OUR TRADE IN THE ORIENT

SOUTH NOT GETTING ITS SHARE

Cotton Business, Both in the Matter of the Raw Material and the Finished Product, Not What It Ought to Be—The United States Government Not Doing What It Should Toward Helping to Build Up the Trade—Competition With Great Britain Keener Than It Has Ever Been—Cotton Growers Must Come to Recognize the Changed Conditions of the Trade—Some Pertinent Facts Concerning the Status of the Oriental Markets.

BY A. J. KENDRICK.

FIRST LETTER.

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Correspondence of The Observer.

Yokohama, June 21.—There are three facts that are all-important in connection with the question of the expansion of American trade in the Orient.

First: The United State is not getting her share of trade in the Orient, which is to-day the greatest of the world's markets.

Second: While certain lines of American manufacturers are well represented and being vigorously pushed in this section of the world, as a general proposition, the American manufacturer is not alive to the trade possibilities that exist in this quarter of the world, and he is not pushing for trade as he ought to, and as he must, sooner or later, if he desires to secure the share of business that should be his.

Third: The cotton business of the United States, both in the matter of raw material and the finished product, is not, in the Orient, what it ought to be, and as it could be made, if the proper methods were pursued.

Fourth: The United State government is not doing all that it should do in helping to build up American trade in the Orient. In some respects in this it is far behind the governments of Great Britain and Germany—behind the latter particularly.

These propositions can easily be sustained if one makes a careful investigation of the facts.

Some time ago, the writer had a somewhat lengthy interview with President James J. Hill, of the Great Northern Railway, on the question of American trade in the Orient. Mr. Hill has made a thorough study of the question of this matter, naturally so, owning as he does, rail and ocean lines which do a large business in carrying merchandise and raw cotton to Japan and China. In the course of this interview, Mr. Hill strongly asserted that the manufacturers of the United States did not appreciate the opportunities for trade that existed in the Orient and that they were allowing the producers of other nations to outstrip them. Speaking of the cotton interests of the South, he declared that the same state of affairs existed and that the men who were interested in the growing and marketing of the white staple should make a study of the conditions which exist in this quarter of the globe, with a view to increasing their business with Japan and China—which could and ought to be, he said, brought about.

The writer, who arrived in the Orient some days ago, has made a study of trade conditions here, and it is not too much to say that not only are President Hill's assertions amply borne out, but that, strongly as he put the case, the more one studies the question at short range the more one realizes how much the manufacturing and producing interests of the United States are "falling down" in the matter of Oriental trade.

In making this investigation, the writer has interviewed Japanese manufacturers and users of raw material, American importers and exporters who do business in Japan and China, the American consular representatives, as well as others who were in a position to throw light on the problem.

Take the matter of cotton. The raw material, of course, forms the most important item of American raw material exports to the Orient; and on the question of cotton fabrics the great struggle is now, as it has been for years, with Great Britain—and competition at the present time is keener than ever. The cotton question in the Orient is therefore not only of great interest to the South, but to the American people as a nation.

AS TO THE COTTON TRADE.

These facts have become apparent, as a result of the writer's investigation into present existing conditions:

First: The conditions of the raw cotton trade and the trade in finished cotton fabrics—particularly the former—are changing greatly from what they have been in the past, and American cotton growers must recognize this fact, if they wish to get their share of the Oriental business. At the present time the South is not securing the share she is entitled to. The factors that are bringing about these changes are several. One is the marvelous increase in the consumption of cotton fabrics by the people of the Orient. One can appreciate what this increase has been when he is told that in 1862, the year after the first cotton mill was started in Japan, the total number of spindles was 5,465; in 1905, the total number of spindles used in the forty-nine mills in the manufacturing districts of Japan was 1,426,594—to say nothing of the increase in China. And right here it may be said that the cotton mill interests of Japan are laying plans by which, within the next two or three years, this spindle capacity will be increased 25 per cent., which, of course, means a corresponding increase in the demand for raw material. As was remarked by Secretary Shoji, secretary and active manager of the Japan Cotton Spinners' Association: "The advance of civilization in any Oriental country is pretty well indicated by the growth of the cotton business. As people become more civilized they wear more clothes and better clothes.

HERE IN JAPAN.

"We are told that in early times man got along with fig-leaves for purposes of attire. We can't do it now. Here in Japan and China, the people are year by years wearing more clothes and better clothes. And cotton, the basis of the cool and light fabrics, suited to the climate of the Orient, is more and more in demand—and that demand will continue to grow."

Another important factor in the situation is a recent movement on the part of the five great textile companies of the Kanai section of the great cotton manufacturing district forming a great syndicate to export cotton fabrics to Manchuria, with the backing of the government which has promised to guarantee a loan a 6,000,000 yen (three million dollars) at four per cent. The consolidated companies will guarantee to export at least 12,000 bales of finished cotton goods to Manchuria, and keep up the exports and increase from time to time, even though at first a loss be sustained. This liberal policy is, of course, directly in line with the plan of the Japanese government to build up home industry in every way possible. It means an immediate and enormous, as well as a constantly widening increase of the cotton textile trade of Japan and a consequent increased demand for raw material.

WHAT GREAT BRITAIN IS DOING.

Another important fact in this connection is this: The British government, realizing the importance of the cotton question in the Orient, now has a man on the ground whose sole business it is to watch the cotton business in Japan and China, to do everything in his power to foster the interests of the cotton growers of India and Egypt, in the business of which countries Great Britain is naturally interested; to keep in constant touch with the manufacturers of this quarter of the world—in short, to see that the cotton growers of the countries in which England is interested get every dollar of business possible.

And from what one can gather from our consular representatives here, this particular line of work on the part of the British government is already beginning to bear fruit. Naturally enough.

The attempt to build up the cotton growing industry in Korea is of great importance in this connection. This movement is being watched with great interest by the Japanese users of cotton. It is claimed that the conditions of climate, soil and moisture in certain sections of Korea are such that she can grow as fine long staple cotton as can be grown in the United States. This may or may not be true, but certain it is that the Japanese spinners are watching the experiments now in progress in Korea with a great deal of interest. At present the amount of cotton grown in that country does not constitute any appreciable element of the supply of raw material to the mills of the Orient. Secretary Shoji, of the Cotton Spinners' Association, showed the original Korean cotton grown from the native seed, and also a sample of Korean cotton grown from American seed. The difference is startling, to say the least, and it gives a hint of what may be expected of Korea in the future.

All these things, and others, which will be noted later on, give one an idea of the cotton situation over here and what may be expected in the future.

A COTTON MISSIONARY NEEDED.

Second: It has become clear from the investigation already made that if the American cotton growing interests are to hold their own in the Orient, and increase their trade to the proportions that it ought to attain, they should have a man over here, who should be constantly on the ground as a sort of missionary for the cotton interests of the South, and who should be in constant touch with the cotton manufacturers in the great textile centers of Japan, at all times prepared to advance the interests of American cotton and adjust any of the differences that are constantly arising between the seller and the buyer. This subject will be discussed more at length later on; it is enough for the present that the growing competition and the other new elements that are entering into the situation over here and make such a course extremely advisable; and that, further, it is advocated by the highest American consulate authority in Japan and by importers who have made a study of the cotton trade.

These points are simply brought out here in order to give the readers a general idea of the situation.

Third: There are certain matters which are causing friction between the spinners of the Orient and the American seller of raw cotton, which can be remedied, and the adjustment of these difficulties would build up our trade in the white staple. These matters also have a direct bearing on American manufacturers in general, and will be treated of in another letter. So far as cotton is concerned, the question of price is one that enters very largely into a discussion of the matter. At the present price of the American staple, the Oriental manufacturer is using a great deal more of the Indian, Egyptian and Chinese article than he otherwise would. There are ways in which this handicap upon the sale of American cotton here can be largely overcome, and these will be detailed in a subsequent article.

SOME GENERAL PRINCIPLES.

Before entering into any detail it will be well to consider some general facts.

The Oriental market is practically the only market in the world open to the American manufacturer, so far as great future development is concerned. He has so far merely scratched upon the surface as it were.

The more one studies the question of developing American markets in the Orient, the more one becomes impressed with the vastness, with the possibilities of the subject.

That is to say, when one studies it at close range—in the very atmosphere of things, so to speak.

A great deal of theorizing and speculation on this subject has been done in the United States, and there seems to be an awakening on the subject, but it is only when one lands on the shores teeming with the superabundant Asiatic life, when one talks with the merchants in the Orient, with the jobbers, with the manufacturers, with the United State consular representatives, with Americans who are living in China and Japan and who keep in touch with the trend of affairs in the Orient and who, knowing the possibilities of the United States as a manufacturing nation, realize that she is not at all improving her opportunities, that she is not getting nearly the trade that she ought to get, that she is allowing Great Britain and Germany to maintain and increase a foothold where she ought to be supreme—it is only after pursuing these lines of investigation right on the ground that one can realize the immensity of this topic and just what the thorough appreciation and grasping of the business opportunities in the Orient mean to the commercial future and welfare of the United States.

Apropos of this, let the writer quote from an interview which he had with an American who has been for nearly twenty years doing business in the Orient and who, being himself an importer of goods made in the United States, is in a position to speak with definiteness and clearness upon the subject of American trade in the Orient. He said:

"I have been frequently asked why it is that American manufacturers are not doing more business in the Orient—why they are allowing European manufacturers, and especially those of Germany and Great Britain, to walk away with business which might just as well be captured by America, for it is a fact that this is being done and that every day Oriental gold is flowing into the coffers of these foreign manufacturers that ought to be flowing in the direction of the American manufacturers. It is true that the United States trade with the Orient has shown a great increase in the last few years, but it is not such an increase as might have been secured by the same sort of diligent, never-ceasing work that the Americans perform in building up their home trade. The American houses that are represented in this field are enjoying constantly growing, and lucrative business. If some of these American manufacturers would come over to the Orient and make a face-to-face study of conditions here, they would soon realize the conditions that exist and would proceed to get busy in this quarter of the globe, and they would become at once thorough enthusiasts on the subject of extending American trade in the Orient. I believe that the day is coming—and at no distant time—when the manufacturers of the United States will wake up to the situation, and will begin to realize that they cannot afford to let the manufacturers of Great Britain and Germany get too firm a grip on the Oriental markets. At present the industrial kings of America—or at least very many of them—are rather somnolent on this topic, to say the least."

The man who spoke these words is, to be sure, an enthusiast on the subject. But he does not exaggerate—and the more one talks with those who are in a position to know, the more one becomes convinced that he does not overstate the situation.

Here, for example, is a case in point:

While in St. Paul, Minn., on his way to Seattle to take the steamer for Japan, the writer called on the president of a concern which makes a specialty of a certain line of heavy machinery used in general construction work, and in the building of railroads and bridges. This visit was made because the writer had been informed that the firm in question had done considerable business in Japan and that the officials thereof could throw considerable light on the matter. The president, on being questioned, very frankly stated that his concern had done considerable business in the Orient in the past; in fact, had secured some lucrative contracts which had paid excellent profits. But for more than a year it had not followed up this trade and had not secured any new business in that quarter of the globe.

"However," said he, "there is no question that business is to be secured there, especially in view of the present stage of development of China and Japan, and it is profitable business. We expect to send a representative over to look into and work up this business and shall probably do this within the next six months."

Now it so happens that Germany and Great Britain are strong and formidable competitors in the manufacture of this particular line of machinery, and it may happen when this firm sends its man over to look after its Oriental trade, that it will find that foreign comptition has gobbled up some important contracts that might otherwise have been secured for America.

This is only one straw which shows the way the wind is blowing.

Here are some other points worth remembering in this connection: Over eighty per cent. of the world's population lives north of the equator. Take China, for instance. If all the people in the world were to stand in single file side by side, every fourth man would be a Chinaman. Japan has 50,000,000 people—a population which is contantly growing. Japan is already, and has been for years, a heavy buyer of American goods. Under the new tariff which will shortly go into effect and her policy of fostering home industry by supervision, control and financial support, the question of selling foreign goods in this country will take on a more complex aspect and it will more than ever behoove the American manufacturer not to overlook any bets, as they say in sporting parlance.

WHAT CONSUL MILLER SAYS.

This letter will be closed with an interview which the writer had with Consul General Henry D. Miller at Yokohama. Mr. Miller, who was for a number of years in the consular service in Manchuria, is thoroughly familiar with the conditions of trade in the Orient. He has been in Yokohama only a year, but in that time he has rendered valuable service to American manufacturers and merchants, and his work is highly spoken of by representatives of the American interests in this country. He has made a special study of the cotton question.

"There is no question," said he, "that the manufacturers of America do not appreciate the opportunities for trade in the Orient. To be sure in many lines, American manufacturers are well represented. In many other lines they are not so well represented, and if these men would come over here and see for themselves, their eyes would be opened and they would come to a realization of what the possibilities are over here.

"The average American manufacturer has very little or no conception of what Germany is doing to build up her business in the Orient.

"The German manufacturers are patient and tireless workers and they make a point of overlooking no detail. They try to manufacture just exactly what their Oriental trade wants and then ship it in such shape that the goods will arrive in first-class shape—which is something that cannot by any means be said of the American manufacturers. In fact, there is a good deal of complaint over the fact that American manufacturers pack their goods so carelessly and so much without regard to the properties and necessities of transportation that they often arrive in bad shape. Any one of the large American importing houses here will tell you the same thing.

"The Germans here are overlooking no opportunities to develop their trade. Their representatives here work long hours, from 8 o'clock in the morning until 6 o'clock at night. The Englishmen and the Americans work from nine o'clock till twelve, with two hours off for lunch, and then from two to four o'clock. Here is a little pointer which shows how anxious the Germans are to get hold of this Japanese trade. They send over here clerks who they pay a low salary and who live with Japanese wives in the Japanese fashion and who become thoroughly in touch with native life and customs and language and who are thus in better shape to push German trade in this country. These clerks or salesmen can live very cheaply in the Japanese style, and they do not draw large salaries, as I have said, but they soon become equipped to do efficient work. This is only one instance in point.

"Another thing, the German government is spending a great deal of money on its consular service in the Orient, in order to build up its business over here. For example, at the German consulate there are seven consular representatives, besides the consul general to assist him in his work. This does not include the linguist or the four Japanese employed in clerical work. These assistants to the consul general have their own special lines of work. One man follows up transportation questions, another looks up problems connected with the development of German trade in this line or that; and so on. In Yokohama the American consul general has only one assistant, and of course no such work can be performed as can be done by the German consulate—although, in the interests of development of American foreign trade, this work ought to be done. Here is a statement showing what Germany is doing in this direction, compared with what this country is doing.

"Number of persons employed at German consulate, 12. Entire cost of maintaining this service including interest on investment in buildings, $80,565. Revenue collected, $6,500. Cost of maintaining German trade in Yokohama, $25,765 per annum. In return for their the figures for the German export and import trade for 1904 in Yokohama show a total of $8,202,012. Consider that for the same period the American import and export trade, including raw and manufactured material, amounted to $54,395,196 for Yokohama, and then study the cost of maintaining our consular service for that year. Here it is:

"Number of persons employed, two Americans and four Japanese, six. Total cost of maintaining the service including rent and all other expenses, $10,000; revenue collected, $22,600. Profit of the consulate, $12,600. On the other hand, to the German government the net cost of maintaining its trade in Yokohama was $25,765 for that year. Germany's trade in Japan is small compared with that of the United States, but it is growing because the former nation is putting forth tremendous efforts to build it up. And she is going to the front, in spite of her handicap.

"So far as the cotton trade is concerned, the American growers of the white staple and those who are interested in marketing American cotton in the Orient ought to have a permanent representative here, not connected with any particular firm, and independent of the government, to do general missionary work in the interests of our raw cotton, and to keep in touch with the spinners of this country—to do exactly the same work that England is doing in connection with the cotton trade. Such an investment would certainly be immesely profitable. The America consulate tries to do as much of this sort of work as possible, but it is not equipped to do it in the way that it ought to be done."

In this rather length letter, an attempt has been made to show in a general way the underlying conditions of American trade in the Orient, a knowledge of which is essential to a thorough understanding of the problem. The next letter will be dated from Osaka, the greatest manufacturing center not only in Japan, but in the Orient, the center of the cotton spinning business over here and of numerous other lines of manufacture. Here some interesting facts are certain to be encountered.

The wise young man keeps both eyes on the small boy with whose big sister he wants to face the parson.

KILLED IN SPENCER YARDS.

Brakeman T. E. Rogers, of Asheville, Meets Instant Death in Collision—Two Others Slightly Hurt—No One to Blame for Accident.

Special to The Observer.

Spencer, July 28.—In a collision on the Southern Railway yards in Spencer at 4 o'clock this morning Brakeman T. E. Rogers, of Asheville, was instantly killed and J. W. Hunt and Fred Kelly, also of Asheville, were severely injured. The three men were sleeping in a caboose on the yards and the cab, together with other cars, was being shifted preparatory to a trip. While being pushed by a shifter at a high rate of speed around a sharp curve, the shifting train ran into an incoming engine from the main line. The brakemen on the front of the shifter did his utmost to flag the egine to a stop, but his signal could not be seen around the curve. In his strenuous efforts to give a signal in time to prevent a disaster the flagman's lantern was extinguished at a most critical moment and the crash came in an instant, bringing death to Rogers and throwing both Hunt and Kelly, while yet asleep, high into the air with fragments of broken cars. Rogers was horribly mashed, his neck being broken and his head badly disfigured. He had just stepped out on the platform when the accident occured.

An investigation was held this afternoon, but the blame for the wreck has not yet been placed. At present it appears to have been merely a failure of the lantern in the hand of the flagman, who made a desperate effort to save his train. There seems to be no blame attached to any of the officials of the Southern here.

The remains of the dead brakeman were sent to his former home at Asheville for interment. Hunt and Kelly, the two injured men, expect to be able to resume their run in a short time.

Engineer Charlie Gilmer, of the incoming engine, jumped in time to save himself.

A HARD LOT

of trouble to contend with, springs from a torpid liver and blockaded bowels, unless you awaken them to their proper action with Dr. King's New Life Pills; the pleasantest and most effective cure for constipation. They prevent appendicitis and tone up the system. 25c., at R. H. Jordan & Co.'s drug store.

Modern Bank Ideas

Independent Audits

Recognizing the value of an examination by outside and disinterested parties

The Charlotte National Bank

In addition to regular examinations twice each year by the U. S. Government and examinations by a committee appointed by the board of directors, engaged the AUDIT COMPANY OF NEW YORK to make a thorough, exhaustive examination of every branch and detail of the bank's business.

The examination was made by trained experts of wide experience and bank work, and accountants of ability of the highest order, who have audited the largest financial institutions in America.

This being a new departure for a bank in the City of Charlotte, and a matter of unusual interest, not only to the friends and patrons of THE CHARLOTTE NATIONAL BANK, but to the public generally, your attention is called to the report of the AUDIT COMPANY of New York, which follows:

THE AUDIT COMPANY OF NEW YORK

To the President and Directors, Charlotte National Bank, Charlotte, N. C.

DEAR SIRS: Agreeably to your request, we have made an examination of the CHARLOTTE NATIONAL BANK as of the close of business June 30, 1906.

We hereby certify that the accompanying Statement of Condition is a true and correct exhibit of the condition of the Bank on the date named. In detail our examination was as follows:

LOANS AND DISCOUNTS:	Were proven by inspection of all original evidences of indebtedness held in the Bank. Notes in the possession of corrspondents were verified by signed certificates from the holders. All collaterals called for by the notes were properly accounted for.
UNITED STATES BONDS:	Were verified by certificates from the Treasurer of the United States.
STOCKS AND SECURITIES:	The securities entering into this account were found in the possesison of the Bank.
DUE FROM BANKS AND BANKERS:	Statement were received from, or rendered to, all correspondent banks. All exceptions reported were satisfactorily accounted for.
CASH:	Was verified by actual count and all exchanges were settled the next banking day.
CAPITAL STOCK:	A trial balance was drawn from the Stock Ledger, and found to be in agreement with the General Ledger account.
UNDIVIDED PROFITS:	The income accounts for the six months ended June 30, 1906, were scrutinized, and the expense disbursements found to be supported by proper vouchers.
DUE TO BANKS:	Statements were rendered to, or received from, all correspondents, and all exceptions reported were sattisfactorily accounted for.
BILLS PAYABLE:	Were verified by certificates from the holders.
INDIVIDUAL DEPOSITS:	The individual ledgers were balanced and found to be in agreement with the controlling account. All pass-books left during the progress of the examination were checked and found to agree with the ledger balances. A certificate was handed to the depositor with each pass-book returned. By the return of these certificates, properly signed confirmation has been obtained of a large number of the depositors' acounts.
CERTIFICATES OF DEPOSIT:	Cancelled certificates were checked with the register, and the total unchecked items were found to agree with the General Ledger account.
CERTIFIED CHEQUES: CASHIER'S CHEQUES:	The outstanding items were totalled and found in agreement with the controlling account.
OTHER ITEMS:	All items not specifically mentioned in the foregoing were examined without disclosing any condition demanding comment.
GENERAL:	Our examination was thorough and comprehensive, every facility having been afforded by your officers to this end. We take pleasure in reporting that we found the accounts of the Bank kept in a clear and intelligent manner, the work carefully guarded and under efficient administration.

Yours very truly,

THE AUDIT COMPANY OF NEW YORK,

E. T. Perine, General Manager.

Philadelphia, Pa., July 21, 1906.

STATEMENT OF CONDITION AS OF THE CLOSE OF BUSINESS JUNE 30, 1906.

RESOURCES		LIABILITIES	
Loans and Discounts	$852,038.68	Capital Stock	$$125,000.00
U. S. Bonds at par	140,000.00	Surplus and Profits	98,913.92
Other Stocks and Bonds	4,000.00	Reserved for Accrued Interest	7,132.45
Banking House Furniture and Fixtures	13,800.00	Circulation	125,000.00
Cash in Vault and Due From Other Banks	163,904.19	U. S. Bond Account	30,000.00
		Bills Payable	75,000.00
		Deposits	712,696.50
	$1,173,742.87		$1,173,742.87

On the merits of the above report we solicit bank accounts of all kinds, large or small, promising that the most liberal and courteous treatment shall be accorded you.

CHARLOTTE NATIONAL BANK

CHARLOTTE, N. C.

OFFICERS:

B. D. HEATH, President. W. H. TWITTY, Cashir. FRANC. H. JONES, Teller.

DIRECTORS:

DR. R. J. BREVARD. J. F. ROBERTSON. B. D. HEATH.
JNO. M. SCOTT. R. H. JORDAN. C. VALAER.
VINTON LIDDELL CHAS. F. WADSWORTH. H. N. PHARR.