

**EVOLUTION OF SINO-AMERICAN ECONOMIC RELATIONS,
1784-1929: A Survey**

by

Paratha Sarathy Ghosh

In Asia, the Far East is one region in which the United States has always taken a great deal of interest ever since it declared its independence from Britain. Its first contact in the region was with China, hence, the commercial contact of the United States with China is as old as the American Republic itself. Its interest in the country was primarily economic. When this economic interest became sufficiently large, the United States started thinking in terms of developing diplomatic relations with China.

It was John Ledyard, an American who accompanied Captain Cook in his voyage to the Pacific (1776-81), who acquainted the Americans with the prospect of a profitable fur trade in the port of Canton.¹ However, owing to internal strife and turmoil during the Revolution, Americans could not pay much attention to the development of trade with China. After the war against England which ended in favour of the thirteen colonies, American trade with Canton began to flourish.

The American struggle for independence freed the colonies from the political yoke of Britain, and this filled the Americans with a sense of self-esteem and honour.² This found expression not only in the consolidation and modification of socio-political institutions, but also in the American aspiration to win her rightful place in the international community.

The defeat of Britain had already lifted the trade restrictions against the United States. So, it now embarked on a commercial career which soon aroused the envy of other nations.³ Commercial voyages were undertaken. New markets and fresh economic contacts were established. It was during this heyday of American commercialism that the *Empress of China*, an American vessel, made the first direct voyage from New York to Canton in 1784; and opened a significant chapter in the history of Sino-American relations.

The *Empress of China* sailed from New York in February 1784 and reached Canton, the only Chinese port open at that time to foreign commerce, in August 1784. Fortunately for posterity, the supercargo of the vessel, the merchant in charge of the adventure, was Samuel Shaw who was a writer. His memoirs give a vivid account of China trade as it was carried out during the first years of the American Republic.⁶

The *Empress* carried fur, raw cotton and lead; but the chief cargo consisted of some thirty tons of ginseng root, considered by the Chinese as having great medical value.⁷ The adventure cost approximately \$120,000⁸, an investment which seemed, at that time, to be quite sizeable. However, when the *Empress of China* returned to New York, fifteen months after her departure, it was learned that Samuel Shaw had succeeded in trading his cargo for 3,000 pieces of Bohea tea and Hyson, 962 pieces of China ware, 24 pieces of nankeens and 490 pieces of silk.⁹ According to Shaw, the venture had earned an overall profit of \$37,727 or better than 30 per cent of the original investment.¹⁰

The China trade of the United States, which the *Empress of China* inaugurated, continued with a rapid pace and, before the delegates at Philadelphia had completed the framing of the Constitution, at least nine voyages had already been undertaken to the Far East by enterprising Americans.¹¹ Soon, the United States emerged as one of the chief trading nations in the Far East. In 1789 the number of American ships in Canton was second only to those flying the British flag.

As the China trade prospered, the Americans encountered difficulties in finding an outbound cargo. In the beginning, they had exchanged ginseng root for Chinese tea and silk which were in great demand in the American market. When the price of ginseng fell in the Chinese market, Americans found the ginseng trade not very lucrative. They turned, therefore, to exporting sea-otter furs and seal peltries, which, at that time, were being supplied by the Russians. Although the Americans had to face strong competition in this trade from the Russians, English, French, Dutch, Portuguese and Austrians, furs and seal skins obtained from the

Northwest Coast and Falkland Islands, respectively, became their principal export items.¹³ Fur trade at Canton was supplemented by opium, sandalwood, ginseng and silver. Beche-de-mer, edible birds' nests, and sharks' fins, which were purchased by the Chinese for making soups, also formed part of China-bound cargoes.

The American traders exchanged these items with Chinese tea and silk; and, by 1811, they had become the most serious rivals of the British in the tea trade at Canton.¹⁴ Their ships were neither so large nor so numerous as those of the British East India Company, yet they carried from Canton, in 1805-1806, eleven million pounds of tea in 37 ships, as against British exports of 22 million pounds in 49 ships.¹⁵

Although the Americans were posing a challenge to British trade at Canton, in certain important aspects, the latter was in a more advantageous position. It is true that the American merchants traded with greater individual freedom. However, they neither had the financial backing and prestige of the East India Company nor any moral protection from their government. Even the American consuls who were appointed at Canton were not consuls in the diplomatic sense of the term. They were usually traders of super-cargoes, honourarily appointed by the Congress. Their success depended largely on their popularity among their fellow American traders. From the appointment of Samuel Shaw in 1786, as the first American consul in Canton, to 1844, when the first Sino-American treaty was signed, this practice continued.

Despite all these disadvantages, the Americans did not feel much need for official support as long as they traded on equal terms with the British. After 1834, when tensions began to grow between the English and the Chinese, the indifference of American traders to official support disappeared. In May 1839, in the wake of the Anglo-Chinese war, better known as the Opium War and after Lin had forced the surrender of foreign-owned opium, the American merchants filed a petition in the Congress:

We . . . express our opinions that the United States Government should take immediate measures; and, if deemed advisable, to act in concert with the governments of Great Britain, France and Holland, or either of them, in their endeavours to establish commercial relations with this empire upon a safe and honorable footing, such as exists between all friendly powers; and by direct appeal to the Imperial Government at Peking, to obtain a compliance with the following among other important demands.¹⁸

In their petition, the American traders demanded that (1) foreign envoys should be allowed to reside in the vicinity of the court at Peking with usual diplomatic facilities; (2) that a fixed tariff should be imposed; (3) that facilities should be provided for the trans-shipment of goods meant for export; (4) that trade in other Chinese ports should be free; and (5) that compensation should be paid for any loss caused by an impediment on legal trade and it should be guaranteed that such impediments should not recur.

It is interesting to note here that, although the American merchants in China asked the United States Government for a well defined China policy, their knowledge about China was quite inadequate. Even the American public, in general, had very vague ideas about China.²⁰ Out of this inadequate knowledge about China, there emerged an official U.S. China policy which, quite surprisingly, was based on the reality of American interests. This policy remained in force for a century.

Four months after the signing of the Nanking Treaty, President John Tyler solicited the Congress on 30 December 1842 to appoint a resident commissioner in China to safeguard the American commercial and diplomatic interests. Caleb Cushing was chosen for the post and the task of instructing him fell to Daniel Webster, then the Secretary of State. Cushing was given numerous instructions, the last of which was very significant:

Finally, you will signify, in decided terms and a positive manner, that the Government of the United States would find it impossible to remain on terms of friendship and regard with the Emperor, if greater privileges or commercial facilities should be allowed to the subjects of any other Government than should be granted to the citizens of the United States.²¹

Cushing arrived at Macao in February 1844, and, after a few months, the first Sino-American treaty, known as the Treaty of Wang-hsia or Wang Hiya, was signed on 3 July 1844.²² According to the terms of the Treaty, it was agreed that any commercial privileges given by the Chinese to other countries were to be extended on equal terms to the United States. Thus, besides Canton, the ports of Amoy, Foochow, Ningpo and Shanghai were opened to the residence and trade of American merchants.²³ [Government support of the China trade that commenced with the treaty of 1844 was to be invoked from time to time.]

While efforts were being made on the administrative level to boost up China trade, a new development in nautical technology was taking place which tremendously galvanized Sino-American commerce. A new type of ship, light weight and with huge sails, was invented. This brought about a revolution in America's Far Eastern commerce. Clipper Ships, as these ships came to be known, "were the nautical marvels of the time".²⁴

It is difficult to ascertain when the clipper ships first made their appearance. However, it is generally believed that it was invented sometime in 1830's, and that between 1845 and 1865, it came to have a definite meaning, as swift, sleek ship.²⁵ With the advent of the clipper ship, American trade with China, particularly the tea trade, received a tremendous boost. Tea which was light in bulk and relatively high in value became the chief American import item.

America soon emerged as the most enterprising challenger to Britain in maritime commerce. The *Oriental* was the first American clipper ship to carry tea from China to Britain. On 22 August 1850, the *Oriental* started from Whampoa and reached London on 4 December 1850. Its speed created a sensation; but what was

probably more remarkable to her captain was a profit of \$48,000, a sum that equalled two thirds the cost of constructing the ship.²⁶ By 1855 the United States came to possess a fleet which was as large as that of Britain and, probably, superior in efficiency. Canton trade came to be dominated by American shipping. In 1855, for example, the total tonnage of foreign shipping was 58,000, of which 24,000 was American and 18,000 was British. The remainder was divided among other nations.²⁷

During the American civil war (1860-1865), American commerce was badly affected. The war did enormous damage to the clipper ship merchant fleet and practically ruined China trade. So much so that, until the twentieth century, American exports to China did not exceed that of 1855.²⁸

However, after the end of the Civil War, the China trade again began to gain momentum. The unprecedented industrial boom, which the post-Civil War United States witnessed, made it imperative for Americans to begin a search for colonies. To dispose its surplus industrial goods, America needed to open new, and preserve the old, markets.

The economic depression of the 1890's and the official closing of the frontier made many Americans think of extending the "frontier" further west into the Far East. "We must have the market (of China) or we shall have revolution, cried Senator William Frye. Theodore C. Search, President of the National Association of Manufacturers, claimed that many manufacturers have outgrown or are outgrowing their home markets, and "the expansion of our foreign trade is the only promise of relief."²⁹

While economic necessities were pushing the United States on the path of colonialism, the writings of expansionists like John Fiske,³⁰ Josiah Strong³¹, Alfred T. Mahan³², and the ideas of Henry Cabot Lodge were creating a favourable climate of opinion for it. As a result, by the close of the nineteenth century, American mind was sufficiently made up to launch on a policy that would boost up American foreign commerce, particularly in the Far East.

The only section to which this expansionism did not appear as very attractive was the business class. The businessmen were worried that the cost of an expansionist policy might exceed the benefits therefrom.³³ Their opinion was, however, soon reversed after Admiral George Dewey's victory of May 1898 at the Manila Bay.³⁴

The acquisition of the Philippines seemed to open up new prospects for commerce in Eastern Asia. President McKinley believed that the occupation of the Philippines would be of great help to the growing U.S. trade in the Orient, particularly Japan and China.³⁵ It was against this background of America's desire for a place in the colonial sun that John Hay, the U.S. Secretary of State, proclaimed the doctrine of Open Door, in 1899, which aimed at the preservation of China as a free market.

The doctrine of Open Door, in a way, reasserted American interests in the preservation of territorial integrity and sovereignty of China. These objectives shaped America's policy in the Far East for several decades in the twentieth century. At this point, the antecedents of this policy may be briefly discussed.

With the exposure of Chinese weakness after its defeat in the Sino-Japanese war of 1894-95, there started a scramble for concessions and spheres of influence in China among the European Powers. Russia gained a paramount position in Manchuria, France in Southern China, Germany in the Shantung Peninsula and England in the Yangtze River Valley. England, however, was not satisfied. She, alone, carried 65 per cent of the total foreign trade in China; and she was much more interested in a free Chinese market than in obtaining a sphere of influence in the Chinese mainland like the others. She, therefore, opted to preserve the integrity and sovereignty of China; and she sought American support for the realization of these objectives.

Although the China trade formed only 2 percent of the total American foreign trade, forward-looking Americans saw considerable potential in the Chinese market. Even then, when the British government proposed a joint Anglo-American stand for the preservation of the Open Door policy in China, in March 1898, John Sherman, the Secretary of State, rejected the proposal. This was due to the government's apprehension that the American public opinion would not approve of a bilateral treaty between Britain and the United States, which might offend the other powers.

The U.S. official outlook, however, began to change when John Hay became the Secretary of State. Hay who had, previous to his appointment as Secretary of State, served as U.S. Ambassador in London, was a known Anglophile. However, while knowing fully well that America had similar interests in China as the British, John Hay also hesitated to openly support the latter for the same reason which had impeded his predecessor. However, following a plan suggested by John Hippisley, a British citizen who had served as an officer in the Chinese Maritime Customs, Hay wrote notes outlining American policy in China. On 6 September 1899, he sent these Open Door notes to Germany, Russia and England, followed by identical notes to Japan, Italy and France.³⁸

The Open Door doctrine, like the Monroe Doctrine, was a political and commercial principle.³⁹ It declared that (1) all existing treaty ports and established interests in each sphere of interest would not be molested, (2) that the Chinese officials would collect the Chinese tariffs and no others, and (3) that no discrimination would be made in port and railway charges among citizens of different nations conducting business in China.⁴⁰

While diplomats in different capitals of the world were discussing the importance of Hay's circular, events were taking a dramatic turn in China. In 1900, the Boxer uprising erupted. Starting with violent attacks on Christian missionaries in Shantung, the Boxer rebellion turned into an agitation against foreign domina-

tion. When the Boxers reached Peking, the Empress, who had secretly supported them, fled from the capital. The German ambassador was assassinated on the street and all foreign settlements were surrounded.

The United States was afraid that the affected powers, on the pretext of avenging the crimes done their citizens, might strengthen their hold on their respective spheres of influence, thus imperilling the Open Door policy in China. In anticipation of this grave threat to American economic interest, John Hay on 3 July 1900 sent a circular to the Great Powers. American policy, he said, was:

to seek a solution which may bring about permanent safety and peace to China, *preserve Chinese* territorial and administrative entity, protect all rights guaranteed to friendly powers by treaty and international law, and safeguard for the world the principle of equal and impartial trade with all parts of the Chinese empire.⁴¹

Once again the American diplomacy succeeded, and Hay was able to obtain the consent of other powers to his proposal.

The Open Door doctrine, enunciated by Hay, underwent various modifications from 1899 to 1913.⁴² While Hay had stood only for equal commercial opportunity, Elihu Root, Hay's successor, stood for investment opportunities in China.⁴³ At first, American bankers were very much reluctant to risk their money in China. However, after the Russo-Japanese war, when Japan began to acquire monopolistic control over the Manchurian railways and American commercial interests were endangered, reluctance to invest in China **gradually disappeared**.

Willard Straight, the dynamic U.S. consul general at Mukden (Manchuria) from 1906 to 1908, viewed with mounting apprehension the Japanese economic penetration in Manchuria and concluded that, so long as American dollars would not be pumped into capital hungry China, American economic foothold in China would not endure for long.⁴⁴ Straight returned to the State Department in 1908 as Acting Chief of the Division of Far Eastern Affairs, and, during his one-year stay, he influenced the Taft Administration to adopt an investment policy for China, known as the "dollar diplomacy."⁴⁵

The first venture in this investment programme was the Hukuang Railway project.⁴⁶ It was also felt that loans should be extended to the Chinese Government; otherwise, the other nations might take political control over China by doing so, thus, jeopardizing American commerce. Hence, in 1910, the United States joined France, Germany and England to form a consortium, which was later joined by Russia and Japan. The consortium extended a loan of £27,000,000 to China, of which \$7,299,000 was furnished by American bankers.⁴⁷

With the coming of the Wilson administration in 1913, American loan policy in China was reversed. Woodrow Wilson, like his Secretary of State William Jennings Bryan, had an emotional bias against banking interests,⁴⁸ and thought that American loans encroached upon Chinese independence. With the withdrawal of the

United States from the consortium, the dollar diplomacy practically came to its end in 1913.

America's unilateral recognition of the Chinese Republic created the impression among other powers that the United States was posing herself to be the only friend of China. So, they tightened their hold on their respective spheres of influence. At the same time, Japanese economic penetration in China was speeded up. The Wilson Administration soon realized that, if Japan's economic expansion was allowed to grow unabated, the Open Door policy in China might be imperilled. Wilson, therefore, decided to form another consortium to aid the Chinese government, and, thus, check the growing Japanese influence.

While the international consortium was trying to keep the Chinese market open for all countries, Paul S. Reinsch, the U.S. Minister to China from 1913 to 1919, was trying his best to make the Open Door policy work in China.⁴⁹ (He had no intention to enter into a scramble for concessions. What he wanted was an economic atmosphere in China where American traders could transact their business profitably.)

Visualizing a rejuvenated China as an advantage to American trade, he worked for improvements in roadways, railways and other public facilities.⁵⁰ "To Americans, Reinsch said, "the idea of securing preeminence or predominance is foreign, but from the very nature of their purely economic interest they have to resist any attempt on the part of others to get any rights or a position of predominance, which could be utilized to restrict, or entirely distinguish, American opportunities."⁵¹ This was an excellent summary of American objectives in China, at that time.

The emergence of the United States from the position of a debtor to a creditor nation after the First World War,⁵² combined with its massive industrial and economic progress, had a tremendous impact on the U.S.-China trade. In the decade following the First World War, the American trade with China reached an unprecedented height.⁵³ In 1928, the United States entered into a treaty with China which granted the latter full rights to her tariff. This tariff Autonomy Treaty,⁵⁴ which was the first of its kind signed by China with a foreign country, had an extremely favourable impact on China's relations with the United States.

The rapid expansion of US commerce with China is evident from the fact that, before the First World War, America had only 22 commercial establishments in China; whereas, by 1930, she already had 108 such establishments. Of these 108 commercial establishments, some eighteen were founded during the war years and the rest during 1919-30. At the same time, the total ship tonnage of America almost trebled, and its trade with China doubled.⁵⁷ In 1919, American ship tonnage to China was only 2,569,887 tons; while, in 1928, it rose to 6,364,102 tons.⁵⁸

In the beginning of the 1920's, the trade was not mostly an one-way traffic, and, as such the balance of trade was not too much in favour of one country. In international trade, if there is a well-balanced trade between the two countries, it is economically beneficial for both the countries. America had certain items to import from and export to China and vice versa. China, for example, had soya beans, raw silk, skin, tea, cereals, raw cotton, metals, coal, silk piece goods, bristles, etc. She owned over 80 per cent of the world output of antimony, and the largest deposits of minerals were in Chinese possession. America had, besides numerous goods and food stuffs, oil which China needed desperately for fuel, light and power.⁵⁹

The barter between China and America was very much evenly balanced. In 1919, the United States exported to China, goods worth Haikwan Tails 100,236,706; while Chinese exports to America were worth HK Tls. 101,118,677.⁶⁰ But within a decade after the World War, this even balance swung in America's favour. While American exports to China almost doubled, Chinese exports to America increased only nominally. American exports rose from Hk. Tls. 110,236,706 in 1919 to Hk. Tls. 205,541,351 in 1928; whereas Chinese exports rose only from Hk. Tls. 101,118,677 in 1919 to Hk. Tls. 127,204,573 in 1928.⁶¹

Although the United States came third in rank among countries trading with China, (Japan and Hongkong being the first and second respectively),⁶² she shared 18 per cent of the import trade and 17.1 per cent of the export trade of China.⁶³ In 1929, the total value of China's foreign trade was Hk. Tls. 2,297,008,000 of which imports were Hk. Tls. 1,281,321,000 and exports were Hk. Tls. 1,015,687,000.⁶⁴

In the post-First World War decade, Japan emerged as a great commercial power in the Far East, forcing Britain to yield her position. It was the geographical proximity of Japan to China that gave her the additional advantage. Although at that time, the United States could not outpace Britain, the former emerged as her strongest competitor.⁵⁵

It is significant to note that while American export to China was touching new heights, American investment in China was also increasing. In 1914, the amount of American property in China was only U.S.G. \$59,300,000. Within a decade and a half, it rose to U.S.G. \$239,900,000 in 1930.⁶⁵ In 1928, of Chinese Government bonds and other securities, American investors held approximately \$20,000,000 worth; of railway and similar bonds about \$18,000,000. About \$30,000,000 more was invested in land, buildings and equipments by banks, trading concerns and others. Moreover, American industrialists and manufacturers had extended long-term credits to Chinese enterprises, and the amount of these outstanding credits was another \$10,000,000.

There was therefore, a total of some \$70,000,000 of American money in business investments in China.⁶⁶ Besides, a large amount of money was also inves-

ted for missionary and other philanthropic activities. Hence, in 1930, the total American investment in China stood at 239.9 million dollars,⁶⁷ 155.1 million of this was in industrial and commercial investment, 41.7 million in Government loans and, 43.1 million in missionary and charitable purposes.⁶⁹

Sino American commerce which witnessed a boom in the twenties suffered a considerable shock during the economic depression. This was when the decade commencing with the great depression marked the period of transition in world history when, everywhere, emphasis was shifting from politics to economics.⁷⁰ Thus, in 1929, President Herbert Hoover's State of the Union Message to the Congress began with a reference to foreign policy; in 1930, it ignored such significant development in international politics as the signing of the Kellogg-Briand pact, and plunged into an analysis of the economic situation then confronting the United States, in particular, and the world, as a whole.⁷¹ The depression made it quite apparent that human civilization might collapse not from war, a political event but from the calamitous impact of an economic crisis.

The depression which began with the great crash of November 1929 in the Wall Street Stock Exchange⁷² lasted for about ten years with varied degrees of intensity.⁷³ Knowing no geographical bounds, it soon gripped an already delicately balanced international economic order. The United States-China trade, which was a part of the international economic system, was most deeply affected by the depression.

In the United States, the severity of the crisis was indicated by the fact that, throughout the 1930's, its Gross National Products did not reach the level of 1929, except for a momentary rise in 1937.⁷⁴ In China, meanwhile, internal political troubles and the calamity of the worst floods in her recorded history were further complicated by the sharp decline in the price of silver in world market,⁷⁵ caused by a sudden oversupply of the metal. Consequently, the Chinese currency, which was based on silver, immensely lost its purchasing power in relation to the US gold dollar. American manufactures became too costly for the Chinese to buy. The U.S.—China trade, which had attained an unprecedented height during the 1920s began, therefore, to decline.⁷⁶

The decline itself was so fast that, for a time, it seemed as though the China market was beyond recovery, and that the United States had lost it for good.⁷⁷ This anxiety, of course, was not unfounded. Throughout the decades of the 1930s and the 1940s, Sino-American trade remained at a deplorable low point⁷⁸ until it was completely cut off after the declaration of China as a Communist state in October, 1949.

FOOTNOTES

¹Lawrence H. Battistini, *The Rise of American Influence in Asia and the Pacific* (East Lansing, 1960), p. 9.

²See Franklin Jameson, *The American Revolution Considered as a Social Movement* (Gloucester, Massachusetts, 1957).

- ³Ugo Rabbeno, in his book *The American Colonial Policy*, p. 141, writes : "At the end of 1973 the tonnage of the United States exceeded that of every other nation except England; their foreign trade ranked in value next to that of England, and, proportionately to the population, the United States was the first commercial nation of the world." Quoted in Harold Underwood Faulkner, *American Economic History*, Seventh Edition (New York, 1954), p. 220.
- ⁴James Morton Callahan, *American Relations in the Pacific and the Far East, 1784-1900* (New York, 1969), p. 14.
- ⁵Edward H. Lockwood, "Americans and Chinese Began Commercial Relations Just 150 Years Ago", *China Weekly Review* (Shanghai), Vol. 70, 8 September 1934, p. 56.
- ⁶*Ibid.*
- ⁷Foster Rhea Dulles, *China and America: The Story of Their Relations Since 1784* (Princeton, New Jersey, 1946), p. 2.
- ⁸Clarence L. Ver Steeg, "Financing and Outfitting the First United States Ship to China", *Pacific Historical Review* (Los Angeles), Vol 22, p.8.
- ⁹Dulles, n. 7, p. 2. See also Lockwood, n. 5, p. 56.
- ¹⁰Ver Steeg, n. 8, p. 21.
- ¹¹Charles A. Beard and Mary R. Beard, *The Rise of the American Civilization* (New York, 1956), Vol. 1, p. 661.
- ¹²Samuel Eliot Morison and Henry Steele Commager, *The Growth of the American Republic*, 2 Vols. (New York, 1950), Vol. 1, p. 324. In 1789 of forty-six foreign vessels entering Canton eighteen were American. See Faulkner, n. 3, p. 145.
- ¹³Battistini, n. 1, p. 8.
- ¹⁴Paul H. Clyde and Burton F. Beers, *The Far East: A History of the Western Impact and the Eastern Response 1830-1965* (New Delhi, 1968), p. 71.
- ¹⁵*Ibid.*
- ¹⁶James William Christopher, *Conflict in the Far East: American Diplomacy in China from 1928-1933* (Leiden, Netherlands, 1950), p. 26.
- ¹⁷Callahan, n. 4, p. 84. Julius Klein in his article "Booming the China Trade" in *New York Herald Tribune Magazine*, reproduced in *China Weekly Review*, Vol. 46, 17 November 1928, pp. 414-16, argued that the China trade enjoyed backing of the U.S. Government from the beginning. This does not appear to be correct in the light of the situation discussed. Moreover, in 1815 when merchants had petitioned the Congress to establish an efficient and regular consular service in China, the Congress had turned a deaf ear to it. See *Christopher*, n. 16, pp. 28-29.
- ¹⁸Tyler Dennett, *Americans in Eastern Asia: A Critical Study of the Policy of the United States with reference to China, Japan and Korea in the 19th Century* (New York, 1922), p. 99.
- ¹⁹*Ibid.*, pp. 99-100.

- ²⁰See Stuart C. Miller, "The American Traders' Image of China, 1785-1840", *Pacific Historical Review*, Vol. 36 (1967), pp. 375-395.
- ²¹Quoted in Clyde and Beers, n. 41, pp. 72-73. Here in this instruction to Cushing can be seen some elements of the Open Door doctrine later on enunciated by John Hay in 1899.
- ²²*Ibid.*, p. 73.
- ²³It is to be noted here that before the Sino-American Treaty was signed in 1844 Commodore Kerney had negotiated for America a similar agreement with China, through Ki-ying, the Viceroy of Canton. The Cushing Treaty was merely its confirmation. See Christopher, n. 16, p. 30.
- ²⁴Battistini, n. 1, p. 15.
- ²⁵*Ibid.*
- ²⁶*Ibid.*, p. 16.
- ²⁸Battistini, n. 1, p. 17. Also see Charles K. Moser, "Good Neighbours Across the Sea", *China Weekly Review*, Vol. 82, 6 November 1937, p. 209.
- ²⁷*Ibid.*, 1. 17. It may be noted here that in 1830 the British trade was \$43,000,000 as compared with U.S. \$3,500,000. In 1840 the American exports to and imports from China were only \$7,000,000. See Dennett, n. 18, pp. 74-75.
- ²⁹William Appleman Williams. *The Tragedy of American Diplomacy* (New York, 1959), pp. 30-31.
- ³⁰John Fiske, a historian, was influenced by the Darwinian theory of evolution through natural selection. He believed in the superiority of Anglo-Saxon race. In his essay entitled "Manifest Destiny", he wrote "The day is at hand when four-fifths of the human race will trace its pedigree to English forefathers, as four-fifths of the white people of the United States trace their pedigree today." See Julius W. Pratt, *Expansionists of 1898: The Acquisition of Hawaii and the Spanish Islands* (New York, 1951), pp. 4-5.
- ³¹Josiah Strong, a clergyman, held similar views like Fiske, see *Ibid.*, pp. 5-6.
- ³²See Alfred T. Mahan. *Interest of America in Sea Power, Present and Future* (Boston, 1897) and *Lessons of War With Spain and Other articles* (Boston, 1899).
- ³³Julius W. Pratt, "American Business and the Spanish-American War", *Hispanic American Historical Review*, Vol. 14 (May 1934), pp. 164-178. Reproduced in William Appleman Williams, ed., *The Shaping of American Diplomacy: Readings and Documents in American Foreign Relations, 1750-1955* (Chicago, 1956). pp. 387-393.
- ³⁴Richard W. Leopold, *The Growth of American Foreign Policy: A History* (New York, 1967), p. 128.
- ³⁵James Ford Rhodes, *The McKinley and Roosevelt Administration, 1897-1909* (New York, 1922), p. 187.
- ³⁶Nelson Manfred Blake and Oscar Theodore Barck, Jr., *United States in its World Relations* (New York, 1960), p. 406.
- ³⁷Theodore Roosevelt also believed that an Anglo-American joint stand in relation to China

would be advantageous to American commerce in China. Theodore Roosevelt to Charles Arthur Moore, 14 February 1898. Elting E. Morison, selected and edited, *The Letters of Theodore Roosevelt* (Cambridge, Massachusetts, 1951), p. 772. Senator Albert Beveridge said in 1900: "Our largest trade henceforth will be with Asia. The Pacific is our ocean . . . And the Pacific is the ocean of the commerce of the future," Richard Hofstadter, *Social Darwinism in American Thought* (Boston, Mass., 1955), p. 180.

³⁸Blake and Barck, n. 36, p. 410. For a history of the Open Door see Earl H. Pritchard, "The Origins of the Most-Favored Nation and the Open Door Politics in China", *Far Eastern Quarterly* (Menasha), Vol. 1, pp. 161-172.

³⁹For a detailed analysis of the idea see the Introduction of Mingchien Joshua Bau, *The Open Door Doctrine: In Relation to China* (New York, 1923). American business interest was very much instrumental in persuading the administration to send the Open Door note. See Charles S. Campbell, Jr., "American Business Interests and the Open Door in China", *Far Eastern Quarterly*, (November 1941), vol. 1, pp. 43-58.

⁴⁰For the full text of the Open Door Note see Ruhl J. Bartlett, ed., *The Record of American Diplomacy: Documents and Readings in the History of American Foreign Relations* (New York, 1948), pp. 409-11.

⁴¹Paul H. Clyde, *United States Policy Toward China: Diplomatic and Public Documents, 1839-1939* (Durham, 1940), pp. 215-216. Emphasis added.

⁴²For detailed discussion see Raymond A. Esthus, "The Changing Concept of the Open Door, 1899-1910", *Mississippi Valley Historical Review* (Lincoln, Nebraska), Vol. 46, pp. 435-454.

⁴³*Ibid.*, p. 453.

⁴⁴Kenneth Scott Latourette, *A Short History of the Far East* (New York, 1951), pp. 447-48.

⁴⁵Dollar diplomacy had already been applied to Latin America. Now for the first time it was being applied to the Far East.

⁴⁶Thomas A. Bailey, *A Diplomatic History of the American People* (New York, 1958), pp. 531-532.

⁴⁷Samuel Flagg Bemis, *A Short History of American Foreign Policy and Diplomacy* (New York, 195), p. 361.

⁴⁸Richard W. Can Alstyne, *American Diplomacy in Action* (Stanford, California, 1947), p. 279.

⁴⁹See Noel Pugach, "Making the Open Door Work: Paul S. Reinsch in China, 1913-1919," *Pacific Historical Review*, vol. 38, pp. 157-175 Also see Paul S. Reinsch, *An American Diplomat in China* (New York, 1922).

⁵⁰Charles A. Beard (with the collaboration of G.H.S. (Smith), *The Idea of National Interest: An Analytical Study in American Foreign Policy* (Chicago, 1966), p. 186.

⁵¹Reinsch, n. 49, p. 65.

⁵²The United States entered the First World War a debtor to foreign countries to the extent of \$3 billion, and emerged as a net creditor, exclusive of Allied debts, to the extent of \$6 billion. See Broadus Mitchel, *Depression Decade: From New Era Through New Deal, 1929-1941* (New York, 1955), p. 6.

- ⁵³Between the Years 1913 and 1928, American trade in China increased from Hk. Tls. 34, 427,000 to Hk. Tls. 207,541,351. See Wang-Ai-Tsiang, "Foreign Trade Missions to China: A Chinese Reaction", *China Weekly Review* (Shanghai), vol. 55, 27 December 1930, p. 152. In 1928 1 Tael was equivalent to \$0.71. See William W.L Wan, translated, *The Rise of the New People's Democratic Economy, 1927-1937* (Honolulu, 1969), p. 4.
- ⁵⁴For the text of the Treaty see *Papers Relating to the Foreign Relations of the United States: 1928* (Washington, 1943), vol. II, pp. 475-477.
- ⁵⁵Fang Fu-an, "China's Economic Relations with America" *China Weekly Review*, vol. 53, 26 July 1930, p. 311.
- ⁵⁶Y. H. Moh, "Analysis of Sino-American Economic Relations", *China Weekly Review*, vol. 73, 8 June 1935, p. 68.
- ⁵⁷Rose Leibbrand, "America's Economic Foothold in China" *China Weekly Review*, vol. 53, 16 August 1930, p. 415.
- ⁵⁸*Ibid.* In 1928 exports from the United States to the Kwantung leased territories were G \$4,227,000 and the imports G \$2,650,000. This was essentially trade with Manchuria and so should also be reckoned in trade with China. See *China Weekly by Review*, Vol. 47, 15 December 1928, p. 34.
- ⁵⁹*China Weekly Review*, Vol. 47, 15 December 1928, p. 34 gives a detailed list of articles and their quantum exported to and imported from China to America in 1928.

U.S. Exports to China

Cotton	87,000	bales
Flour	523,000	bar
Donglas Fir	120,394,000	feet
Fuel Oil	710,000	barrels
Gasoline	129,000	barrels
Kerosene	2,992,000	barrels
Lubricating	274,000	barrels
Paraffin	36,000	lbs.
Steel	6,378	\$US
Copper	6,132,000	lbs.
Dyes	11,330,000	lbs
Cigarettees	5,965,000	mille
Tobacco	81,627,000	lbs.
Paper and Products	1,254,000	lbs.
Machinery	3,247,000	\$US
Silver	68,826,000	ounces
Electric goods	1,519,000	\$US
Autos and Trucks	269,086	\$US

U.S. Imports from China

Raw Silk	7,484,999	lbs.
----------	-----------	------

Waste Silk	3,439,000	lbs.
Carpet wool	404,249,000	lbs.
Goat Skins	5,745,000	pcs.
Carpet	300,000	yrds.
Wood Oil	79,264,000	lbs.
Bristles	1,939,000	lbs.
Tea	5,185,000	lbs.
Peanuts, shelled	41,144,000	lbs.
Antimony	3,490,000	lbs.
Egg products	4,512,000	lbs.
Furs	14,380,000	\$ US
Silk Fabrics	2,407,000	yrds.
Cotton	25,800,000	lbs.

⁶⁰Leibbrand, n. 57, p. p. 415. The Haikwan Tael was merely a "book currency" which did not exist in reality. It was used for the valuation of all Chinese imports and exports. (Gold Parity - 66.85 cents = 1 Shanghai Tael) (No regular parity). See Frederick V. Field, ed., *Economic Handbook of the Pacific Area* (Garden City, N. Y., 1934), pp. 327,320.

⁶¹Ibid. The total value of Sino-American trade in 1920 was Hk. Tls. 210.3 million. In 1930 it rose to Hk. Tls. 364.3 million. See Harold M. Vinacke, *A History of the Far East to Modern Times*, Fifth Edition (New York, 1950), p. 478. In U.S. \$, in 1928 American export trade to China amounted to \$138,000,000, see U. S. Bureau of the Census, *Historical Statistics of the United States. Colonial Times to 1957*. (Washington D.C. 1960), p. 550.

⁶²Benson-Currie, "The China Market - A Survey", *China Weekly Review* vol. 53, 23 August 1930, p. 152. Although Hongkong was the second largest exporter to China yet large portion of its credit went to Britain because Hongkong was a British settlement and the Britishers were the first foreign traders to develop commerce on a large scale in China. See *Leibbrand, n. 57, p. 415*.

⁶³Currie, n. 62, p. 152.

⁶⁴Ibid. It gives total volume of trade as Hk. Tls. 1,297,008,000. It should be Hk. Tls. 2,297,008,000. In 1929 Hk. Tl. 1 was equivalent to \$0.64. See Wan, n. 53, p. 4.

⁶⁵Moh, n. 56 p. 68.

⁶⁶Fang Fu-an, n. 55, p. 311.

⁶⁷Moh, n. 56, p. 68.

⁶⁸The following is the list for both secured and unsecured loans to the Chinese Government:

	<i>U.S. Gold (\$)</i>
Hukuang Rly. loan	7,994,165
Continental & Commercial Trust & Savings Bank of Chicago Loan	9,130,000
Pacific Development Corporation Loan	9,969,666
Grand Canal Loan	1,656,000
Other Unsecured Loans	146,590

Private Loans from American Commercial firms	11,814,922
Chinese Government Bonds subscribed by American interests (estimate)	1,000,000
Total U.S. Gold	\$41,711,346

Source: Ibid.

⁶⁹Ibid. *Far Eastern Review*, January 1930, gives another estimate. "There are several estimates for American investments in China. Prof. Remer places the missionary investment at \$50,000,000 with an annual expenditure for upkeep, of \$10,000,000 including the Rockefeller Institute." Quoted in Fang Fu-an, n. 55, p. 311.

⁷⁰Robert T. Ferrel, *American Diplomacy in the Great Depression: Hoover-Stimson Foreign Policy, 1929-1933* (New Haven, 1957), p. 2.

⁷¹Ibid., pp. 2-3.

⁷²For a graphic description of the wall street crash see John Kenneth Galbraith, *The Great Crash: 1929* (London, 1955), pp. 86-102; Mitchel, n. 52, pp. 28-30.

⁷³Galbraith, n. 72, p. 152. Intensity of the depression, however, began to decline after Franklin D. Roosevelt came to the White House and Adolf Hitler to the Reichschancery in Berlin in 1933. See Goronwy Rees, *The Great Slump: Capitalism in Crisis, 1929-33*. (London, 1970), p. 280.

⁷⁴Galbraith, n. 72, p. 152. For a clear picture of the State of American national production see Murray N. Rothbard, *America's Great Depression* (Princeton, New Jersey, 1963), pp. 296-304.

⁷⁵Rees, n. 73, p. 121. The fall in the price of silver also contributed to world-wide depression.

⁷⁶United States trade with China (Five Year Averages; in millions of dollars, and as percent of total Imports and Exports):

	Value		Percent	
	<i>Imports</i>	<i>Exports</i>	<i>Imports</i>	<i>Exports</i>
1910-14	38.5	31.4	2.3	1.4
1921-25	160.7	128.7	4.7	2.9
1926-30	155.9	134.6	3.9	2.8
1931-35	55.5	75.6	3.2	3.7

See Miriam S. Farley, "America's Stake in the Far East, I, Trade", *Far Eastern Survey* (New York), vol. V, 29 July 1936, p. 168.

⁷⁷Similar view was expressed in the U.S. Senate on 10 December 1931 by Senator Key Pittman of Nevada who happened to be the Chairman of a sub-committee of the Foreign Relations Committee of the United States Senate, appointed to enquire into the causes of decline in the Sino-American trade. See *Congressional Record*, 72, 1, 10 December 1931, vol. 75, p. 290.

⁷⁸From 1932 onwards the value of exports (including reexports) of U.S. merchandise to China was always less than \$500,000. See *Historical Statistics of the United States*, n. 61, p. 550.