Channel, 71
- Bismarck, dictum of, 310
- "Black Flags," 81
- Boer war, 9, 301
- Bolivia, statistics of, 171
- Borneo, 219
- Borodino, Russian battleship, 7
- Boxers, 37, 51
- Boxer uprising, 9, 89, 92
- Brazil, statistics of, 172-174;
immigration in, 180-182
- British Columbia, 151; data of
production, 259
- British decadence, 253; Em-
pire, 298; East India Com-
pany, 216; merchant-marine,
255; possessions in the Pa-
cific, 204; superiority in cot-
ton industry, 257; trade with
war zone, 30
- Broughton Channel, 72
- Bubonic plague, 304
- Buenaventura, 196
- Buenos Ayres, 177
- Buelow, Count von, 37, 96, 163
- C
- Cali, 196
- Canada, Dominion of, foreign
trade of, 258
- Caribbean Sea, 147, 157, 181
- Carlyle, Thomas, 314
- Carnegie, Andrew, 293
- Caroline Islands, 237
- Cassini, Count, 26
- Cauca, 196
- Celebes, 219
- Chamberlain, "Joe," 64
- Characteristics, Chinese, 90-92
- Chemulpo, 13, 77
- Cherokee reservation, 55
- Chi Hli, Chinese province, 110
- Chile, statistics of, 175
- Chilkat river, 233
- China, "open door" in, 32-34;
"spheres of interest," 35;
integrity of, 46; dismember-
ment of, 48, 50; area and
population of, 92; tabulated
statement by provinces, 93;
density of population, 93;
territorial losses of, 95-96;
railroads of, 97; mineral re-
sources, 98; agricultural data
of, 99; industries of, 100;
foreign trade of, 100-101;
revenues of, 101-102; expend-
itures, 102-103; foreign debt,
103; imperial post office, 103;
statistics of imports, 104;
educational institutions of,
105; military organisation of,
107-109; its reform, 110; rail-
road projects in, 120
- Chinese characteristics, 90-92
- Chinese indemnity of 1900, 40
- Chin Kiang, 202
- Chino-Japanese war of 1894-95,
23, 71, 107
- Chin-Yen, Japanese battleship,
7
- Circular letter, in behalf of
"open door" in China, 36-37
- Civil War, American, 9
- Clay, Henry, quoted, 150

- Coal, American, abundance of, 59; beds of Hu Nan, 100; deposit of, at Po Shan, 100
- Columbia, government of, 146; statistics of, 169
- Colorado River, 201
- Colquhoun, A. R., quoted, 295
- Columbia River, 201
- Commercial export schools of Hamburg, 186
- Confucius, 86
- Congress, agricultural, held at Rome, 163
- Consolidation of English-speaking race, 293
- Continental tariff-union, 163
- Cook Inlet, 234
- Copper River, 234
- Cordilleras, 196
- Corea, 11, 13, 15, 16, 32; map of, 21
- Cossacks, 15
- Costa Rica, statistics of, 169
- Cotton industry, British superiority in, 257
- Cousin, Victor, quoted, 148
- Cuba, reciprocity treaty with, 158
- "Culture system" of Japan, 218
- Cushing, Caleb, 34
- D
- Dalny, 8, 96
- Danish Antilles, 159
- Davidson, Prof., quoted, 233
- Day, Dr. Clive, 217
- Diplomatic correspondence between Japan and Russia, 19-20
- Disadvantages, our, in trade with South America, 187-188
- Disconto Society, 280
- Dismemberment of China, 48, 50
- Djinghis Khan, 87
- Dutch East Indies, 207; statistics of, 216-227; Chinese question in, 221; Atchinese war in, 222; Colonial army, 222; the problem of heritage, 224
- Dutch New Guinea, 219
- Dvenadsat, Russian battleship, 7
- E
- Earnings, Japanese, annual average, 18; do., Russian, 18
- Ecuador, statistics of, 180
- Ekaterina II., Russian battleship, 7
- Emerson, H., 235
- Emigration, American, to Canada, 55
- Emporor Alexander II., Russian battleship, 7
- Emporor Nicholas I., Russian battleship, 7
- Energy, productive, statistics of, 60
- English-speaking race, consolidation of, 293
- European manufactures, increase of, 57
- "Expansion," 306
- Exports, American, growth of, to war zone, 29; to Russia, 30; to European countries, 126

F

- Far Eastern problem, 310
 Farewell advice, Washington's, 307
 Fashoda, 50
 Fiji Islands, 237
 Formosa, 47, 71; map of, 79; colonisation of, by Japan, 80-82; statistics of, 81
France Militaire, periodical, 11
 Fraser river, 201
 Frye, Senator, 62
 Fuji, Japanese battleship, 7

G

- German-Brazilian press, 183
 German emperor, his "yellow peril" cartoon, 85
 German reply to Secretary Hay's circular note, of 1900, 37
 Germany, as our rival in the Pacific, 53; industrial rise of, 267; her foreign investments, 267; her trade relations with the United States, 268; her commerce in the Pacific, 269-271; colonies of and cotton production of, 272; appropriations, 275; consular service, 279; beet-sugar industry of, 302
 Gheorgi Pobiedonostseff, Russian battleship, 7
 Gladstone, W. E., quotation from, 61
 Glutted markets, at home, 63
 Golden Gate, 200
 Golushovsky, Count, 163

- Great Britain, foreign investments of, 267
 Greene, General Francis V., 6, 25
 Guam, 235
 Guamote, 196

H

- Hague, The, tribunal, 299
 Hai Nan, 97
 Hale, Senator, quoted, 243
 Hamburg, commercial export schools of, 186
 Hang Yang, iron works of, 100
 Han Kow, 100
 Harbin, 10, 12
 Hart, Sir Robert, 101, 110
 Hashiguchi, Jikei, 3
 Hatsuse, Japanese battleship, 7
 Havana, 240
 Hawaii, 61, 236 and subs., map of, 237
 Hay, Secretary, 22, 35, 40, 47; his diplomacy regarding China, 36 and subs.; his note during siege of Peking legations, 38; circular note at outbreak of Russo-Japanese war, 43, 277
 Hayashi, Baron, 15
 Hayes, President, quoted, 149, 155
 Hayti, 160, 181
 Herendeen Bay, 235
 Hoang Ho, 122, 202
 Homestead, Pa., data about, 64
 Hondo, Japanese province, 71
 Honduras, statistics of, 169
 Hong Kong, 47, 238, 264-265

Humboldt, Alexander von, 213
 Hu Nan, coal beds of, 100
 Hu Pu, 101

I

"Idealists," 306
 Idzumo, Japanese battleship, 7
 Immigration, South American, 182
 "Imperialism," 306
 Indemnity, Chinese, of 1900, 40
 Indo-China, 207
 Inland navigation of the United States, data relating to, 62
 Integrity of China, 46
 Investments, foreign, of Great Britain and Germany, 267
 Iron deposits in United States, 59; works in Hang Yang, 100
 Iwate, Japanese battleship, 7

J

Japan, awakening of, 4; national debt of, 16; annual average earnings in, 18; diplomatic correspondence between Russia and, 19; population and area of, 20, 71; agricultural products of, 72-73; revenues of, 73; Sea of, 72; wages, 73-74; scale of living, 74; industry and commerce of, 75-77; mineral wealth of, 77; statistics of, 75-78; public education, 78; press, 78; parliament of, 79; "manifest destiny" of, 84; as our rival in the Pacific, 283-285

Japanese army, 8, 77; battle fleet, 7; cavalry, 16; diet, 10; immigration to Formosa, 81; railroads, 14, 76; shipping, 76-77; trade with United States, 30; war loans, 18
 Java, 210, 219 and subs.
 Jecker, French banker, 305
 Jujuy, 194

K

Kamtchatka, 72, 117
 Kaneko, Baron Kentaro, 26
 Kau Lung, 47
 Kee Lung, 80
 Kenai peninsula, 234
 Kiao Chao, 54, 96, 120; railroads there, 275; exploiting the adjoining province, 276
 Kiushiu, one of main isles of Japan, 71
 Knackfus, Professor, 85
 Kniaz Suvoroff, Russian battleship, 7
 Kurile Strait, 72
 Kwang Chau Wan, 97

L

Labour cost, in United States, 59
 Lands, public arable, exhaustion of, in the United States, 55
 La Perouse Strait, 72
 La Plata River, 179
 Las Cuevas, 195
 Latin-America, statistics, 164
 Lesseps, 144
 Liao Tung, 13, 47
 Liberalising element in China, 49

- Li Hung Chang, 110; quoted from, 115
 Lima, 195
 Lombok, 219
 Los Angeles, 240
 Louisiana Purchase, 144
- M
- Madagascar, 254
 Madura, 219
 Mahan, Captain, 4; quoted, 159, 237; cited, 293
 Malay peninsula, 207
 Manchuria, 8, 10, 12, 19; American trade with, 41
 Manchus, dynasty of the, in China, 49
 Manila, 238
 Manufactures, European, increase of, 57
 Manufacturing supremacy of the United States, 58
 Markets, American, access to, 60; glutted, at home, 63
 Martinique, 300
 Mazatlan, 212
 McKinley, President, 85; tariff bill, 302
 Mecca, 301
 Me Kong river, 202
 Melville, Geo. W., 156; quoted, 156
 Mendoza, 195
 Mexican Tehuantepec railroad, 193
 Mexico, 9; statistics of, 168; invasion of, 305
 Mikasa, Japanese battleship, 7
 Miles, General Nelson A., 6, 8, 24
- Mississippi Valley, 149
 Moluccas, 219
 Monroe doctrine, 145, 166
 Montevideo, 197
 Mont Pelée, 300
 Morley, John, 23
 Mortality statistics, military, during recent campaigns, 9
 Mukden, 11, 12, 42
 Mulhall, quotations from, 57
- N
- Nagasaki, 76
 Napoleon I., 144
 Napoleon III., 305
 Naval statistics, 244-248
 Navarin, Russian battleship, 7
 Netherlands-India, 216
 "New Mediterranean," 294
 New Zealand, 206; statistical data, 262
 Nicaragua Canal project, 145
 Nicaragua, statistics of, 168
 Nippon Yusen Kaisha, 76
 Norman, Henry, 27
- O
- Ocean carriage of various nations, 61
 Oceanica, 210
 Okhotsk Sea, 202
 Oklahoma, 55
 Olney, Richard, 309
 "Open door," American policy of, as regards China, 32-44
 "Opium War," 89
 Oregon, acquisition of, 232
 Oroya, 195
 Orthodox Church of Russia, 285

P

Pacific, British possessions in the, 204; American supremacy in the, 204
 Panama Canal, 53, 61, 122; history of the project, 143-146; consequences of its completion, 148-151; prospective shipping through it, 160; map of isthmus, 154
 Panama Company, 145
 Pan-American railway, 189; mileage of, 191; remeasurement of, 192
 Pango-Pango, 238
 Paraguay, statistics of, 180
 Patagonia, 211
 Pearl Harbour, 238
 Peking *Gazette*, 101
 Peninsula, Malay, 207
 Pepo Hwan, 80
 Pepper, Chas. M., 190; report of, 192
 Pernambuco, 197
 Perry, Commodore, 4, 35, 70
 Peru, statistics of, 176
 Petropavlovsk, Russian battleship, 7
 Pfeil, Count J., 217
 Philip, Admiral, quoted, 301
 Philip II. of Spain, 143
 Philippines, acquisition of, 35, 61; map of, 239; as a distributing centre, 256
 Pierce, President, 4
 Poland, Russian, 131
 Poltava, Russian battleship, 7
 Population, density of, in the various continents, 205
 Portage Bay, 235

Port Arthur, 6, 8, 12, 13, 15, 47, 96
 Porto Rico, 61, 158
 Port Townsend, 237
 Portugal, her waning colonial power, 316
 Posadas, 197
 Posadowsky, Count, 163
 Po Shan, coal deposits of, 100
 Powell, Major, 55
 Prinetti, Italian statesman, 163
 Public opinion, force of, 298-299
 Puget Sound, 237

Q

Quito, 178, 196

R

Reciprocity treaty between Cuba and United States, 158
 Reservation, Cherokee, rush into, 55
 Richthofen, Prof. von, regarding China's resources, 98
 Rio Grande do Sul, 183
 Roman Empire, 298
 Roosevelt, President, 147
 Rostislav, Russian battleship, 7
 Retwisan, Russian battleship, 7
 Russia, as a Pacific power, 4; bases of supply, 11; annual average earnings of, 18; diplomatic correspondence between Japan and, 19-20; relations with United States, 5; area, population, and density thereof, 128; statistics, 129; trade with United States,

- 131; Baltic provinces of, 131; Orthodox Church of, 285; merchant-marine of, 292
- Russian army; 8; available forces, 13; battle fleet, 7; budget, 17; finances, 28; government monopolies, 17; imports, 30; national debt, 17; revenues, 16; soldier, of interior, 16
- Russia's foreign creditors, 17; reply to Secretary Hay's note of February 10, 1904, 44
- Russo-Turkish war, 9
- S
- Sacramento River, 201
- Saghalien, 72
- Salvador, statistics of, 170
- Samoa, 237
- San Diego, 233
- Sandwich Islands, 237
- San Francisco, 213
- Santa Catarina, 184
- San Stefano, treaty of, 25
- Santiago, 194
- Santo Domingo, 159, 181
- Sao Paulo, 185
- Sea of Japan, 72
- Sevastopol, Russian battleship, 7
- Seward, William H., 151, 213
- Siam, 207
- Siberia, 8, 12, 16; as an American market, 134; cereal production of, 134; immigration into, 136-137; inducements offered, 209
- Sickles, General Daniel E., 6, 24
- Si Kiang River, 202
- Silk, culture of, in China, 99
- Singapore, 238, 263
- Sinope, Russian battleship, 7
- Sissoi Veliky, Russian battleship, 7
- Sitka, 237
- Shanghai, commercial treaty of, 42; restitution of, 97; new industries of, 100
- Shan Si, mines of, 121
- Shan Tung, Chinese province of, 47, 96; as exploited by Germany, 54, 120
- Shibuzawa, Baron, 77
- Shikishima, Japanese battleship, 7
- Shikoku, one of main isles of Japan, 71
- Shilka, 202
- Shimonoseki, treaty of, 25
- "Shirt-sleeve" statesmanship, 297
- Slava, Russian battleship, 7
- Smith, Rev. Arthur H., 51
- Society Islands, 237
- South Africa, 294
- South America, immigration, German, Italian, etc., 182; total foreign trade, 185; statistical data, 164; maps of, 170 and 173
- Spanish-American war, sentiments aroused, 166
- Spheres of interest in China, 35
- Stanley, Henry M., 57
- Statesman's Year-Book*, quoted, 246
- Stead, W. T., 293
- Steever, Col. E. Z., 192

Suez Canal, 144; neutralisation of, 155; tonnage of vessels passing through it, 160; extortionate tolls, 161
 Sumatra, 219
 Summer Palace, 89
 Supply of raw materials in United States, 60
 Sydney, 238

T

Tai Nan Fu, 81
 Takahira, Kogoro, 26
 Takashima, coal of, 76
 Ta Kau, 81
 Tamerlane, 87
 Tam Sui, 80
 Taquary River, 184
 Ta Lien Wau, 47, 96
 Tariff bill, McKinley, 302
 Tariff-union, Continental, 163
 Tavrichesky, Russian battleship, 7
 Taylor, James W., cited, 205
 Tchesme, Russian battleship, 7
 Tea, culture of, in China, 99
 Tehuantepec railroad, 193
 Tien Tsin, 97
 Timor, 219
 Titicaca, Lake, 194
 Togo, Admiral, 13
 Tokiwa, Japanese battleship, 7
 Tonkin, 254
 Tracy, Secretary, 156
 Trade, methods of American, in China, 116; American, with war zone, 29; balance of, in the United States, 58; foreign, of Canada, 258; our disadvantages in, with South America, 187-188

Trade relations, American, with Russia, 30-32
 Transsiberian railroad, 11-13, 14, 18, 22; reasons for building it, 135; deficit of, 135; defalcations in construction of, 19
 Tribunal, The Hague, 299
 Tri Svititelia, Russian battleship, 7
 Tropical markets, 58
 Trusts and syndicates, 303
 Tsarevitch, Russian battleship, 7
 Tsi An, the dowager Empress of China, 38
 Tsi Nan Fu, 120
 Tsing Tao, 120
 Tupiza, 194
 Tutuila, 238
 Tyler, President, his letter for an "open door" in China, 32-34

U

Unalaska, 237
 Unga Island, 235
 United States, trade of, with Japan, 30; iron deposits of, 59; Louisiana Purchase by, 144; labour cost in, 59; manufacturing supremacy of, 58; supply of raw materials of, 60; exports to and imports from South and Central America, 168-181; supremacy in the Pacific, 204; trade with Asia and Australasia, 241
 Uruga, 76
 Uruguay, river, 197; statistics of, 179

Uspallata Pass, 194
Ussuri, 202

V

Valparaiso, 194
Vanderlip, Frank A., 17, 28
Venezuela, statistics of, 171;
foreign intervention, 305
Victoria, British Columbia, 259
Vienna, Congress of, 216
Villa Encarnacion, 197
Vladivostok, 8, 12
Vosberg, Rekow, Dr., quoted
118

W

Wages, average, in America
and Germany, 60
Wake Island, 235
Walker, Admiral, quoted, 238
War zone, trade statistics of,
29; British trade with, 30;
United States trade with, 29
Webster, Daniel, cited, 236
Wei Hai Wei, 47, 96, 121
Wei Hsien, coal beds of, 100
West Indies, 180

Wheeler, General Joseph, 6,
24

Witte, Russian statesman, 53,
316

World's statistics in cotton
industry, 257

Wright, Carroll D., quoted, 62

Wu Ting Fang, 40; quoted
from, 113

Y

Yakumo, Japanese battleship,
7

Yang Tse, 98, 122, 202

Yashima, Japanese battleship,
7

"Yellow peril," 83

Yezo, one of main isles of Ja-
pan, 71

Yokohama, 212, 238

Yokosuki, 76

Yuan Shi Kai, 107

Yukon, 202

Z

Zymotic diseases, 10

