

[*Deutsche Politik*, September 19, 1919]

THE SHANTUNG CONTROVERSY

BY G. BUETZ

AMERICAN public men understand thoroughly the practical considerations that make them desire to do justice in the Shantung matter, and to prevent Kiaochau from falling into the hands of Japan. The business men of the United States are better informed concerning the importance of this province in the economic life of China than we are at home. What was Kiaochau?

When the war with France awakened in China a resolve to create a modern navy and army, Li Hung Chang, the father of this movement, at once appreciated the importance of the Gulf of Kiaochau. He established his naval base at Tsingtau. That was in 1891. Tsingtau was at that time a little fishing village, as miserable and impoverished as such settlements are in overcrowded Shantung. On the 14th of November, 1897, General Chang lowered his flag, and three German war vessels landed detachments at that point. The Germans thereupon expended much industry, organizing talent, and vast sums of money upon Kiaochau. In 1906 the imperial government allotted 14,660,000 marks for the use of the province in addition to the local revenues. A remarkable economic development ensued. In 1910 the recent fishing village stood sixth among the 76 ports of China in the value of its foreign trade. The significance of this is not fully comprehended until we realize that the only cities with larger foreign commerce were Shanghai, Tientsin, Canton, Hankow, and Swatow. In 1910 the exports were valued at 84,300,000 marks and the imports at 52,600,000 marks. These are very high figures in the Chinese commerce. We should note in

addition that the Japanese profited more than any other nation by the growing commercial importance of Tsingtau. This was a fact well known in America. Japan supplied one third of all its imports. The population of Shantung is very poor, and cheap Japanese goods found an outlet where European manufactures of better grade could not find purchasers. Moreover, the Japanese had managed quietly to acquire a preponderant influence throughout the province of Shantung.

Germany was able to make its protectorate not only a commercial centre, coveted by other countries, but also a centre of foreign influence in China. German thought and custom met a sympathetic reception from the educated Chinese. They discovered that everything foreign was not to be despised. Such recognition is a tremendous influence in any colonial movement. The most significant manifestation of the conscious preference of the Orient for western ways was the heavy immigration to Tsingtau during the Boxer revolt. The educated Chinese had a proverb that Tsingtau was 'the umbrella' of China.

The United States would like to profit by this respect for foreigners which is unusual in China. Nothing favors commerce more than mutual respect between nations. Germany was the first foreign Power which succeeded in acquiring such respect. Although the Americans have flattered their Oriental neighbors, they have never acquired the same standing that Germany held. The public improvements which we carried out in the region under our protection also attract other countries. The ship yards at Tsingtau contain a drydock accommodating vessels of 16,000 tons, and have a corps of highly-skilled mechanics trained in the model technical school.

in that city. The Shantung Railway Company was excellently equipped, and its feeders drew business from the immensely important districts lying directly inland. In addition, 30,000,000 marks had been expended upon harbor improvements, with the result that Tsingtau is the best and safest port on the China coast. The Shantung Coal Mining Company, whose first trainload of coal arrived from Fangste in 1902, was raising 486,000 tons annually by 1911. Prior to the war these were the most scientifically developed mines in China. The Railway Company was capitalized at 54,000,000 marks, and earned a satisfactory revenue on this investment. Our land policy was based upon the principle of state Socialism, and proved a brilliant success. Although the population of Tsingtau tripled by 1898, the price of land remained reasonable; and it was possible to keep prices down subsequently, even after the great industrial cities of Taitungchen and Saisirchen, and the secondary port of Tagautau, had become great population centres. These low land prices near a great commercial city are a powerful attraction for both American and Japanese manufacturers. Our forestry work, which was energetically pursued in a province entirely bereft of timber, has also attracted the attention of the Americans, for this undertaking promises to be very profitable. So far, 2000 hectares have been reforested.

Naturally, therefore, the Americans are making every effort to occupy Germany's former position, under the mantle of fair phrases about the League of Nations. They prate of justice to China; but the Yankees know that Tsingtau will shortly be a more important city than Shanghai. For its coal resembles Cardiff coal and will draw to its wharves not only the coastal shipping of China, but also the

vessels of every great transpacific line. Shantung coal will also make the province a steel centre. Japan bears this in mind and fears America. Furthermore, the lowering of passage rates has automatically transferred the heavy emigrant traffic to Manchuria and Korea from Chifu to Tsingtau.

Consequently, though we may be gratified by the attitude of certain people in America who are truly conscientious in their sentiments, we shall completely misinterpret the policy of that country if we attribute it solely to ideal motives. We must never forget that in helping us, America is consulting its own interests.

[*The Manchester Guardian*]

THE DANGER TO EUROPE

BY SIR GEORGE PAISH

THE conference between the Prime Ministers of France and England and the Foreign Minister of Italy upon, among other subjects, the economic and financial condition of Europe has been most timely. The fall in the exchanges is causing great anxiety, and a solution of the economic and financial problems of Europe can be delayed no longer.

Last spring it was decided to discontinue the policy, which had been pursued from the beginning of the war, of controlling the exchanges by government action, in the hope that freedom from government support would bring about an automatic readjustment of the trade balances, that, were exchanges to fall, the exports of the countries whose currencies were depreciated would be stimulated while their imports would be diminished, and that by means of an expansion of exports and restriction of imports equilibrium would be reestablished.

These expectations have, however,