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Chapter I.
TRADE WITH EASTERN ASIA.

Conditions of Trade

The conditions under which trade and business were carried on in China and Japan in the middle of the last century were very different from those which obtained elsewhere. Trade between the United States and most of the commercial nations of the world has for many years been so well founded that it has not been absolutely dependent upon treaties. But in the case of China and Japan, nations which had until almost the middle of the nineteenth century been largely or wholly closed to the outside world, and whose inhabitants and trade customs differed so widely from those existing in other parts of the world, trade was much more closely dependent upon the commercial treaties which the United States succeeded in negotiating.

The first American treaty with China, negotiated by Caleb Cushing in 1844, secured for the United States privileges similar to those which Great Britain had obtained in 1842 as a result of the "Opium War." The ports of Canton, Shanghai, Ningpo, Amoy and Fuchow in southern China were opened to trade. American citizens and their families were permitted to reside and trade at the open ports. Import and export duties were prescribed in a tariff which was made part of the treaty. American consuls were to be allowed at the treaty ports. An important provision of the treaty
secured to citizens of the United States, who might commit crimes in China, the right to be tried and punished only by the consul or other public functionary of the United States so authorized, according to the laws of the United States. Extra-territorial rights of this sort were insisted upon by all Western Powers making treaties with China because they were not willing to subject their citizens to the laws and methods of punishment which prevailed in China.

For fifteen years following 1850, China was the scene of a terrible civil war, the so-called Taiping Rebellion which devastated the country and seriously handicapped foreign trade at the open ports. The turbulent conditions prevailing there caused the United States and several European countries to desire an extension of treaty rights. The United States cooperated with the governments of Great Britain, France and Russia which were likewise trying to obtain revised treaties. Efforts to obtain additional concessions and a further opening of the country resulted in a war waged on China by Great Britain and France from 1856 to 1858 and which was not finally settled until the Treaties of Tientsin of 1860.

The American minister who followed in the wake of the allied fleet was able to secure a revised commercial treaty on June 18, 1858 and a supplementary claims convention on November 8 of the same year. By the terms of the commercial treaty the appointment of an American minister to China was provided for, with the right to correspond on terms of
equality with officers of the privy council. Citizens of the United States were permitted to rent building or sites on which to build hospitals, churches, cemeteries or places of business in treaty ports, but were not allowed to go into the interior. Christianity was recognized and protection guaranteed to missionaries. The tariff duties were to be the same as those of the Treaty of Wanghai of 1844, except as modified by treaties with other nations. The last article provided that any privilege or right granted to any other nation connected with navigation, commerce, political or other intercourse should freely inure to the benefit of the United States and its citizens.²

Under this most favored nation clause the Americans shared in the privileges secured by the treaties negotiated by the other powers, including the opening of ten more ports, the right to trade on the Yangtze River and the right to travel in the interior of the country. Under the claims convention it was agreed that 500,000 taels or about $700,000 would be paid out of the tonnage, import and export duties on American vessels at Canton, Shanghai and Fuchow in full satisfaction of the claims of American citizens.³

During the decade of the sixties China made treaties with other European powers granting additional concessions. A treaty with Denmark in 1863 first opened the coasting trade of China to foreign nations. By this time sixteen ports were open to trade including Tientsin, Nanking, Hankow and Chinkiang.⁴
But conditions were still far from favorable to the development of an extensive trade in China. The great bulk of the population was still beyond the reach of the foreign merchant, due to the size of the country and the lack of transportation facilities. Only a narrow area near the open ports offered opportunities for the sale of foreign goods.

The central government with which definite contact was first established in 1658 had been greatly weakened by the Taiping Rebellion. A large degree of provincial autonomy existed and this decentralization of government made the enforcement of the treaties difficult. Furthermore the effect of the "gunboat policy" by which China had been opened to trade was, that, while the government signed treaties of peace and friendship with foreign powers, it remained antagonistic to them.

As one result of the Taiping Rebellion the collection of the foreign customs duties was taken over by foreigners, first at Shanghai, but later the system was extended to all the treaty ports. Another institution growing out of the rebellion was that of "likin" or internal customs duties. They were instituted to help defray the cost of suppressing the rebellion, and were levied at customs barriers placed every few miles along the trade routes of the empire. Likin taxes were levied by the provincial Chinese authorities on goods passing between the interior and the treaty ports. Under the treaties foreign goods were to be exempt from
likin duties and pay only the tariff and certain transit
dues on goods shipped into the interior. Supplementary
articles attached to the Tientsin Treaty between Great
Britain and China provided that transit dues should be one-
half of the tariff dues and duty free goods were to be
liable to a transit duty of two and a half per cent ad val-
orem.\(^5\) The local authorities, however, continued for
several years to levy likin duties on foreign goods, refusing to recognize in the practice a violation of the treaty.
The American consul at Amoy in 1867 reported that the likin
tax was more than double the amount of the tariff duty.\(^6\)
At this port and certain others in districts where the
likin was particularly oppressive the import and export
trade was for a time practically paralyzed. Other condi-
tions which tended to make trade difficult and uncertain
were the extreme poverty of the inhabitants, disastrous
floods, local disturbances and threatened and actual
insurrections against foreigners.

Conditions in Japan were on the whole more favorable.
Although Japan was later than China in opening her ports
to foreign trade and intercourse, she made much more
rapid progress in adopting western ways, due to the fact
that the country was small and compact, making communi-
cation more easy; that the government after the fall of the
Shogun and the abolition of feudalism became strong and
centralized; and to the fact that the people possessed a
lively patriotism and competent leaders.
The United States was directly instrumental in opening Japan to trade. The Perry Expedition of 1854 resulted in a treaty by the terms of which Americans were allowed to enter the ports of Hakodate and Shimoda and to have a consul at Shimoda. Trade was to be carried on however under the supervision of Japanese officials.

During the next two years the British, Russian and Dutch governments secured treaties from Japan. By the use of the "most favored nation" clause the sum total of foreign rights in Japan by 1856 was the privilege of trading at Nagasaki, Hakodate and Shimoda under Japanese regulations, of residing at the open ports and of appointing consuls at Shimoda and Hakodate. Extra-territorial rights were also provided for.

Townshend Harris, American representative in Japan from 1856 to 1862, negotiated in 1858 the first important commercial treaty with Japan, one which became the basis of her foreign relations until near the close of the century. By its terms the United States was allowed to have a diplomatic agent at Yedo and consular agents at all the open ports. The following new ports were to be opened: Yokohama and Nagasaki on July 4, 1859, Niigata or some substitute on January 1, 1860 and Hiogo on January 1, 1863. After January 1, 1862 the right to reside in Yedo was to be permitted and in 1863 the right to trade in Osaka. In all open ports Americans were to be allowed to reside, lease ground and erect warehouses. Free exercise of religion was
permitted and the right to build places of worship. Tariff provisions attached to the treaty included a duty of five per cent on ships' supplies, provisions and breadstuffs, coal, timber, raw silk, lead, tin, etc. A thirty-five per cent import duty was placed on intoxicating liquors and twenty per cent on other imports. Duties on all exports were fixed at five per cent. A revision of the tariff was provided for, if desired, in 1864.

The signing of this treaty precipitated a crisis in the internal affairs of Japan. Japan was still a feudal state in 1858, with actual control of the government centered in the hands of the Shogun, the leader of the feudal nobles. The Mikado, who was regarded by the foreigners as a sort of high priest and of whose existence they were only vaguely aware, did not sign the treaties with the foreigners. But forces were at work undermining the position of the Shogun and these anti-Shogun forces soon became anti-foreign. Trade and business was thus necessarily handicapped, due to the weakness of the central government, until in 1867 the final overthrow of the Shogun restored the Emperor to power. From this time trade with foreign powers increased quite rapidly.

Business Interests in China

The period after 1860 saw the failure or withdrawal of a large part of the American business interests in China. The first generation of pioneer traders in China disappeared.
In the earlier period wealthy merchants, representing flourishing firms in America, had established houses in China with branches at the lesser ports. Some of them amassed great fortunes and were princely in their hospitality and display. With the general convulsion of commerce which followed the close of the Civil War and the subsequent depression this order of things changed. Some of the oldest and most honored names disappeared entirely. The operations of others were no longer on a grand scale. Much of the buying and selling of the treaty ports began in the sixties to pass from the hands of foreign merchants to native traders, who rapidly learned to manage it themselves. The Chinese also became direct importers, being able to compete successfully with foreigners because they could do business on a much smaller profit. They established agencies in London, Marseilles, San Francisco and New York and were thus able to transact business without middlemen.\textsuperscript{11}

This development of Chinese enterprises affected English, German and American business alike. In 1878 there was reported the failure of two foreign firms of long standing, one German and one American. The house of Olyphant and Company was one of the oldest American mercantile firms established in China, and for many years had transacted a fair share of the trade between the United States and China.\textsuperscript{12} The record of its failure indicates the general character of American enterprises in China.
during the period.

Olyphant and Company had about two years previously accepted a contract from the Peruvian government under which a line of steamers was to be established between China and Peru for all purposes of trade but evidently having for its primary purpose the transportation of Chinese laborers to Peru. The Peruvian government was anxious to secure a supply of cheap coolie labor but Chinese authorities were strongly averse to the emigration to Peru. The traffic in Chinese coolies, by which ignorant laborers were decoyed into stations or on to ships, detained by force and then shipped to different countries in America, Cuba and Australia, had been going on since the fifties. The vessels of all nations had been drawn into the transportation of these laborers, at Hong-Kong a total of 70 vessels of which 22 were American being engaged in 1857. The evils of the traffic finally aroused the attention of this government and in 1862 an act was passed prohibiting Americans and American vessels from engaging in the trade. American consuls were also instructed to encourage the local Chinese authorities in adopting measures to end the coolie traffic.

The project of Olyphant and Company to ship coolies to Peru was therefore contrary to American law and was opposed by Chinese authorities. Unsuccessful efforts were made to load a vessel at Hong Kong and Canton and the heavy outlay of the company was supposed to have been the cause
of their failure.\textsuperscript{14}

The largest American enterprise in China during this period was the Shanghai Steam Navigation Company owned and operated by Russell and Company with headquarters at Shanghai. This company engaged in trade on the Yangtze-Kiang and the coast waters of China. By 1870 the immense traffic of the Yangtze was carried almost entirely on American steamers of this line. As late as 1876 it was reported from Ningpo that American steamers had the larger share of the business of that port, there being 228 American steamers entered, 142 Chinese, 39 British and 10 German. It was the development of a Chinese enterprise backed by Chinese government which finally forced the American company out of business. In 1877 Russell and Company sold all its interests, property and steamers to the China Merchants Steam Navigation Company for two million taels. The China Merchants Company had received aid from the Chinese government, rice freights being paid to them which were twice as high as could have been secured in open market, and rebates were granted on other goods. In 1876 when there was a prospect of more ports being opened to trade, Li Hung Chang, patron of the line, encouraged them to extend their operations and the Chinese government advanced more than a million taels used to buy out the American line.\textsuperscript{15} The result was that the American flag surrendered its precedence and almost disappeared from the Yangtze River, and American influence and position in China suffered a great loss,
Trade with China and Japan

The following table shows the value of the domestic exports of the United States to China and the imports from China for the years 1860 to 1876:

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1860</td>
<td>$7,170,784</td>
<td>$13,366,537</td>
</tr>
<tr>
<td>1861</td>
<td>5,309,724</td>
<td>11,351,719</td>
</tr>
<tr>
<td>1862</td>
<td>4,293,158</td>
<td>7,459,318</td>
</tr>
<tr>
<td>1863</td>
<td>5,030,818</td>
<td>10,961,064</td>
</tr>
<tr>
<td>1864</td>
<td>7,703,564</td>
<td>10,165,414</td>
</tr>
<tr>
<td>1865</td>
<td>6,502,898</td>
<td>5,130,643</td>
</tr>
<tr>
<td>1866</td>
<td>8,632,088</td>
<td>10,132,633</td>
</tr>
<tr>
<td>1867</td>
<td>8,786,145</td>
<td>12,112,440</td>
</tr>
<tr>
<td>1868</td>
<td>9,521,786</td>
<td>11,385,924</td>
</tr>
<tr>
<td>1869</td>
<td>10,258,178</td>
<td>13,269,121</td>
</tr>
<tr>
<td>1870</td>
<td>6,421,165</td>
<td>14,623,127</td>
</tr>
<tr>
<td>1871</td>
<td>3,920,218</td>
<td>20,066,315</td>
</tr>
<tr>
<td>1872</td>
<td>7,714,935</td>
<td>26,753,535</td>
</tr>
<tr>
<td>1873</td>
<td>7,336,693</td>
<td>27,191,940</td>
</tr>
<tr>
<td>1874</td>
<td>8,699,965</td>
<td>18,603,712</td>
</tr>
<tr>
<td>1875</td>
<td>8,762,004</td>
<td>14,683,256</td>
</tr>
<tr>
<td>1876</td>
<td>10,588,082</td>
<td>12,854,541</td>
</tr>
<tr>
<td>1877</td>
<td>17,158,334</td>
<td>12,312,636</td>
</tr>
<tr>
<td>1878</td>
<td>20,051,858</td>
<td>13,128,042</td>
</tr>
</tbody>
</table>


The above figures include the trade with the British port of Hong Kong, through which much of the merchandise of southern China was shipped. They include also exports of both merchandise and of coin and bullion from this country. The shipments of bullion and specie were especially large in the later years so that in 1878 when exports to China alone amounted to $11,460,698, the value of the merchandise shipped was but $3,803,192.16

The value of the trade shows considerable fluctuation. Both imports and exports declined during the Civil War and
tended to increase after it. The high point reached by imports from China in 1872 and 1873 was caused by unusually heavy shipments of tea during that period. Tea merchants, supposing that the removal of the duty on tea in the United States would be followed by a large increase in consumption here, sent heavier shipments than ever before. The result was a great reduction in the selling price without the expected increase in consumption.\textsuperscript{17} Figures for the next years show a return back to a normal trade.

Fluctuations in the export trade can likewise be traced largely to the developments in the cotton goods trade.*

The trade with Japan, shown in the accompanying table, increased from practically nothing in 1859 to over $10,000,000 in 1878 with the imports constituting about two-thirds of the whole amount.

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1859</td>
<td>$89,856</td>
<td>$295</td>
</tr>
<tr>
<td>1860</td>
<td>42,769</td>
<td>55,091</td>
</tr>
<tr>
<td>1865</td>
<td>915,665</td>
<td>285,176</td>
</tr>
<tr>
<td>1870</td>
<td>1,647,197</td>
<td>4,183,365</td>
</tr>
<tr>
<td>1875</td>
<td>7,772,302</td>
<td>7,541,625</td>
</tr>
<tr>
<td>1879</td>
<td>2,770,272</td>
<td></td>
</tr>
</tbody>
</table>


The great articles of export from China and Japan were tea and silk. In 1875 the total value of the exports from Chinese treaty ports was 74,495,215 taels.** Of this

*See below, pp. 16-18.

**A tael was valued at $1.45.
amount 41,000,000 taels were of tea and 26,000,000 taels were of silk. The United States purchased some silk and a large amount of tea. Consumption of tea in the United States was mainly limited to green teas rather than the black which found such a great demand in England. In 1873 the United States purchased from China 149,210 piculs of green teas and but 74,539 piculs of black. Most of this tea was shipped from the ports of Foochow, Amoy, Shanghai and Formosa. At Amoy in south China tea was practically the only article of trade in which the United States was interested, as much as nine-tenths of the whole crop being shipped to this country in 1874.

Consular reports for the period show that after 1870 China teas began to lose favor. Foochow, from which Oolong teas were largely exported, sent to the United States in 1870 teas valued at $2,343,886. In 1876 teas exported to this country amounted to only $621,358 and by 1879 the total value had declined to $540,553. One cause of this depreciation was the fact that unfavorable seasons in the Foochow district in the years 1867 to 1869 caused the Oolong tea produced to be of inferior quality. Then too the introduction of Japan teas about 1860 which sold at lower prices caused American orders to be in large measure transferred to that country. Japan teas were of better quality since the leaves were picked from young plants. At Amoy the heavy likin taxes levied on teas in 1868 caused Chinese
merchants to resort to fraud. They mixed with their teas on their arrival in Amoy a large quantity of dust — as high as forty per cent of the total weight. This was sold to foreign merchants as good material and proved disastrous to many importers in the United States. Amoy continued to export large quantities of green teas to the United States however, their total value in 1876 being $2,723,149. After the opening of ports in Formosa, Oolong teas began to be shipped from there to the United States and found great favor since the soil there was new and rich. In 1869 the consul reported that the bulk of the tea grown in the island found its way to the United States. 22

The tea trade with Japan developed rapidly after 1860. The Japanese soon learned the manner of preparing tea for a sea voyage and the superiority of their green teas caused them to be in demand in this country. In 1862 two cargoes were shipped direct to New York from Kanagawa (Yokohama) and the export from that port reached a high point in 1875 when over five million dollars worth of tea was sold to the United States. Hiogo ranked second among the ports in the value of tea exports. The United States was the largest consumer of Japan tea, taking in 1875 about ninety per cent of the whole crop. 23

Trade in silk, while not large, showed a steady increase during the period. Silk exports from Kanagawa in Japan to the United States amounted in 1865 to $593,276. In 1879 from the same port raw and waste silk
exports were valued at $2,208,179, being worth about one-half of the tea exports for the same year. Shanghai was the great port of export for raw silk in China. In 1865 raw silk valued at $443,990 was shipped from there to the United States and ten years later the total value of the shipments had increased to $2,293,823, or more than five times the earlier amount. The paramount position of tea and silk among imports from China is seen from the fact that in 1875 out of imports from Shanghai of a total value of $10,367,453 the tea and silk imports together equalled $10,014,249.24

Other articles of import from Shanghai were straw braid, straw hats, matting, prepared opium, hair, furs, preserved ginger and curios. Straw hats were manufactured extensively at Ningpo and found their chief market in the United States. Sugar was shipped from Amoy and Swatow to San Francisco, valued in 1874 at about $345,00. From Canton the leading import was raw silk but the United States also purchased cassia, matting, firecrackers, fans, curios, china ware and some tea from that port. From HongKong to which goods were sent from many ports of south China for reshipment, came raw silk, rice, opium, sugar and sundries. Rice and opium were shipped entirely to San Francisco and were used by Chinese residents on the west coast. Camphor was imported from Formosa and Japan. From Japan were shipped also curios, fans, silkworm eggs in transit to Europe, and other miscellaneous articles of small value.
In 1874 foreign goods entering the treaty ports of China were valued at about $103,550,000 and consisted of opium from India worth $46,400,000, cotton goods worth $29,000,000, woolen goods valued at $6,525,000, metals worth $5,800,000 and sundries amounting to about $15,225,000. This it appears that opium constituted almost a half of the total imports of China and that the only articles of western production which found a large market there were cotton piece goods. It also explains why Great Britain was able to dominate the China trade.

Only five articles which came from the United States were classified in the statistics for 1874. These were coal, American drills, kerosene oil, quicksilver and lumber.

Of the whole, drills and piece goods constituted by far the largest amount.

In the years before the American Civil War a considerable export trade in cotton goods was developed. Exports rose from about $3,000,000 a year in 1840 to almost $11,000,00 in 1860. Most of these goods—plain, cheap, staple cotton cloths—were shipped to China where they were much in demand, due to the superior quality of cotton used, the excellence of the manufacturing and their comparative cheapness. Most of them were consumed in the colder northern part of the empire, in Mongolia and Manchuria. Tientsin was one of the largest markets in China for cotton goods and Newchwang, Chefoo and Shanghai also took large amounts. American cotton goods, drills, sheetings and jeans were in
demand at Newchwang for the Korea trade as early as 1865.\textsuperscript{27}

The Civil War brought a serious check to the export of American cotton goods. The English and Dutch began competing for the control of the trade in China, and, knowing of the reputation established by the American goods, they not only endeavored to imitate them, but also practised the counterfeiting of American trademarks.\textsuperscript{28} Other factors which gave the English an advantage over Americans were the cheap capital and cheaper labor obtainable in England and the fact that they had quicker and cheaper communication with Asia. English manufacturers began producing a cheap, inferior quality of cotton goods by a process called sizing, by which a clay material used in the manufacturing process reduced the weight of the cotton from one-third to one-half. These oversized goods were sold extensively in China but their obvious inferiority offered American goods a chance to recover their position in the China trade.

After the war trade in American cottons did improve up to 1869 and then almost disappeared for a few years. In 1870 the consul at Newchwang reported that not a single piece of American sheetings had reached that port during the year.\textsuperscript{29} It appeared that merchants and manufacturers had abandoned the idea that the superior quality of American textures made their goods more salable than those of other countries. In the next decade, however, the trade slowly revived. Shanghai in 1874 reported the import of 63,000 pieces of American drills, sheetings and continentals and by 1879 the number had increased to 1,288,000 pieces.\textsuperscript{30}
At Tientsin in the first nine months of 1879, 552,137 pieces of American goods were imported as against 168,333 pieces of English goods. The whole importation of American cottons into the treaty ports of China in 1879 amounted to 11,290,411 pieces, an increase of almost 2,000,000 over the previous year.31

American manufacturers were urged to maintain the quality of their goods in spite of the fact that British consuls and merchants maintained that the Chinese preferred the inferior British goods because their cheapness made them a necessity. Better methods in the preparation, wrapping, packing and shipment of goods were needed to insure their delivery in proper condition.

The Secretary of State in commenting on the prospects of American trade in 1877 said: "The great dominance of British over American trade in China is not due to any superiority of British over American manufacturers. On the contrary the consular reports from China to this department, for years back, have borne testimony to the superiority in style, finish and durability of our cotton manufactures and to their popularity in the Chinese market. The preponderance of British trade in China is due solely to the persistency and ability with which that trade is pressed upon that country; to the harmonious efforts of British officials and manufacturers in creating avenues to extend British trade and in monopolizing the avenues already open; to the manufacture of goods to suit the
tastes or prejudices of the purchasers; and to the seeming indifference of our manufacturers and exporters in regard to the trade of that country. By a reasonable amount of attention, by accommodating the tastes and peculiarities of the people, and by the most upright and honorable dealings, we can obtain like advantages.”

The seeming indifference of American manufacturers to opportunities for markets in the East was even more strikingly illustrated in the case of Japan. Cotton manufactures, cotton yarn, raw cotton and woolen goods constituted the larger part of her imports during this period. Practically eighty-five per cent of these came directly or indirectly from Great Britain. In 1879 the value of cotton goods imported from the United States into Japan amounted to only $73,000 and woolen manufactures to only $1,000. In the case of woolen goods it was recognized as futile to attempt competition with Great Britain. America had not yet reached the stage in its woolen manufacturing where it could claim to be independent of foreign manufacturers for a large supply of its own woolens, and therefore could hardly be ranked as an exporter of them. During the fiscal year 1879 the United States imported woolen goods to the amount of $24,355,000, while its exports thereof did not amount to $350,000.

The same situation did not obtain as regards cotton manufactures. It was represented by some of the American consuls in Japan that American goods could not be sold
there because they were too good and therefore too dear for that market, and that nothing could be done in that direc-
tion until the United States could produce goods at the same price as her commercial rivals. Probably a more
important reason was that no adequate means had been taken to bring them to the attention of the Japanese people.
The American minister, Mr. John A. Bingham, in reporting on the prospects of American trade in 1877, said that it was believed that a large market could be secured for American cotton productions by a direct effort through intelligent agents sent there by manufacturers and merchants in this country. Trade could not be secured by mere written correspondence, and Japanese dealers would not go abroad to select and purchase. Furthermore, more attention needed to be given to the production of goods of the quality, weight and width which the Japanese wanted.35

The Secretary of State summed up the situation with regard to the Japan trade in 1877 as follows: "The principal imports of Japan being cotton and woolen fabrics and manufac-
tures of iron and steel; the United States being able to compete with all nations in those articles; our proximity to Japan and the favorable feeling which prevails in that country toward American trade giving us further advantage; it only requires a decent effort on our part to increase our trade with that country tenfold as far as her imports are concerned. The trade of Japan even at its present volume is of sufficient importance to excite our commercial
enterprise; but when we come to consider that Japan is the gateway to the trade of the East, and when we further consider that this trade must yet attain to very large proportions, it becomes our immediate duty to avail ourselves of all honorable means to secure a leading commercial position in that country, so that we may be enabled to take part in the advantages which the future development of the trade of the East will undoubtedly offer."

The largest single item of American export to Japan was kerosene. Shipments first began about 1872 and by 1879 the total amount received in Japan amounted to over 17,000,000 gallons and was valued at $2,556,000. It was used throughout the Empire and was reported in 1879 as rapidly becoming a necessity in every household. In this field the United States had practically a monopoly of the import trade. Kerosene also was an important item of export from the United States to Shanghai, from which point it was shipped to the north and south ports of China and to Nagasaki, Japan. The consular reports show an increase from 110,000 cases in 1876 to 478,000 cases in 1879.

A small trade in lumber developed in China which was believed to offer prospects of extension in view of the probable demand and the abundant resources on the west coast of the United States. Timber was scarce in China and could no longer be secured from Japan due to the reckless cutting of the supply there. Export of timber was forbidden in the Russian Maritime Provinces and the
Ainoo-r River country, so that Oregon and Washington furnished the nearest and best source of supply.

Imported lumber was used for planking and repairing ships and junks, for roofs and floors of foreign houses and for household furniture. In 1877 two million feet of pine lumber were shipped from Puget Sound and Portland, Oregon to China, and the next year over eight million feet were imported. This large shipment so overstocked the market, however, that in 1879 no arrivals were reported. 38

Other articles which were mentioned from time to time as entering into the export trade of this country to China were lead, quicksilver, pigiron, anthracite coal, hardware, boots and shoes, tobacco, ginseng, flour and canned fruits. To Japan were sent small amounts of iron and lead manufactures, machinery, medicines, watches and clocks, canvas, glassware, beer and liquors, lamps, leather and provisions.

In addition to the possibilities which the cotton goods trade, amounting to $25,000,000 a year, offered to American business men, the metals trade was believed to offer distinct opportunities in China. In 1878 total imports of metals, consisting of copper, iron (bar and nail-rod), lead in pigs and tin in slabs, were valued at over $6,000,000. Sundries consisting mostly of coal, raw cotton, timber, ginseng, dry and salted fish, grain, matches and oils, and valued at over $9,000,000 also offered opportunities for the future development of American trade. 39

In Japan the demand for cotton, raw and manufactured,
iron manufactures including tools, engines, railroad bar and rod iron, nails and telegraph wire, all might be supplied from the United States. Europe, especially Great Britain and her possessions, were selling these goods to Japan to the value of from twenty-five to thirty million dollars a year. The United States minister reported in 1877 a conversation with the vice minister for foreign affairs in Japan in which they agreed that there was no reason why the chief exports of Japan, silk, raw and manufactured, silkworm eggs, tea and rice might not with advantage to both countries be exchanged for American products. 40

In China, however, the peculiar conditions of the country had always to be considered. Raphael Pumpelly, an American who had traveled extensively in the East, and who had been employed by both the Chinese and Japanese governments to make scientific explorations with a view to the discovery and development of coal mines, wrote in 1868:

"The foreign trade of China is as nothing when compared with the increase which we have a right to hope for; but the increase will require the introduction of steamers throughout the immense network of inland waters, the construction of long lines of railways and telegraphs, and the development of a great mechanical industry on the basis of the boundless resources of the Empire in coal, iron, raw materials, labor and capital. We have no right to expect that the dense population of China will readily welcome
these innovations. The government cannot force them on the people; their introduction can only follow a general conviction of the advantages to be derived from them. From the government we may ultimately get the right to reside in the interior and to treat with its subjects for the purchase of right of way, etc; but even this must be based on the strict observance of the treaties by foreigners.  "41

John Russell Young, who accompanied General Grant in his tour around the world in 1878 and 1879, reported that Chinese labor would not stand cheap American labor-saving machinery. Attempts were being made to introduce it but feeling was so strong among laborers as to forbid it. Chinese laborers belonged to guilds or trades unions and any attempt to establish a new machine or a labor-saving method was resisted.  "42

Banking and Exchange

Americans trading in Asia were at a considerable disadvantage in that all their banking and exchange transactions were carried on through London. American imports from Asia largely exceeded her exports to those countries. Tea imported into the United States from China was paid for by bills drawn upon London which were met by shipments of cotton and silver to England. For attending to this financing of the commerce of the East, London bankers charged commissions, as did the English banks in
China. It was suggested that American branch banks should be established at all the chief centers of trade in the East and issue credits and buy drafts direct on New York, San Francisco and other cities, thereby getting control of the American trade with Asia. The proposal was laid by Secretary Fish before the Secretary of the Treasury, George S. Boutwell, who wrote on January 1, 1873 that the question could not be acted upon by the government. He suggested, however, that the attention of the bankers of the country might be called to the matter, which might lead to similar advantageous results.\textsuperscript{43}

Another hindrance to foreign trade in China was the lack of a uniform medium of exchange. Duties collected on foreign goods were paid in tael or weights of silver. Each port in China had its own local tael, the weights varying in different ports. Foreign traders largely ignored them except in the case of customs duties. Mexican dollars had been introduced before 1860 and were used extensively by foreigners.

The United States consul at Hong Kong in 1872 suggested that an American dollar of the same intrinsic value as the Mexican dollar should be coined to serve as currency in China. He urged that a quantity of these dollars should be shipped on trial and if possible a declaration obtained from the Peking government declaring them legal tender in all trade transactions and for payment of custom house dues.\textsuperscript{44}
In 1873 upon recommendation of the Treasury Department a provision was incorporated in the mint bill, authorizing the issue of a silver coin of this character. It was hoped that this trade dollar would take the place of the Mexican dollar in China. At the same time it afforded an outlet for the silver produced from American mines.

During 1875 nearly four millions of these trade dollars were imported into the East by the Pacific Mail and the Occidental and Oriental Steamers. The trade dollars were not, however, as successful as had been anticipated. They obtained some circulation at Hongkong and the south China ports of Amoy, Swatow, Canton and Foochow. The trade dollar did not displace the Mexican dollar, however, and efforts to make it legal tender for the payment of customs dues at a fixed rate failed. As a result the coinage of the trade dollar was discontinued in 1877.45

**Importance of the Asia Trade**

A review of American trade in Asia from 1860 to 1880 shows that it did not occupy an important place in the foreign trade of this country or of that of China and Japan. The following table shows the total value of the Asia trade (China and Japan) compared to the total foreign trade of the United States.46
This shows that while imports from Asia were relatively more important than exports to that continent the two combined averaged only about 5 per cent of the total trade of the United States.

The trade of China was divided among many nations, including especially Great Britain, the British colonies, Japan, France, Germany and the United States. The great share of that trade which was monopolized by Great Britain alone is shown in the following table, which does not include HongKong or other British colonies:

### Annual Value of Trade of Treaty Ports in Taels*

<table>
<thead>
<tr>
<th>Year</th>
<th>Great Britain Imports &amp; Exports</th>
<th>United States Imports &amp; Exports</th>
<th>Total Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>1865</td>
<td>49,577,167</td>
<td>6,347,413</td>
<td>121,828,792</td>
</tr>
<tr>
<td>1870</td>
<td>59,019,580</td>
<td>8,935,925</td>
<td>132,990,513</td>
</tr>
<tr>
<td>1875</td>
<td>50,297,151</td>
<td>8,690,166</td>
<td>136,716,178</td>
</tr>
</tbody>
</table>

In 1873 the foreign trade of China was divided as follows:

Great Britain and colonies - 50\(\frac{1}{2}\) per cent; United States - 9\(\frac{1}{2}\) per cent; Japan - 4 per cent; France, Germany and others - 9 per cent.

*A tael equals $1.45.
In the case of Japan the consular reports do not furnish statistics of total trade for the years previous to 1876. The statistics of foreign trade which were taken from the customs reports of the Japanese authorities* for 1876 showed the trade divided as follows: 49

<table>
<thead>
<tr>
<th>Countries</th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Britain</td>
<td>$12,244,683</td>
<td>$2,566,403</td>
</tr>
<tr>
<td>British Colonies</td>
<td>2,649,645</td>
<td>1,350,969</td>
</tr>
<tr>
<td>China</td>
<td>4,444,094</td>
<td>2,641,945</td>
</tr>
<tr>
<td>United States</td>
<td>1,811,083</td>
<td>6,877,307</td>
</tr>
<tr>
<td>France</td>
<td>3,571,829</td>
<td>3,504,493</td>
</tr>
<tr>
<td>All Others</td>
<td>1,221,778</td>
<td>1,326,715</td>
</tr>
<tr>
<td>Total</td>
<td>$25,743,114</td>
<td>$18,077,838</td>
</tr>
</tbody>
</table>

Ordinarily the United States had about 25 per cent of the entire foreign trade of Japan, while Great Britain with Hong Kong and Singapore controlled 40 per cent. The United States shared most largely in the export trade, while Great Britain furnished about half of Japan’s imports. It was in this field in both China and Japan that the greatest opportunities were offered for the extension of American trade.

*The Consul General did not vouch for the correctness of these figures, which in the case of the United States appear to be much too low.
Chapter II.

AMERICAN POLICY IN CHINA.

Burlingame's Coöperative Policy

The American representative in Peking in the years following the negotiation of the Treaties of Tientsin, which first permitted diplomatic intercourse with China, was Mr. Anson Burlingame. Before accepting the post of minister to China in 1861, Mr. Burlingame had been a member of Congress for three terms and had served on the Committee on Foreign Affairs.

Upon his arrival in Peking and during the years he spent there Burlingame initiated an active policy of coöperation with the representatives of the other treaty powers in China. The foundation of American policy in China goes back to 1844, when the first American treaty by its "most favored nation" clause pledged this government to an "open door" policy for China. The United States has never receded from this position; the important question has been in regard to the method by which it may be made effective - whether by isolated or coöperative action.\(^1\)

The significant thing about the policy of Secretary of State Seward and Burlingame as formulated and carried out in China during the sixties was its insistence on coöperative action.

Circumstances favored the adoption of Burlingame's views at this particular time. By the Treaties of Tientsin
the powers had secured from China valuable concessions in
the way of trading privileges and the right of diplomatic
intercourse with the Peking government. They were not dis-
posed to make further demands. The best way to secure the
fulfillment of treaty obligations was to cooperate. Bur-
lingame's colleagues, especially Sir Frederick Bruce, the
British representative, heartily sympathized with his
views.

That Burlingame was entirely in sympathy with the
difficult situation of the Chinese government, menaced by
civil war and having just concluded a humiliating peace
with two foreign governments, is shown in the following
statement to Seward: "... if the treaty powers could
agree among themselves to the neutrality of China, and to-
gether secure order in the treaty ports, and give their
moral support to that party in China, in favor of order,
the interests of humanity would be subserved ... ."

Seward too was careful not to disregard Chinese rights
though he insisted that American life and property be
respected. In instructions to Burlingame concerning the
course to be pursued in regard to the Taping Rebellion
Seward declared it to be his duty "... to act in the
spirit which governs us in intercourse with all friendly
nations and especially to lend no aid or countenance to
the rebellion against imperial authority ... ." These
instructions were not however to be followed so far as
to jeopardize American lives or property. The agents of
France and Great Britain were supported by land and naval forces while the American minister was not. He concluded, "The interests of this country in China, so far as I understand them are identical with those of the nations mentioned. You are instructed to consult and cooperate with the ministers of France and Great Britain, unless in special cases there shall be satisfactory reasons for separating from them."3

The method which Burlingame used to bring about accord among the diplomats at Peking on questions of policy was by conversations with the various ministers to determine the ulterior purposes of the treaty powers. In June of 1863 he reported conversations with the Russian minister, Mr. Balluzcek, and with Sir Frederick Bruce, in which the former stated that his government did not desire to menace the territorial integrity of China but to bring it into the family of nations.4 Bruce, with whom Burlingame discussed the questions of the custom house, territorial concessions and the policy of the foreign powers toward the Taiping Rebellion, urged a cooperative policy and said that he was willing to lead in bringing it about.5 The French minister, Mr. Berthemy, arrived later and entered heartily into the policy of cooperation.

The policy thus agreed upon in 1863 by the representatives of Great Britain, France, Russia and the United States may be summed up under the following heads: (1) Not to ask for or take concessions of territory in the treaty
ports or to menace the territorial integrity of China; (2) not to take part in the internal struggles of China beyond what was necessary to maintain treaty rights; (3) to disapprove the policy of lending government officers to lead the Chinese armies and suggest that foreigners for instruction be chosen if possible from the smaller treaty powers; (4) to support the foreign custom house service as the best method of collecting the indemnity, strengthening the Chinese government and checking the corruption of local revenue officers. 6

Seward wrote on September 9, 1863 expressing the President's and his own hearty approval of the policy of cooperation, describing it as being able and wise. He pointed out, however, its inherent weakness when he said that he feared that this beneficial policy would fall into disuse should the ministers who adopted it give place to less intelligent and able statesmen. 7

The policies as agreed upon by the foreign ministers were communicated by Burlingame to the various American consuls in China for their guidance, the letters having first received the approval of the British, French and Russian ministers.

An important feature of the cooperative principles from the American point of view was that in regard to concessions in the treaty ports. Each of the treaties of 1858 contained a clause permitting subjects of the respective governments to acquire land for building sites
at each of the open ports. For greater convenience the consuls of the different powers chose a considerable area for subdivision among their countrymen. These tracts soon came to be regarded as concessions of territory, forming no longer parts of the Chinese Empire. A large number of natives attracted by the security to life and property at the open ports settled on foreign concessions. At Shanghai the area under control of the foreigners covered nearly 10 square miles and in 1863 had a population of nearly one million. The extra-territoriality clause might easily have been extended to cover this native population had the idea that the foreign settlements were concessions of territory been sustained. Burlingame writing to George F. Seward, American Consul-General at Shanghai, in March, 1864 stated that he did not believe that Americans should take jurisdiction of Chinese in Shanghai, or foreigners of non-treaty powers, even though Chinese authorities might desire it. The object should be rather to strengthen the Chinese in administration of their own affairs, and to see to it that they did not shirk their treaty obligations. Sir Frederick Bruce took a like view of the question, expressed in letters written to the British consuls in May of the same year. He said that a lease to the British government gave no jurisdiction over territory itself, but that the land remained subject to the sovereignty of China.
The French were not entirely in sympathy with this view. At Ningpo the French consul, Mr. Edan, tried early in 1863 to get a concession of a portion of the city to the French government. Mr. Magrum, the American consul, opposed the attempt because the concession asked for included the most valuable part of the settlement and a large portion of the property owned by American missionaries there. He referred the matter to Burlingame. The latter in an interview with the Chinese authorities supported Magrum, on the ground that any concession of territory would be an abridgement of American treaty rights and also that it was in violation of an arrangement previously made by the American, English and French consuls, declaring the tract in question a foreign concession. He warned the Chinese that such national concessions would be the beginning of the disruption of the Empire. In reporting the matter to the State Department on April 18, 1863, Burlingame said that he was aware that the British residents thought they had a quasi-territorial concession at Shanghai and that the French were apparently in a race with them to see which could secure the most. The American minister brought the question to the attention of the British, French and Russian ministers in many conversations and found that his views accorded with theirs. He considered their agreement a guarantee of the territorial integrity of the Chinese Empire.
In 1867 the question of pilot regulations was settled by cooperative action. The consuls of the various powers had not been able to agree and jealousies developed out of the selection of pilots. At Newchwang the British consul framed regulations, by which no British ship could be brought into port by any but British pilots. Burlingame opposed these regulations as illegal and unjust and secured the support of the French, Prussian and Russian representatives. Sir Rutherford Alcock, who had succeeded Bruce as British minister, finally suspended the operation of the regulations. It was then agreed on the suggestion of Mr. Hart, foreign inspector general of customs, to place all matters relating to pilotage under control of the commissioner of the Chinese customs. The result was that a set of pilot regulations was agreed to by the representatives of the treaty powers and put into operation. 12

In a letter to Seward of April 10, 1867, Burlingame reviewed the accomplishments of the cooperative policy as affecting China and its relation to foreign powers. He declared that when he came to China in 1861 the force policy was the rule, but that fortunately it had been recognized by the powers that the day for force was over and that it was necessary to proffer fair diplomatic action as a substitute for the old views. Under this policy there had been great development, missions extended, trade increased threefold, scientific men employed, Wheaton's "International Law" translated and adopted,
military instruction accepted, nearly one hundred able men received into the civil service, steamboats multiplied and the way slowly opened for future telegraphs and railroads. 13

Another viewpoint was expressed by Edward Cunningham, head of Russell and Company and of the foreign municipal government of Shanghai, in a letter to "The Nation" of January 6, 1870, in which he denied that Burlingame had inaugurated everything of a friendly nature that had been done by foreigners for China. He declared instead that the system of friendly advice and help had in reality become the rule fully six years before Mr. Burlingame saw China and had been the system on which every American minister to the country had acted for the last twenty-five years. 14 However the events preceding 1861 would not indicate that friendly advice and help had been dominant in the policies of foreign nations in China.

The Burlingame Treaty.

Late in 1867, Burlingame announced his intention of resigning his post in Peking. The Chinese government thereupon asked him to act as its ambassador to the treaty powers. The decision to send an embassy to the United States and Europe was in itself a revolutionary step for China to take and the selection of an American to head it indicated the high esteem in which Anson Burlingame was held in Peking. The motive of the Chinese in 1867 is probably to be found in the fact that the British Treaty
of Tientsin was due to be revised the next year and they feared that further demands might be made upon them, especially the opening of China for railways and telegraphs. Burlingame's acceptance of the position was due to his desire to secure definite agreements with the governments to replace the personal policy of the ministers of the treaty powers, since cooperation had tended to break down after the departure of Sir Frederick Bruce.15

The mission arrived in Washington in June, 1868, and consisted of Burlingame, two Chinese ministers of the second rank, together with their retinue. Burlingame announced that the Chinese government now accepted the system of International Law in use among the Western Powers and was about to open a regular diplomatic intercourse, not only with the United States, but with Belgium, Denmark, France, Great Britain, Holland, Italy, North Germany, Russia, Spain and Sweden. The President welcomed the coming of the Legation as an evidence of the growth of mutual trust and confidence as well as of the sagacity of the Chinese government.

The treaty which was drawn up in Washington is usually spoken of as the Burlingame Treaty. There was no formal exchange of notes and protocols, but the various points were agreed upon by the Secretary of State and the three "Tajen" in verbal conference. These were drawn up July 23, 1868 in the form of Supplementary Articles to the Treaty of Tientsin.16
Articles I and II declared that the sovereignty and integrity of China must be maintained and the door for equal opportunities in trade must be left open to all nations. It was further agreed that grants of land to United States citizens for purposes of trade were not to deprive China of jurisdiction over those places, thus striking down the concession doctrine. In Article VIII the United States disclaimed and disavowed any intention or right to intervene in the domestic administration of China in regard to the construction of railroads, telegraphs or other material internal improvements. At the same time the United States engaged to nominate, if desired, suitable engineers to be employed by the Chinese government. Article V dealt with the question of Chinese immigration to California by declaring that "The United States of America and the Emperor of China cordially recognize the inherent and inalienable right of man to change his home and allegiance, and also the mutual advantage of the free migration and emigration of their citizens and subjects, respectively, from one country to the other for purposes of curiosity, of trade, or as permanent residents." Article VI provided for citizens of the United States in China and Chinese in this country all privileges, immunities or exemptions in respect to travel and residence as were enjoyed by citizens or subjects of the most favored nation.
The treaty was not immediately ratified by the Chinese government. There was some anxiety as to whether it would be, indicating that its terms were not known in advance by the Chinese government and its negotiation really unauthorized. It was finally ratified and made public February 5, 1870.

Its importance lay largely in the fact that it was an expression of public sentiment in the United States and a solemn declaration of official policy towards China. It was hoped that the other powers might take it as a model for similar ones, but this anticipation was not realized. Burlingame did get from Lord Clarendon of the British Foreign Office a declaration that the British government had no intention to force the Chinese government to advance more rapidly in intercourse with foreign nations than was consistent with safety and with due regard for the feelings of her subjects. The embassy visited France and Germany but without securing definite results and negotiations in Russia were cut off by Burlingame's death.

A good deal of popular enthusiasm had been aroused in the United States over the visit of the embassy. Burlingame made speeches in various cities in which he made glowing predictions for the future in China. Robert Hart, of the foreign customs service in China, declared, however, that the objects of the mission had been mis-interpreted by the press inasmuch as they gave out that
it promised on the part of China the immediate performance of the very things which China sent the mission to the West to explain were so difficult of performance. He insisted that nothing but vast ignorance of China could have led the public to delude itself that the vast changes then looked for were regarding as necessary and longed for by China herself. Admitting that China had made a start, he believed that it would be a long while before she would progress rapidly and he condemned any agreement or promise of complete abstinence from pressure or interference on the part of the West, since it would merely cause a return to the old stagnation.

While the articles expressed a traditional American policy toward China, i.e., that the sovereignty and integrity of China must be maintained and the door for equal opportunities left open for the free competition of all nations, they ignored the fact that everything that had been secured from China had been the result of pressure. The presence of American merchants and vessels in her ports, of the ambassador at Peking, the exemption of American citizens from the jurisdiction of her judges were all the results of pressure. The rights of China as a sovereign power had already been seriously transgressed.

Treaty Revision and Interpretation

One result of the Burlingame mission was that it prevented revision of the British treaty in a manner
satisfactory to British merchants. In May of 1866, S. Wells Williams, American charge at Peking had reported the modifications proposed to be made in the existing treaty. The main purpose being to promote the extension of trade throughout the provinces and open up the country's resources to general use, it was claimed that these objects could best be attained by allowing steam vessels to navigate the inland waters. This was an attempt to check the tendency of the past six or eight years for foreign trade to go more and more into the hands of the natives, since the Chinese at that time owned few of the steamers used in the coast trade.

Instructions from the State Department to Ross Browne, the new minister, declared that if any modification of the tariff or commercial articles of the China treaty were contemplated by the British revision, it would be necessary for the United States to secure equal participation in all the benefits of such modifications. Seward added moreover that the Chinese government should be advised and solicited to make all such concessions to internal navigation by steam and by the construction of railroads and telegraphs as largely and as rapidly as possible. These changes, however, were not to be pressed with such urgency as to endanger the stability of the present government.19

Other concessions included in the British proposal for revision, related to the right to work coal mines,
the right to construct and hire warehouses in the interior, right of residence in the interior and the introduction of railroads and telegraphs by foreigners. Mr. Browne, in pursuance of the cooperative policy, interfered personally and in writing on behalf of the British claims. The Chinese made counter-proposals, conceding the working of coal mines by the government with aid of foreigners at one or more treaty ports, the right of inland navigation by vessels not propelled by steam until the Chinese should begin to use steam vessels and the free right to travel through the land and hire lodgings.

The British government decided to accept these proposals and postpone complete revision of the treaty. The convention signed by Sir Rutherford Alcock and the Foreign Office at Peking in 1869 secured to foreign traders, in addition to the above concessions, the opening of two new ports, Wulin and Wanchu, the establishment of bonded warehouses and a modification of the transit dues making the payment of the additional $2\frac{1}{2}$ per cent compulsory, thereby exempting goods from all further taxation up to retailing in nine of the provinces of China. Important points not conceded were the right of steam navigation, the right to work mines and introduce railroads and telegraphs, and the right of residence in the interior.20

Events in 1870 showed that the problem of relations between China and the civilized world was still unsolved. Attacks on missionaries and Christians culminated in the
Tientsin Massacre, in which sixteen French and three Russian subjects, as well as several native Christians, were put to death and the French consulate and a Roman Catholic Cathedral destroyed. This led to a demand for vigorous action to maintain treaty rights and secure reparation.

Merchants were inclined to consider the use of force as necessary to open up new resources and avenues of industry. Many missionaries favored it because they believed that their task would in that way be rendered less difficult. Force seemed to them to be necessary to break down the barrier of ignorance, conceit and superstition, and the use of armies only added an auxiliary force to reason to accomplish the great work of the Master.

George F. Seward, American Consul-General at Shanghai and later American minister, wrote in 1873 urging that foreign states should take a more positive attitude in the Empire. "Trade should be actively promoted by the use of that moral power which foreign governments may in my opinion legitimately exercise in China." He declared further that the government of China was weak and decrepit, was making no progress in time of peace and would grant any request within reason which foreign states might make in an urgent manner.

When in 1871 the French government made proposals for treaty revision and asked for the right to place salaried consuls at any point on the coast or in the
interior, all such points to be open to trade, the American minister, Mr. Low, pointed out its injustice. He declared that none of the nations had lived up to their treaty agreements to provide under extra-territoriality adequate means of punishing their citizens for infractions of the treaties. Yet all of them were strict in insisting on the observance of their treaty rights by China.22

During the nineteenth century the treaties of 1858 were never actually and formally revised, yet revision by interpretation and special agreement was steadily taking place and almost uniformly to the disadvantage of China. In one instance reinterpretation of the treaty was of direct value to American commercial interests. By the third commercial rule appended to the Treaty of 1858, munitions of war and salt were designated as contraband and could neither be imported or exported. In 1872 a cargo of shell ordered by the Japanese government through an American house arrived at Shanghai en route to Nagasaki. Customs officers seized the goods and when the case was tried a decree of confiscation was rendered. Later through intercession of the consul-general and upon the owners giving bond to the full value of the goods, they were released and reshipped to their destination. The case was referred to Peking for re-examination by the Foreign Office and the legation. The owner of the goods was not charged with fraud or evasion, it being conceded that they acted in good faith. In presenting the case to the Yamen,
Low asked for cancellation of the bond and also that a definite rule should be made for regulating transshipment of such goods. As a result of discussion and correspondence, the Yamen agreed to cancel the bond and allow transshipment of munitions of war on condition that the consignee should report and give bond to transship such goods within 15 days.23

The result was that war materials needed for Nagasaki could come to Shanghai for reshipment and American steamers controlled the carrying trade between the two ports. At this time it was considered more important to American merchants to promote shipping interests than to try to extend the import trade as long as the cotton manufactures of the United States were not able to compete with those of England.

Cooperation among the powers continued in theory during the seventies, but with the United States insisting on reservations. In 1870, when Bismarck, then Chancellor of the North German Union, suggested combined action against pirates in Chinese waters, Admiral Rogers in charge of the Pacific Fleet was instructed by Secretary Fish to cooperate only in cases of recognized piracy and to proceed in such a manner as not to offend the Chinese government, or interfere with lawful commerce of Chinese subjects, or in any way to conflict with the peaceful policy toward China. The Secretary pointed out that present relations between the United States and China were unusually amicable,
due to the policy inaugurated by Burlingame and Seward—a policy which seemed calculated to increase American interests and influence in China.24

Railways and Telegraphs

That American policy had actually not increased American influence and interests in China to the same extent as those of other powers is shown in the history of railways and telegraphs in China.

The Burlingame treaty had disavowed on the part of the United States any intention or right to intervene in the domestic administration of China in regard to the construction of railroads, telegraphs, or other material internal improvements. This article was entirely in harmony with the policy already adopted by Seward and Burlingame with reference to the efforts of an American company to secure and operate a concession for a telegraph line in China.

The East India Telegraph Company* proposed to lay submerged cables along the Chinese coast from Canton to Peking. Parties engaged in the China trade believed that a line connecting the great coast cities of China would be more profitable than any line of equal extent in the world. Their reasons for so believing were that China contained an enormous population, that they had no postal system and that those who had come to the United States

*See below, p. 135.
made much use of telegraphs here. 25

The American minister had previously urged on the Chinese the importance of railways and telegraphs, but the uniform reply had been that the prejudices of the people were so great that it would not be safe to build them. Railroads, it was believed, would disturb the dead and telegraphs would disturb the fung-shue or streams of good luck passing over the country.

The company had sought the countenance and aid of the United States government in promoting the enterprise and Seward instructed Burlingame in April, 1867 to use his good offices to promote the object sought, while committing this government to no preference or favor over all other similar undertakings. Burlingame explained his own position thus, "It should be understood that a grant to me under the favored nation clause is a grant to all and the first to occupy the ground will have the advantage. I have refused to advise the Company or any one else to risk money and must hold to that position."

The Woosung Railway was the only enterprise of its kind in which Americans were interested during the period. The promoters of the project at first were largely Americans headed by General Bradford, Vice Consul at Shanghai, and the consular office at that point took a leading position in furthering it. The plan was to build a railway twelve miles long to connect the city of Shanghai with the outer anchorage—where ships were often detained with cargoes—
known as the Woosung Bar. It was hoped also to acquaint the Chinese with the nature and value of railways and dis- pose them to permit its extension. The land on which the road was to be built was purchased by the projectors, but when the application for the purchase was made it was said to be for a ma-loo or horse road instead of a railway. It was claimed that the purpose to build a railroad had been generally known by Chinese officials from the beginning but their consent was never secured.27

When construction of the road was begun in 1876, those in charge were attacked by a Chinese mob. By this time the corporation had become British because the Americans interested had not adequate financial backing, so George F. Seward, the Consul-General, advised Bradford that the American office should withdraw from the leading position which it had heretofore taken. The American minister and consul co-operated with the British representatives in urging on the ground of public policy and convenience the completion of the road.

In November, 1876 an agreement was entered into by the Chinese government and the Secretary of the British legation by which the Chinese agreed to take over the line at a price to be named by arbitrators. This was believed to be evidence that the Chinese were not opposed to the construction of railroads themselves, but only to foreign control of them. Seward wrote to Secretary Fish
(November 29, 1876), "You are aware that my conception of the policy to be pursued in regard to this line has been to represent to the Chinese the usefulness of railroads, the insignificance of this particular road and the unwise dom of declaring to the world a disposition to look unfavorably upon an enterprise of the sort. I have never held that the foreigners concerned had the right to undertake the enterprise . . . . I propose now to use such exertions as may be appropriate to induce the government to operate the line, or to let their countrymen operate it after they come into possession."²³

The next year the Chinese government being involved in difficulties with the British government over the murder of Margery, an English officer in Yunnan, made the Woosung Railway a counter-grievance. The road was torn up by order of Chinese officials and the materials transported to Formosa.

In connection with the American interest in the project it is to be noticed that it was contrary to the provisions of Article VIII of the Burlingame Treaty, that it was undertaken without the consent or desire of the Chinese government and that it did not receive the backing of American capital. Whereas British capital was eager for opportunities in Asia, Americans at this period found better opportunities at home and did not seek entrance into China or Japan.
Chapter III.

AMERICAN POLICY IN KOREA.

Korea's Position in the Nineteenth Century

Korea's geographical position makes her a connecting link between China and Japan. Since the time of the sixteenth century when the Japanese had invaded the peninsula she had occupied a position of rather shadowy vassalage to Japan. China's claim to Korea as a tributary state went back even farther and was more definitely recognized. When Japan opened her ports to the foreigner, Korea remained so tightly closed that she came to be called the "Hermit Kingdom."

French Catholic missionaries had entered the country and some trade seems to have been carried on with the outside world, in spite of efforts of the Korean government to prevent all intercourse. American cotton goods entered through Chinese ports and American vessels undoubtedly visited her coasts, but the extent of the trade is not revealed by the consular reports for the period. A review of the diplomatic events, however, shows that considerable interest in Korea was manifested on the part of this government.

French Activity

In March of 1866 several French missionaries and a number of Korean Christians were put to death by order of
the sovereign of Korea. The French Chargé, M. de Bellonet, on July 13th addressed a note to Prince Kung, Chinese Minister of Foreign Affairs as follows: "The government of his Majesty cannot permit so bloody an outrage to be unpunished. The same day on which the King of Korea laid his hands on my unhappy countrymen was the last of his reign; he himself proclaimed its end, which I in my turn solemnly declare today. In a few days our military forces are to march to the conquest of Korea, and the Emperor, my august sovereign, alone has now the right and power to dispose, according to his good pleasure, of the country and of the vacant throne... We do not recognize any authority whatever of the Chinese government over the kingdom of Korea."1 Prince Kung replied four days later suggesting an inquiry into the proofs of the affair and the reasons for it before a resort to arms was made. At the same time he asserted that Korea was a dependency of China.2

Meanwhile a French squadron under Admiral Rose was sent to Korea to make an investigation. S. Wells Williams of the American legation at Peking wrote to Seward on October 24th, reporting that it was expected that the expedition would result in throwing open to the western world the last country which forbade intercourse with it. The French fleet of six vessels and 600 men captured on October 15th and 16th a city of 20,000 on the river on which Seoul, the capital was located. Later, while making
a reconnaissance along the road leading to the capital, they were attacked and several men killed. A retreat was then made to secure a larger force. The French government had not authorized the expedition nor the notes to Prince Kung and the Ministry of Foreign Affairs addressed a severe reproof to Bellonnet on November 10, 1866, which, however, did not reach Peking until early in 1867.3

The General Sherman Affair
Admiral Rose brought back to Chefoo news that an American schooner, the "general Sherman," had been wrecked while on a trading voyage to Korea, destroyed, and all on board murdered by the natives. The schooner had sailed from Chefoo in August. She had been chartered by an English house at Tientsin, was laden with merchandise and was sent to the west coast of the peninsula to trade. Her owner (who sailed with the ship) as well as her master and mate were Americans; her supercargo and interpreter were British; her crew were Malays and Chinese and there were two Portugese on board.4

Burlingame reported the matter to Seward, December 15th, saying that he had brought the affair to the attention of Prince Kung who had at once disavowed all responsibility. He believed that in the spring a large fleet of the powers would be in Korea and that the issue of all would be the opening of the country, adding however, "If my advice can have weight it will be that our presence there should
rather restrain than promote aggression and serve to limit action to such satisfaction only as great and civilized nations should under the circumstances have from the ignorant and the weak.55 Burlingame also communicated with Rear-Admiral Bell in charge of the Asiatic Squadron, late in November of 1866, saying that the Chinese government disavowed any responsibility for that of Korea and consequently occurrences relating to the "General Sherman" were beyond his jurisdiction. He suggested that, if it were consistent with Bell's instructions, it might be well to send a vessel of war to inquire into the facts of the case and report to the government at Washington.

Bell at once decided to send one of his ships to investigate the loss of the schooner and he wrote to the Secretary of the Navy recommending that the squadron be reinforced with some 1500 or 2000 troops, with a view to obtaining possession of Seoul, the capital, and demanding satisfaction of the king regent.6 This proposal was not adopted by the government.

Seward received dispatches from Burlingame January 22, 1867 and February 26, 1867, telling of the activities of Admiral Rose and Bellonet. He did not know that the French government had repudiated their actions and appears to have jumped to the conclusion that the partition of Asia had begun. On March 2nd, Seward had a conference with M. Berthemy, French minister to Washington, and proposed that the United States and France unite in joint
action to get from Korea satisfaction for the murders of their citizens. The proposition was purely verbal and was unaccompanied by any reservation as to the consent of Congress. Seward's proposal when it reached Paris was inopportune and was therefore declined, the French at that time not being prepared for the conquest of the peninsula because of the developments in Mexico. The significance of the incident lies in the fact that it shows to what lengths Seward was willing to go in carrying out his policy of cooperation with other powers in Asia.

The U. S. S. "Wachusett" commanded by Robert W. Schufeldt was sent to the Korean coast in January, 1867. Schufeldt communicated with the chiefs and induced them to despatch a letter into the interior addressed to the king-regent. Natives told him that the "General Sherman" was burned in the Ping-yang River and that all her people were killed in a melee on shore. Believing this to be true, Schufeldt returned to China without having received an answer to his letter to the king.

Some months after the return of Schufeldt, it was reported that four seamen of the crew of the "General Sherman" were still alive and were detained as prisoners in the city of Pingyang. The U. S. S. "Shenandoah" was then ordered to proceed up the Ta-tong River and investigate further. In the spring of 1868 her commander, John C. Febiger, spent several days surveying the river.
and communicating with the local authorities. When about twenty-five miles up the stream, he was fired upon by a military post but was not hit. Among the communications which he received was one from the ex-officio inspector of the Imperial Board of Directors of Korea, addressed to Commander Schufeldt and replying to that officer's letter to the king. This gave a version of the loss of the "General Sherman" favorable to the Koreans and represented her captain as the aggressor.

Treaty with Korea

The next proposal was for a treaty with Korea. George F. Seward, U. S. Consul-General at Shanghai, reported in 1868 to the Secretary of State that he had learned of the arrival at Shanghai of a Catholic priest and a party of Koreans, who had been sent to ascertain if an embassy of the Korean government would be kindly received if sent to America and France to explain and make restitution for the destruction of the "General Sherman" and the murder of the French missionaries. His informant also told Mr. Seward that Korea was ready to make commercial treaties and open up the country to foreign trade. The Consul-General proposed that he be sent to Korea with a naval force to ask for an official explanation of the Sherman affair and to negotiate, if possible, a treaty of amity and commerce.9

This request was granted and Seward was given a letter from President Johnson to the king and authorized to pro-
ceed to Korea, supported by a naval force, "... to procure a treaty of amity and commerce as nearly similar in its provisions to those existing between the United States and Japan as may be found practicable and expedient."

The instructions were, however, quite in accord with the general spirit of American relations in Asia. The Secretary of State declared that the design of this government was to render the visit a friendly and generous one, reserving the question of force, if found necessary, for ultimate consideration. Seward was instructed not to make any display of force by way of intimidation, but to practice discretion and patience while firmly asserting the dignity of the United States. The expedition was, however, never undertaken as it developed that Seward had been deceived by the alleged Korean envoys.

Naval officers in charge of the Asiatic squadron also made proposals for the sending of a naval expedition to Korea, similar to that of Commodore Perry to Japan. The next administration at Washington finally decided to make an attempt to negotiate a treaty, to intrust the negotiations to Mr. F. F. Low, the American minister to China, and to provide him with an imposing naval escort. Probably Rear-Admiral Rodgers in charge of the Asiatic fleet would have been chosen had it not been desirable to enlist the good will and good offices of China by selecting the diplomatic representative at Peking. Low
was directed to consult with Rodgers throughout every stage of the negotiations and Rodgers was ordered to convey Low to Korea on board his flagship, accompanied by as many vessels of his squadron as could be spared.

Instructions from Secretary Fish to Low (April 20, 1870) authorized negotiations with Korea for the purpose of securing a treaty for the protection of shipwrecked sailors. If the opportunity seemed favorable for obtaining commercial advantages in that country, the treaty was to include provisions to that effect, but the principal object was to secure protection for seamen.¹¹

In November, 1870, Low and Rodgers conferred together at Peking and settled the details of the expedition. Rodgers in May, 1871 assembled at Nagasaki a fleet of five steamships, carrying 85 guns and 1230 men. On board the flagship "Colorado" were the Rear-Admiral and Minister Low with his suite, consisting of secretaries, interpreters, Chinese writers and servants, and five shipwrecked Koreans who were being returned to their native land.

There was considerable doubt in Low's mind as to the probability of the success of the mission. Rodgers took a brighter view of its prospects and believed that the time had come for the Koreans to make a treaty. He declared that if they did not succeed some other power or powers would probably be more fortunate.

Low in despatches to Fish dated June 20, 1871
reported the progress of the expedition.\textsuperscript{12} Communications were sent inland addressed to the King to which no satisfactory replies were made. A surveying party of the expedition was attached by shore batteries on June 1st, the American vessels Monocacy and Palos silencing the batteries and driving the Koreans from the fortifications. On June 10th the expedition returned to the place where the surveying party had been attacked and captured and destroyed five forts with the munitions in them. Low reported that about 250 Koreans were killed, the American loss being 3 killed and 9 wounded. The expedition left Korea on July 3rd, all efforts having failed to induce the government to enter into negotiations for a treaty.

In commenting on the situation, Low wrote July 7th from Chefoo that he was opposed to making war on Korea for the sole purpose of opening to trade, although he believed that the commercial advantages which she would offer had been greatly underestimated hitherto. He declared, however, that every year that Korea was allowed to continue in its exclusiveness increased the peril to lives and property of foreign residents in Asia, since the Chinese and Japanese would probably believe that the Americans were defeated.\textsuperscript{13}

In Korea the results of the expedition were held to be a great triumph for that country. About three years later, however, a change in the government occurred which
removed from power the King-Regent who for fifteen years had so strenuously opposed foreign teachings, trade and religion. In 1876 the Japanese government secured a treaty of amity and commerce with Korea and their success encouraged the government of the United States to consider the advisability of renewing its overtures.

On April 8, 1878, Mr. Aaron A. Sargent of California, Chairman of the Senate Committee on Naval Affairs, introduced in the Senate a joint resolution authorizing the President to appoint a commission to negotiate a treaty with Korea with the aid of the friendly offices of Japan. Several days later this resolution, after a speech by Sargent urging its adoption, was referred to the Senate Committee on Foreign Affairs from which it never emerged. 14

In the same year the Navy Department decided to send Commodore Robert W. Schufeldt on an important commercial and diplomatic mission to certain eastern countries including Korea. The U. S. S. "Ticonderoga" was placed at his disposal. Instructions from the Navy Department required him to visit some port of Korea to endeavor to reopen by peaceful measures negotiations with that government, which would result in the opening of the country to American commerce. 15 As a result of this mission the United States in 1882 secured its first treaty with Korea.
Chapter IV.

AMERICAN POLICY IN JAPAN.

Townsend Harris in Japan

The co-operative policy which was adopted in China during the sixties was even more strikingly evidenced in the case of Japan. American influence which had just opened Japan to intercourse with the western world remained dominant there for several years. The American treaty negotiated at Yedo in 1858 was rapidly followed by similar treaties with other powers.

The American representative in Japan during this early period was Townsend Harris, first Consul-General and after 1859 Minister Resident. Practically unaided he won the good will of the Japanese government and persuaded them that their safest course was to abandon seclusion and open their ports to all nations. He urged the nearness of the United States to Japan and the fact that this government had no territorial ambitions as reasons for negotiating a commercial treaty.¹ Events in China in 1858 which seemed to threaten the partition of that country by England and France also influenced the Japanese ruler.

The years following were turbulent ones in Japanese history. Conditions in Japan made her ripe for change even before contact with the west was established. The powerful daimyos (feudal lords) were seeking to overthrow the Shogunate and restore the Mikado to power. The signing
of the foreign treaties without the Mikado's approval laid them open to criticism by the daimyos and an anti-foreign movement resulted which the Shogun was powerless to handle.

In July of 1860 an attack was made on the British legation in which the Secretary and a British consul were wounded and three Japanese guards killed. This was the seventh attack on foreigners in Yedo within a space of two years, and it was feared that it would lead to very decided action on the part of the English government. It developed that the attack was the work of a band of 14 members which had pledged themselves to rid the Empire forever of foreigners. Harris as a friend of Japan urged prompt action on the part of the government in apprehending and punishing the criminals and by October he was able to report that all but five had been captured and put to death.

The opposition to foreigners in the city caused Harris to propose to Seward, after conferences with the English and French ministers, that discretionary power be granted to him to postpone the opening of Yedo to foreign residents, which had been provided for in Article III of the American treaty. He urged that merchants could not have the protection given to the minister, and that prospects of trade, then hopeful, would be damaged by a collision between foreigners and Japanese. He reiterated this suggestion later when the murder of Mr. Heusken, interpreter of the American legation in January, 1861, caused the English,
French, Dutch and Prussian representatives to leave the city, demanding guarantees of safety before they would return.

Harris received despatches dated August 1, 1861 in which Seward stated that the President's opinion was that no postponement of the opening of Yedo should be conceded and also suggesting a joint naval demonstration in Japanese waters to obtain satisfaction for the murder of Heusken and full security for the safety of foreign residents in Japan. Acting upon the advice of Harris, however, Seward waived his own opinion and gave the minister discretionary power to act in concert with the other ministers in a manner most advisable for the welfare of both countries.

Harris was convinced that the Japanese officials were acting in good faith and in lieu of an indemnity he proposed the payment of the sum of $10,000 to Heusken's widowed mother. The Japanese ministers promptly agreed to this, promising also to use their utmost efforts to secure the punishment of the assassin.

Cooperative Policy

The next year Harris resigned, pleading ill health and advancing years. He was succeeded by Robert H. Pruyn who continued as American minister until after the Civil War. Seward's instructions to Pruyn urged the necessity
of maintaining friendly and intimate relations with the representatives of other western powers in Japan. He feared that the effect of the Civil War upon Japan would be that she would lose fear of the United States and disregard her rights. Pruyn's mission was to impress on the government and people of Japan faith in the triumph of the American Union, so that their friendly relations would be retained until the United States could once more demonstrate her power in the East and establish her commerce there on secure foundations. 6

Soon after his arrival, Pruyn was requested by the minister of foreign affairs to have constructed for Japan in the United States 2 steam sloops of war, of 24 heavy guns each, and 1 steamboat with heavy guns. They also wished to secure a rifling machine and a field battery of 6 guns. Pruyn was induced to take the order, hoping that the rebellion at home would soon be crushed and that it would furnish work for American mechanics. 7 It was decided, however, after consulting the Secretaries of War and Navy, that the necessities of the war at home prevented the furnishing of armaments for the vessels though there was no objection to the building of the vessels themselves. Seward warned Pruyn to impress upon the Japanese that his services were of an entirely unofficial character. 8 The unsettled condition of the relations between the United States and Japan in 1864 caused the issuing of an executive order
that the war steamer built for Japan should not be allowed to depart. Meanwhile the Japanese placed orders in Europe for ironclads, rifles and guns, and Pruyn declared that a large market for American mechanics would be closed by reason of the foothold others were getting. It was not until the middle of 1865 that the steamer Fushiyama was given clearance from New York to Japan. 9

In Japan the powers had agreed in 1862 to defer the opening of the ports of Yedo, Osaka, Hiogo and Neogata for five years, dating from January 1, 1863. Pruyn wrote that American merchants were opposed to opening them since it would increase expenses and add nothing to their profits. By this time some of the daimyos had come to favor intercourse with the foreigners since, as a result of the rise in price of exports, their incomes were largely increased.

Attacks on foreigners continued however. In September, 1862 a party of four English subjects were attacked on a highway by followers of Satsuma, a powerful daimyo and a Mr. Richardson of KongKong killed. It developed later that unconsciously an insult had been offered in the action of the English which, according to Japanese custom, would justify the cutting down of any Japanese. 10

The British government demanded in April, 1863 the payment of 10,000 pounds for the murder of two British sailors about a year before, and for the murder of Richardson, an apology and payment 100,000 pounds. A British fleet of
twelve ships of war was assembled to enforce the demand. After protracted negotiations, the Japanese government agreed to pay the sums demanded. Pruyn wrote June 6th that the presence of ships of war representing the United States, France and Holland in the bay during the negotiations had greatly aided in producing the favorable result. The same month Seward wrote instructing the minister to cooperate with the representatives of the other treaty powers in any difficulties which might arise, and placed the U. S. S. Wyoming, then in Japanese waters, at his disposal.

During this time the Shogun's government was seriously embarrassed by the attitude of hostile daimyos and the question arose as to how far the representatives of treaty powers should go in backing up that government. Pruyn in a communication addressed to the French minister in May stated that he believed it was the true policy and duty of the treaty powers to give to the Japanese government moral support and material support even, if called on, against the hostility which its liberal policy had aroused in parts of the empire. He declared that harmonious and vigorous cooperation of the powers would probably confirm the position of the Shogun and bring about a solution of all the internal troubles growing out of its foreign relations. It would also be in accord with the proposal of Seward to the treaty powers in 1861.
Opportunities for combined action soon came. In May the American legation at Yedo had been burned and three months later the Pembroke, a small merchant steamer owned by Russell and Company in China, was attacked by armed Japanese vessels of the Prince of Choshiu in the Straits of Shimonoseki. The U. S. S. Wyoming under Commander McDougall proceeded to the Straits and destroyed the ships which had made the attack. In the firing five American seamen were killed and six wounded. Pruyn wrote to Seward July 24, 1863, "It is useless to inquire whether the trade of Japan is worth the expenditure of the treasure and blood it may involve. This country cannot be sealed up again, even if no merchandise should ever again be sold or brought here. It is on the great highway of commerce in the east, where ships will soon be counted by the thousands." The action of the Wyoming was approved by the Secretary of State.

Pruyn presented a bill of damages for Russell and Company, owners of the Pembroke, the Japanese government agreeing to pay the sum of $10,000. The American government also demanded payment of indemnities for losses resulting from the destruction of the legation, believed to have been the work of incendiaries and for injuries sustained by American citizens in Japan. These claims, amounting to about $33,000 were paid by the government after some delay. In connection with these negotiations
the United States secured in January, 1864 a tariff convention which provided for the admission free of duty of articles used in the preparation and packing of teas. The import duty on machines and machinery, pig and bar iron, drugs and medicines, clocks, watches and certain other articles was reduced from 20 per cent to 5 per cent. On other articles such as jewelry, perfumes, soap, books, paper and mirrors the duty was lowered to 6 per cent. American merchants had especially urged the removal of the 20 per cent import duty on the lead, rosin and other articles used to prepare teas for export.

In the meantime foreign trade was being seriously handicapped by the belligerent attitude of the Daimyo Choshu in closing the Straits of Shimonoseki, the great highway from the west coast to Osaka and Yedo. On July 25, 1863 the representatives of the United States, Great Britain, France and the Netherlands declared it to be indispensable to the maintenance of treaty rights that the inland sea should be reopened. The Shogun's government, powerless to handle the situation, took no steps to put a stop to the hostilities and urged on the powers the desirability of closing the port of Kanagawa (Yokohama).

At a joint meeting of the ministers July 5, 1864, it was decided, upon the failure of the government to do so within 20 days, to open the inland sea through the combined action of naval and military authorities.
A memorandum drawn up a few days later declared that the basis of the policy of the cooperating powers was to be the neutralization of Japan. They agreed to take measures to protect the treaty ports from attack, not to ask for nor accept concessions of territory or exclusive advantages in Japan, and further to abstain from all interference in the jurisdiction of the Japanese authorities over their own people. When the expedition to open the Straits was determined upon, it was with the knowledge that it would not displease the Japanese government and that they would take every precaution to defend Kanagawa.

The fleet which left September 3rd to proceed to the Straits consisted of 9 British, 4 Dutch, 3 French and 1 American steamer. The Jamestown, the only United States war vessel available, being a sailing vessel and therefore of no use to the expedition, a steamer was chartered for the purpose. The attack lasted four days and as a result the batteries of Choshiu were entirely destroyed, the magazines blown up and the guns carried away. The Prince made an unconditional surrender and agreed to pay the sum demanded by the powers for the expenses of the expedition.

A convention was agreed on October 22, 1864 between the Shogun and the United States, Great Britain, France and Netherlands by which the former assumed an indemnity of three millions to be divided as the powers should agree. This was interpreted by Pruyn as a deliberate approval of
the measures adopted by the treaty powers.

The next year the Japanese government asked for a delay in the payment of the Shimonoseki indemnity. Sir Harry Parkes, who had become British minister that year and was particularly aggressive in promoting British interests, secured the consent of the other foreign representatives to the transference of the negotiations from Yedo to Osaka, accompanied by a naval demonstration. A squadron consisting of 9 vessels with the representatives of the powers, including Portman, American Chargé, arrived in Osaka on November 4th and negotiations were carried on on the British flagship.

The terms presented to the Japanese government provided that two-thirds of the indemnity called for by the convention of October 22, 1864 would be relinquished on three conditions: (1) That the Mikado sign the treaties; (2) That the ports of Hiogo and Osaka be opened on January 1, 1868; (3) Regularization of import duties on a uniform 5 per cent basis. At the second conference ten days time was given to Japan to consider the proposals. The Mikado yielded and his formal sanction to the treaties was obtained. On November 24th replies were transmitted in which a revision of the tariff was readily granted but the full payment of the indemnity was said to be preferred to the immediate opening of Hiogo and Osaka. Their opening was, however, guaranteed on January 1, 1869.28
The tariff settlement with the Japanese government was embodied in a joint convention signed in Yedo, June 25, 1866. It provided for specific duties, the precise amounts being estimated on an ad valorem basis. The tariff was not terminable at a definite date, but was merely subject to revision on July 1, 1872. This placed Japan within the power of the foreign nations, anyone of whom might refuse consent to a revision. Later, also, the increasing prices had the effect of lowering the duties until they amounted to little more than the cost of collection.

Tyler Dennett points out that the signing of these joint treaties was a wide departure from traditional American policy and characterizes the Convention of 1866 as "one of the most thoroughly un-American treaties ever ratified by the American government." 29

Decline of Coöperation

The next few years were occupied with discussion of the question of extension of time for the payment of the Shimonoseki indemnity. 30 The overthrow of the Shogun in November of 1867 made necessary a further postponement of the opening of the ports because of the unsettled conditions in Japan and the impossibility of protecting foreigners in the ports. Following the restoration of the Mikado to power and the abolition of feudalism (about 1870), Japan made rapid progress in establishing order and adopting
western ways.

Almost immediately the Japanese began efforts to secure revision of the tariff and the abolition of extraterritoriality. Foreigners on the other hand sought the further opening of the country, especially the right to trade and travel in the interior. The American minister during the seventies, Mr. John Bingham, strongly inclined toward Japan and favored revision of the treaties and abrogation by the United States of the policy of cooperation. He wrote in February, 1874, "I am fully persuaded that the immediate and pressing want of Japan is capital and skilled labor, and that she cannot obtain these without a revision of existing treaties." 31

The same year when an issue arose over the right of the Japanese to frame and issue regulations for the proper management of the custom house business without consultation with foreign consuls, Bingham declined to give approval to a joint note of the foreign representatives in which they set forth their claims. 32 He found the American government, however, slow to relinquish the cooperative policy. On April 20, 1874 Secretary Fish wrote that the President had concluded that it was for the interest of this country to continue the harmonious cooperative action which had been maintained by his (Bingham's) predecessors. He added, "Treaty advantages gained by any other power must inure equally to the benefit of the United States under the
provisions of Article IX of the Treaty of 1854. If by reason of inertness of capital caused by a vicious system of taxation, American citizens cannot take advantage of them for the moment, the disabilities cannot last long, and the time must inevitably come when Americans will enter and enjoy the rich field which may be explored and opened by others for their use. 35

On August 6, 1873 the United States concluded a Postal Convention with Japan, which was the first treaty in which the full equality of the Japanese in the negotiations was recognized. 34 The American government ordered Americans to conform to the hunting regulations in 1874, to the new press laws in 1876, and to the quarantine regulations of the Japanese government in 1878 when other powers objected to them. 35

In 1876 the Japanese government through Yoshida, Minister in Washington, approached Secretary of State Fish with a desire for revision of certain clauses in the old treaties. It was urged that the expenses of the government were increasing and that the customs duties were not yielding an effective 5 per cent. Japan especially desired the restoration of the right of tariff autonomy and an increase of duties and the recovery of control over the coasting trade. She also preferred separate negotiations with each power. 36

The conversations were continued for about a year.
Finally Yoshida presented to William M. Evarts in July of 1877 a proposition for an entirely new treaty, which would abrogate the Convention of 1866. The objection of the United States to a revision which the other powers might not agree to was met by Article X which provided that to make the treaty effective Japan would have to secure revisions, not merely with signatories of the Convention of 1866, but also with all the other treaty powers holding relations with Japan. The treaty itself annulled the Convention of 1866 and the trade regulations of the treaty of 1858, and provided that the United States recognize the exclusive power and right of the Japanese government to adjust the customs tariff, and to control the coasting trade of the country. In view of these concession two additional ports were to be opened to citizens and vessels of the United States. The treaty was signed without any consultation with other treaty powers, but a combination of the European powers was successful in preventing it from going into operation.

General Grant, who visited Japan in 1789 in his tour around the world, was outspoken in his condemnation of the policy of European powers in Asia, declaring that it seemed to have no other aim than the extinction of the independence of the Asiatic nations. He advised Japan to make a statement of her case to the world, showing the circumstances under which the treaty (of 1866) had been made and the
disadvantages under which it placed her, crippling and limiting her resources. He even urged her to announce that the treaty was at an end, proclaim her tariff, open her ports, welcome foreign capital and assert her sovereignty. He declared in a speech at Nagasaki, "America has much to gain in the East—no nation has greater interests; but America has nothing to gain except what comes from the cheerful acquiescence of the Eastern people and insures them as much benefit as it does us."  

A review of American policy in Japan from 1858 to 1878 shows the same characteristics as were noticed in the case of China. Seward, during the period in which he headed the State Department, maintained close cooperation with the other treaty powers. In Japan this took the form of what is called a "gun-boat policy." The proposal for the joint naval demonstration in 1861 has been differently interpreted. It is considered to be an attempt to tie the European powers to the United States and prevent the development of friendly relations between them and the Confederacy. E. D. Adams in "Great Britain and the American Civil War" declares, "The proposal on Japan seems to me to have been an erratic feeling out of international attitude while in the process of developing a really serious policy—the plunging of America into a foreign war."  

Tyler Dennett, however, considers Seward's proposal to be one in harmony with his determined policy
in the Far East. In accord with this proposal were Seward's approval of the expedition of the Wyoming to Shimonoseki in July, 1863, the joint expedition in September, 1864 and the joint convention of 1865.

The gradual withdrawal from co-operative action is seen after 1870, although Bingham was sharply recalled to the duty of cooperation on two occasions in 1874. As Bingham himself urged, the Convention of 1866 was really detrimental to American commercial and political interests for it opened the door to excessive European importations and the effect was to cause Japan to pay tribute to England at the expense of this country. The fact that Secretary of State William H. Seward was willing in 1878 to sign a revision of the Treaty of 1866 showed that Japan had been steadily rising in the estimation of Americans and that American policy had parted company from that of the other powers.

*See above, p. 71; also Foreign Relations, 1874, p. 698.*
American Interests in the Islands

An extensive American interest in the Hawaiian or Sandwich Islands, as they were then called, had developed even before 1860. For this several reasons may be noted. First, they served as a resting place, supply depot and re-shipping point of the Pacific whaling fleet. They were also the source for all the sugar used on the Pacific coast.\(^1\) Third, the greater part of the agricultural, commercial and moneyed interests in the islands were in the hands of American citizens, or Americans who had become naturalized in Hawaii. Geographically too, they occupied an increasingly important position relative to the United States. They were close to the path of the China trade, and their strategic importance in the defense of the Pacific coast came to be more and more recognized after the American Civil War.

Pacific Whale Fisheries

The earliest interest to develop was that connected with the whale fisheries. The first American whalers operating in the Pacific visited Honolulu in 1819.\(^2\) The islands were found to be a convenient point for the semi-annual refitting, repairing and provisioning of these vessels, which had had to make the long trip around
Cape Horn from the New England ports to the whaling grounds in the north Pacific and Arctic waters. The business increased rapidly and reached its height about 1846 when the local government reported that 497 whalers, manned by 14,905 sailors refreshed in ports of the islands. This made the whaling interest the prominent feature of the Hawaiian Islands' commerce.

The business created an extensive demand for wharves, shipyards, warehouses, agricultural products, merchandise and labor. The transshipping of the oil and bone was also important in the trade of the islands, in 1858 the whale oil transhipped amounting to two and a half million gallons and the whale bone to over one and a half million pounds.

After 1860 the whaling industry declined rapidly. The number of entries at the various ports in the islands fell from 325 in 1860 to 73 in 1862. The depredations of the Shenandoah and other southern privateers late in the war is often given as one of the causes of the decline of the fleet, but the figures for 1862 would show that the decline was greatest before that time. However the destruction of at least 50 vessels during the war, and the risk involved in whaling voyages caused many owners to sell them to the government or transfer them to other branches of the merchant marine.

Just after the war there was a temporary revival of whaling, in 1867 the total number of entries in the islands reaching 243. In 1869 San Francisco became a whaling port.
and much of the business was transferred to that place. 7
In 1871 the fleet suffered a notable disaster when the
major part of the ships were destroyed in the Arctic ice.
By 1875 only 15 vessels of which 11 were American were
recruited at the islands. 8 Perhaps an equally important
factor contributing to the decline of the industry was the
development and competition of petroleum products, which
largely supplanted whale oil as illuminating material.

The Sugar Industry

The other important industry in which citizens of
this country were engaged in the islands was the sugar
industry. In 1866 the American minister classified the
Americans in the islands under three heads: (1) Adventurers, who showed an inclination to make themselves obnoxious to
the king and cabinet by unwarranted interference in polit-
ical affairs; (2) Missionaries, who had largely controlled
political affairs since 1820 but were at that time losing
their hold on the government and offices; and (3) Planters
engaged in the growth of sugar cane and the manufacture
of sugar. 9 This last class because it represented sub-
stantial business interests was bound to exert a large
influence on affairs.

The native population of Hawaii decreased rather
rapidly during the period. Missionaries in 1842 estimated
the population at 142,000, but by 1866 the census showed
only, 62,955, and in 1878 the native population equalled only about 52,000. The foreign population at that time was 10,477, of whom 1,276 were Americans, and about half were Chinese.\textsuperscript{10}

There was an abundance of land for enterprising settlers and the government encouraged immigration. In the consular report for 1878 it was stated that there was in active employment about $2,750,000 capital, two-thirds of which was invested in the sugar interests. More than half of the total capital was said to belong to American citizens or Americans who had become naturalized in Hawaii.\textsuperscript{11} The number of sugar plantations increased from 25 in 1861 to over 60 in 1880, the increase being greatest after the reciprocity treaty went into effect.\textsuperscript{12}

Trade with Hawaii

A table showing domestic exports to and imports from Hawaii is given on the following page. The exports from the United States to the islands were, during practically every year, considerably smaller than the imports received. In only one year (1866) did exports exceed $1,000,000 during the period before the reciprocity treaty was negotiated. Following that they increased suddenly, reaching the highest point in 1879 when they were valued at $2,423,158.
<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1860</td>
<td>$637,489</td>
<td>$367,869</td>
</tr>
<tr>
<td>1861</td>
<td>373,053</td>
<td>371,977</td>
</tr>
<tr>
<td>1862</td>
<td>490,823</td>
<td>584,470</td>
</tr>
<tr>
<td>1863</td>
<td>492,161</td>
<td>622,572</td>
</tr>
<tr>
<td>1864</td>
<td>807,747</td>
<td>1,393,257</td>
</tr>
<tr>
<td>1865</td>
<td>651,841</td>
<td>573,750</td>
</tr>
<tr>
<td>1866</td>
<td>1,051,639</td>
<td>1,582,105</td>
</tr>
<tr>
<td>1867</td>
<td>866,397</td>
<td>1,403,785</td>
</tr>
<tr>
<td>1868</td>
<td>848,673</td>
<td>1,189,400</td>
</tr>
<tr>
<td>1869</td>
<td>706,402</td>
<td>1,298,035</td>
</tr>
<tr>
<td>1870</td>
<td>804,371</td>
<td>1,144,249</td>
</tr>
<tr>
<td>1871</td>
<td>840,335</td>
<td>1,153,154</td>
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<tr>
<td>1872</td>
<td>620,295</td>
<td>1,285,320</td>
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<tr>
<td>1873</td>
<td>654,103</td>
<td>1,316,270</td>
</tr>
<tr>
<td>1874</td>
<td>625,280</td>
<td>1,017,172</td>
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<tr>
<td>1875</td>
<td>655,174</td>
<td>1,227,191</td>
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<tr>
<td>1876</td>
<td>754,207</td>
<td>1,382,592</td>
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<tr>
<td>1877</td>
<td>1,298,942</td>
<td>2,631,763</td>
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<tr>
<td>1878</td>
<td>1,783,696</td>
<td>2,688,430</td>
</tr>
<tr>
<td>1879</td>
<td>2,425,158</td>
<td>3,264,564</td>
</tr>
<tr>
<td>1880</td>
<td>1,985,506</td>
<td>4,608,444</td>
</tr>
</tbody>
</table>

Commerce and Navigation, 1878, II, p.19; Ibid., 1880, p.XV.

Imports from the islands during the Civil War were small, 1864 being the only year in which their value exceeded a million dollars, and this was followed by a decided slump the next year. As is pointed out later, English influence was especially strong in the islands during the war and under the conditions planters contracted their business. After 1865 imports from Hawaii averaged somewhat over a million dollars a year until 1877 when they were practically doubled in one year. The reciprocity treaty was negotiated in 1875 but sugars were held back during that year and the next until it should go into effect. By 1879 exports from the
islands to the United States exceeded $3,000,000 and in 1880 reached a total of $4,606,444.

As has already been indicated, sugar was the principal article imported from the islands during the period. Exports of sugar from the islands in 1860 amounted to 1,444,271 pounds and by 1874 had increased to 24,566,611 pounds. In 1879 total sugar exports from Honolulu amounted to 49,020,972 pounds, of which all but 4,696 were sent to the Pacific coast ports of the United States. Even before reciprocity went into effect, the United States was the principal market for the island sugar, in 1870 out of a total export of 18,783,639 pounds 14,512,996 being sent to this country. The value of sugar compared to other products purchased from the islands is seen in the figures given in the consular report from Honolulu for 1879, when out of a total of $3,468,115, sugar exports to the United States amounted to $3,066,848.

Next to sugar the principal articles of export from Hawaii were molasses, rice and paddy, whalebone and ivory, wool, hides and coffee. In 1860 no rice was produced for export, but by 1874 over a million pounds were shipped out, the export in 1879 reaching almost five million pounds.

Figures in consular report were for the year ending September 30th, while those in the Commerce and Navigation tables were for the fiscal year ending June 30th.
practically all of which was sent to the Pacific states.\(^{16}\)

The development of this product was due to the large immigration of Chinese into Hawaii and California during the period. Some wool was sold to this country, but Germany purchased most of this product, taking about half of the total crop in 1879. Other articles which entered into the trade in small amounts were bananas, pulu, salt, furs and goat skins. The shipment of bananas began during the sixties and by 1879 was valued at $16,000.\(^{17}\)

Exports from the United States to Hawaii did not equal the imports from the islands at any time during the period. Up to 1877 they averaged less than $700,000. In that year they exceeded $1,000,000 and by 1880 were worth $1,935,506.\(^{18}\) During some years as for example 1873, exports to Hawaii were worth only about half of the imports---in other years they nearly equaled the imports. It was pointed out in the Report of the Committee on Ways and Means of the House (February 24, 1876) on the question of the reciprocity treaty that the islands purchased a much larger amount of American products in proportion to what the United States took from them than any other of the sugar or coffee producing countries. Cuban imports were said to be not 2 per cent of her exports to this country, and the Dutch East Indies not 4 per cent.\(^{18}\)

The principal articles sold to Hawaii were groceries and provisions, machinery, lumber, hardware, implements,
tools and cotton goods. Other articles which entered into the trade were clothing, jewelry, clocks, tobacco, oils (kerosene and coconuts), naval stores, building materials, furniture, iron and steel. 19

The effect of the reciprocity treaty was not only to increase the value of all of these articles sold to Hawaii, but also to increase the proportion of goods imported from the United States as compared with imports from other countries. 20 The clause of the treaty* which prevented Hawaii from extending similar privileges to other nations and the clause which granted free entrance of all her chief products were highly instrumental in confining Hawaiian commerce almost exclusively to the United States, and in causing an extensive investment in her sugar plantations and general industries.

The American minister pointed out, however, in 1877 that wood and iron manufacturers and cotton manufacturers had neglected opportunities in Hawaii. Agents of British firms were out to sell machinery for the sugar and rice plantations, and there were no Americans in the field in spite of the advantages of free trade and superiority of products. San Francisco sugar refiners were not trying to create a market in the islands for refined sugar; the Hawaiian merchants were buying instead German refined sugar. Ship-building was the only trade which was

*See below, p. 91.
reported as having fully occupied the field opened to
American enterprise through the treaty, twelve or fourteen
vessels having been built for the Hawaiian merchant marine. 21

Reciprocity versus Annexation

In the relations between the government of the United
States and that of Hawaii after 1860, the principal question
involved was reciprocity versus annexation. As early as
1854 a treaty of annexation to the United States had been
signed but was not ratified because of the excessive
annuities stipulated for the native rulers and because it
provided for the admission of the islands as a state into
the Union. 22

During the American Civil War, English influence in the
islands developed rapidly. The American minister, James Mc-
Bride, wrote to Seward in 1863 pointing out that English
policy and diplomacy had won the esteem of the King and
that most of his associates were English. He believed that
the filling of offices in the islands by English teachers
and clergymen was an attempt to Anglicize the place and
prepare it for a British regency. Loans from the British
government also increased their influence. American
merchants and planters were reported as contracting their
business in view of the changes that threatened. 23

However it was to the American government that the
Hawaiian King turned in the next year in an effort to
secure a reciprocity treaty. The great object to be secured was to relieve the Hawaiian sugar planters from the operation of the American tariff. A treaty of this kind had been negotiated during the administration of President Pierce but was not approved by the Senate. The proposal in 1864 was for a revival of that agreement. In response to a Senate resolution of February 4, 1864 requesting the President to communicate to the Senate the correspondence relative to the proposed treaty, Seward wrote the next day to the President, "After due consideration, especially in connection with the probable effect of such a measure on the public revenue at this juncture, it has not been deemed advisable further to entertain the subject."  

The war, while thus hindering the progress of reciprocity, directed attention to the islands in another way. McBride wrote to Seward September 16, 1864 suggesting the need for a permanent naval depot in Hawaii, due to the increased necessity for naval defense of the states and territories on the Pacific slope, the number of American whaling ships in the Pacific, the increasing commerce with the islands and the immense commerce which he declared the United States had a right to anticipate with China and Japan. He proposed that if a reciprocity treaty was made with Hawaii a fee simple to a piece of land at Honolulu, sufficient for a wharf and buildings for a naval depot and dry dock should be one of the conditions of the
In 1866 the Hawaiian Queen, Emma, traveled across the United States returning from a trip to Europe and was sent home by the government in the Vanderbilt, an American man-of-war. This compliment was greatly appreciated by the people and the government of Hawaii and Edward McCook, then minister, wrote to Admiral Thatcher that his presence there and the good impression made had done more towards harmonizing American interests and increasing American influence than anything which had happened for years.

The next year the proposal for a reciprocity treaty was revived. In their desire for a better market for the sugar of the islands, the Hawaiian government had turned to Japan, sending an envoy there in 1867 to negotiate a treaty which would admit Hawaiian sugar to Japan on an equality with the products of the United States, England and the other powers. McCook urged that if Hawaii found a market for its sugar in Japan they would no longer be dependent on the American market and the political and commercial influence of the United States would suffer.

About a month later (September 12, 1867) Secretary of State Seward wrote confidentially to McCook in relation to the negotiation of a reciprocity treaty. He said, "You will be governed in all your proceedings by a proper respect and courtesy to the government and people of the Sandwich Islands; but it is proper that you should know, for your own
information, that a lawful and peaceful annexation of the islands to the United States, with the consent of the people of the Sandwich Islands, is deemed desirable by this government; and that if the policy of annexation should really conflict with the policy of reciprocity, annexation is in every case to be preferred."29

The reciprocity treaty was negotiated, its terms providing for the entrance of the principal Hawaiian products free of duty into the United States and a large number of American products free of duty into Hawaii. An extraordinary session of the legislative assembly in the islands ratified the agreement on September 2, 1867.30 In the United States after a suspense of three years it was rejected by the Senate June 1, 1870.31

When it became evident that the reciprocity treaty would not succeed, there began to be talk in the islands of forming an organization or party to promote annexation but it was felt to be essential to know first whether they would be backed up by the United States government and its representatives. Seward wrote on July 5, 1869, "...public attention sensibly continues to be fastened upon the domestic questions which have grown out of the Civil War. The public mind refuses to dismiss these questions even so far as to entertain the higher but more remote questions of national extension and aggrandizement."32
Early in 1871, Henry A. Pierce, then American minister at Honolulu, reopened the question of annexation. He declared that it was the opinion of all foreigners in Hawaii that such was to be the political destiny of the islands. He stated that the death of the sovereign leaving no heirs would produce a crisis which it was thought would be availed of as a propitious occasion to inaugurate measures for annexation to the United States. However, no measures would be taken without the sanction of this government. The declining population, the importance of American business interests and the favorable disposition of the government toward this country were presented as arguments in favor of such action.

President Grant transmitted the letter of Pierce confidentially to the Senate on April 5, 1871, without recommendations, but suggesting that the views of the Senate would be very acceptable with reference to any future course which there might be a disposition to adopt.

Two years later Pierce wrote that annexation and reciprocity were still the two important topics of conversation among government officials and foreign residents. He believed that annexation to the United States would never be adopted as a government measure, but if the great interests of the country demanded it, the planters, merchants and others might induce the people to overthrow the government, establish a republic and then ask for admittance to the Union.
In 1873 it was unofficially proposed to Pierce that Hawaii should offer the United States in return for reciprocity, the cession of the sovereignty and possession of Pearl River Harbor including the territory around it, about ten square miles. A few months later, Major-General Schofield and Lieutenant-Colonel Alexander of the United States Army investigated the islands for ascertaining the defensive capabilities of the various ports and their commercial facilities. They reported to Secretary of War Belknap that Pearl River Harbor would be satisfactory for a naval base, if the coral bar at its mouth were removed. They suggested that the cession of an area of not more than ten or twelve square miles would be all that would be required and they believed that the Hawaiian government would make such a cession in return for a reciprocity treaty.36

The political situation in the islands about this time was such as to encourage the strengthening of American influence. The King, Kamehameha V, died December 11, 1872 and the assembly elected William Charles Lunalilo sovereign on January 8th. Americans were delighted at Lunalilo's accession to the throne as he was partial to them and considered them his best friends. He chose among his cabinet members three men who were of American parentage.37

George Bancroft, American minister to Germany, in a despatch to Fish enclosed some interesting extracts from an editorial in the Spener Gazette of February 7, 1873.
It referred to the election of King Lunalilo in the islands and declared, "The annexation of the islands will thus be deferred, though not made in the long run impossible, for they lie within the legitimate sphere of the United States, and in the hands of that power would do more for themselves and for the world than under the present rule.... The Pacific Ocean enters into history through the Americans; here is the legitimate field of their enterprise and power.... The Sandwich Islands are the "half-way house" between America and Asia. Hitherto this little kingdom has been but an involuntary play-ball in the hands of English and American missionaries, planters and merchants. A play-ball will it remain though now the Americans have got the upper hand." The editor of the paper was a distinguished member of the Prussian Diet and of the German Parliament.

King Lunalilo ruled but little more than a year, dying on February 3, 1874, without appointing an heir as was his privilege under the constitution. Again the Legislative Assembly was called to elect the King. David Kalakana was chosen but, on the day he was installed as sovereign, a mob formed and rioting began. The King-elect requested aid from two American battle ships then in port and 150 men and officers landed and guarded the court house, armory and treasury for eight days until the trouble subsided.

Late in 1874 the new King with a suite including two commissioned diplomatic agents left for San Francisco and
Washington with the object of trying to reopen negotiations for a reciprocity treaty and also to learn of American people and institutions. As a result of this visit there was negotiated at Washington in January, 1875, by Hamilton Fish, Secretary of State, and Elisha H. Allen and Henry A. Carter, special commissioners to the United States, a treaty of reciprocity.

Article I provided for the entrance into the United States free of duty the products of Hawaii, especially unrefined sugar, molasses, rice, pulu, tallow and bananas. Article II provided reciprocally for the admittance of American manufactured and other products free of duty into Hawaii. Important exceptions to this article were ready-made clothing, furniture and carriages. By Article IV his Hawaiian Majesty agreed that as long as the treaty remained in force he would not lease, dispose of or create any lien upon any port, harbor or other territory in his dominions or grant any special privilege or rights of use therein to any other power, nor make any treaty by which any other nation should obtain the same privileges relative to the admission of articles free of duty which were thereby secured to the United States. The treaty was not to take effect until ratified by both governments and a law to carry it into operation had been passed by the Congress of the United States. It was to remain in force 7 years from that time and until 12 months after either party gave
notice of a wish to terminate it. Ratifications were exchanged at Washington June 3, 1875 and the President declared it in operation September 9, 1876.

The geographical position of the Hawaiian Islands, their relation to the Pacific coast, their history, area and capabilities of production, the character of their harbors and their commerce, the present and future commerce of the ocean which surrounded them, together with the problem of their future political status, were all points to be considered in determining the question as to the policy of making this treaty.

The islands were considered as a desirable stepping stone to the markets of the Orient, and as the key to the North Pacific. It was pointed out by naval officers that if the British government should secure control of the islands the Pacific Coast states would be defenseless. The treaty would, during its operation, prevent any foreign power from getting a foothold and before its expiration the United States could secure whatever privileges it required. Finally it was hoped that the treaty would ultimately result in annexation, by binding the islands commercially and politically to the United States.

Subsequent developments showed that the United States was not disposed to allow the other nations to share in the privileges secured by the reciprocity treaty. When it went into effect a general tariff of 10 per cent ad valorem
was levied on imports into Hawaii, but by an act of the
Hawaiian legislature of September 27, 1876, which went into
effect October 11, 1877, it was provided that the duty on
certain articles should be raised to 25 per cent. Most of
the articles were among those which under the treaty were
admitted free from the United States. The British and
German governments protested against this discrimination.
A treaty of July 10, 1851 between Great Britain and Hawaii
had provided that "no other or higher duties should be
imposed in one country on the importation of any article,
the growth, produce or manufacture of the other country,
than should be payable on like articles from any other
foreign country."44

A special envoy from Hawaii to England and Germany
secured from the German government recognition that she
was not by the most favored nation clause entitled to
equal privileges with regard to imports with those secured
to the United States by reciprocity. With England the
question was finally compromised by Hawaii restoring the
import duty on English goods to 10 per cent and Great
Britain agreeing that the treaty provision should become
and remain inoperative as long as the tariff remained
at that rate.46

The United States took the position that the con-
cessions to this country could not form a just basis for
a claim to like privileges by any other nation under the
parity clause of the ordinary form of treaty, since the
privileges were secured by the giving of valuable considera-
tions in a special treaty of reciprocal covenants. These
views were urged by the American minister upon the Hawaiian
minister of Foreign Affairs and were approved by Secretary
of State Evarts. 47

The construction placed by American statesmen on the
most favored nation principle in commercial treaties was
reinforced by decisions of the United States Supreme Court.
In the case of Bortrom v. Robertson (122 U. S. 121) Den-
mark claimed that under a treaty of 1826 with the United
States Danish sugar should be admitted to the United
States free of duty on the same terms as Hawaiian sugar
under the reciprocity treaty. The United States Supreme
Court held that the treaty with Denmark did not bind the
United States to extend to that country, without compen-
sation, privileges which they had conceded to the Hawaiian
Islands in exchange for valuable concessions. 48
Chapter VI.

SAMOA.

The Islands and their People

The Samoan or Navigators' Islands, as they were formerly called, are a group of islands in the South Pacific about 4,000 miles distant from San Francisco. They consist of three large islands and several smaller ones. Missionaries sent out by the London Missionary Society entered the islands early in the nineteenth century and by 1860 most of the natives had become Christians. A census taken by the missionaries in 1869 gave the native population as 35,107. The white population numbered about 180 in 1873, but had increased to 250 by 1878. Besides the missionaries it consisted mostly of Germans and English from the colonies, traders and liquor dealers. The soil of the islands was very fertile and the coconut was the principal product.

Trade of the Islands

The trade of the islands centered in the island of Upolu, with the entrepôt upon the north shore, in the harbor of Apia. This port was nearly on the commercial track between San Francisco and the English colonies of Australia and New Zealand. The United States had a consul at Apia but due to the fact that there was no customs house on the islands the statistics of trade had to be collected.
from the merchants and were only approximate.

The foreign trade of the islands was at first very small. In 1865 total imports were estimated at $109,810 and exports at $121,520,² In 1870 it was reported that there was almost entire cessation of trade at Apia as a result of civil war that had been raging among the Samoans for nearly two years. In 1873 the chiefs and rulers formed a code of laws and set up a government. Following this trade developed rather rapidly, the imports of 1875 amounting to $1,236,547 and the exports to $1,366,050.³

In 1872 almost the entire trade of the group was in the hands of a German firm, Goddefroy and Son of Hamburg. Later another German firm, Ruge, Hedemann and Company, was established and an American firm, D. S. Parker and Company, did a small business. There were also scattered English interests.

In 1862 the only produce for export was cocoanut oil, which was shipped to Sydney and Valparaiso. In the next few years, cocoanut fibre, cotton, sperm oil and whale oil were shipped in small quantities. After 1870 no more cocoanut oil was manufactured, but cobra, the dried meat of the cocoanut, was shipped instead. Most of it was sent to Hamburg, the oil expressed and used in the manufacture of candles. Cobra exported by the German firms in good years equalled 5,500 tons and by the English 1,125 tons.
Cotton ranked second among the exports. In 1878 it was estimated that on the average one-third of the products went to the English colonies and two-thirds direct to Hamburg. The share of the United States in the export trade of the islands was very small. Up to 1868 the consul reported no produce shipped to this country. In 1875 exports of fungus, coconuts, cobra, chile peppers, limes, lime juice, beche de mer, and sharks' fins from Apia to San Francisco were valued at $17,598, and following that they fluctuated, being worth only $5,508 in 1879.

The principal imports into the islands were dry goods, hardware, groceries and provisions, spirits, tobacco and lumber. Most of them were of British manufacture and came from the British colonies, Liverpool or Hamburg. There were no direct exports from the United States during the sixties, but certain American products, such as tobacco, lumber and casks, were sold in Samoa through the English colonies, the proportion of American merchandise being one to three of the whole amount. After 1875 exports from the United States averaged about $55,000 a year and consisted of provisions, canned goods, ship supplies and lumber consigned to the two German and one American firm in the islands.

Several reasons were advanced for the comparatively small share of the United States in the island trade. The English and Germans had a system of long credits suitable to a trader doing a barter business, as they had
to do on the islands. They also manufactured goods to suit the peculiar wants and tastes of the people. Communication between the United States and the islands was also difficult. In 1878 there was only one vessel running regularly between Samoa and California and it took from three to six months to receive return mails, in spite of the fact that the islands were only from 15 to 17 days to San Francisco by steamer. The vessels of the Pacific Mail Steamship Company en route to Australia passed between the islands but did not stop.

In a special commercial report on the trade of the islands in 1878, it was stated that the wants of the natives were few but were steadily increasing with the knowledge of foreign customs and commodities. Generally speaking, there would be a demand for canned and preserved meats, beer, tobacco, clocks and watches, horticultural and agricultural implements, coal and iron, lumber, shoes, clothing and medicines. The commercial importance of the islands, due to their position relative to the other islands of Polynesia, was especially stressed.

American Policy in Samoa

Considering the insignificant amount of the trade between the United States and Samoa, it is rather surprising to note the interest displayed by this government in the islands themselves.
In 1870 when civil war was raging among the Samoans
the American consul wrote that this state of things might
continue for years, if there was no foreign interference,
and expressed the opinion that the end would probably be
obtained in one of two ways, either by the assumption of
power on the part of the foreign settlers when strong
enough, or by the assumption of sovereignty by one of the
foreign powers. 10

In December, 1871, Rear-Admiral John A. Winslow, who
was at that time at Honolulu with part of the Pacific
squadron, ordered one of his ships, the U. S. S. "Narra-
gansett," to visit the islands of Oceania for the protec-
tion of American interests there. Specific orders were
given in respect to Tutuila, one of the principal islands
of the Samoan group. Commander Richard W. Meade of the
"Narragansett" wrote to the Secretary of the Navy (January
21, 1872) that he expected in obedience to the Admiral's
orders to survey the harbor of Pago Pago and locate a coal
depot for the American steamers. He added that he thought
some kind of a treaty with the native chiefs would be
necessary to frustrate foreign influence which was seeking
to secure the harbor. 11

Meade arrived at Pago Pago, Tutuila on February 14th
and spent a month in the islands, surveying and strengthen-
ing American influence there. On February 17th he entered
into an agreement with Oau O Maga, great chief of the bay
of Pago Pago, by which the United States was to have the
exclusive privilege of establishing in Pago Pago harbor a naval station for the use and convenience of the vessels of the United States government. The object of the grant as stated by the chief was to secure for himself, his successors and people the friendship and protection of the great government of the United States. Meade also drafted commercial regulations for Pago Pago, which were promulgated by Maga, organized the chiefs into a league, and encouraged them to establish a strong government, promising them the friendship and protection of the United States.

President Grant transmitted the Meade agreement to the Senate on May 22, 1872. He said that, although Meade was without special instructions or authority to enter into such an agreement, the advantages of the concession proposed were so great, especially that of a coaling station for steamers between San Francisco and Australia, that he would not hesitate to recommend its approval but for the protection on the part of the United States which it seemed to imply. With some modifications, therefore, he recommended the agreement to the favorable consideration of the Senate, which however did not ratify it.

About the same time the attention of the government was directed "by highly respectable commercial persons to the importance of the growing trade and commerce of the United States with the islands and to the possibilities of
increasing our commercial relations in that quarter of the globe." (Fish to Congress, May 1, 1876). The Samoan Islands lay directly in the track of such trade and this fact, in connection with their reported good harbors and the friendly disposition of the people toward the United States, led to a desire to secure more reliable information in regard to them. With this end in view, a Mr. Steinberger was in March instructed to proceed to the islands for the purpose of making an examination and reporting to the government. The points to which he was especially to direct his attention, as stated by Secretary Fish, were, (1) The number of islands constituting the group and the extent of each, (2) The number of inhabitants, native and foreign, (3) The nature and quantity of the agricultural and other products, and (4) The harbors suitable for vessels engaged in long voyages by sea. These instructions were contained in a letter to Steinberger from Secretary of State Fish, dated March 29, 1875, and the Secretary added, "It is not unlikely that perhaps in the not distant future the interests of the United States may require not only a naval station in the Samoan group, but a harbor where steam and other vessels also may freely and securely frequent. Full and accurate information in regard to the islands will be necessary to enable the government here to determine as to the measures which may be advisable toward attaining that object." He also instructed Steinberger to
caution the chiefs in the islands against making grants of land to individual foreigners. The mission was a confidential one and Steinberger was cautioned to avoid conversation in regard to it. 15

Steinberger spent several months in the islands, taking an active part in affairs there. The chiefs were at that time engaged in framing a code of laws and he cooperated with the foreign consuls and missionaries in advising them. He encouraged them to resist the demands of the white residents that all past land sales should be ratified by the government, debarring future investigation. On October 2, 1873 the Samoan flag was raised at Mulinim and officially recognized by the consuls. 16

Steinberger brought back to the United States an extensive report on the population, products and resources of the islands and also letters addressed to the President of the United States by the Samoan chiefs. Mauga, chief of Pago Pago, wrote August 15th expressing the desire of the Samoan people for peace and unity and begging the President to instruct them in accord and lawmaking, and to extend to them the protection of the United States government. He stated that the exclusive right to their harbor had been granted to the United States and the Samoans wanted them to use it. 17

Other despatches to the President show that the Samoans believed that Steinberger had been sent for the
purpose of bringing about a union between the two governments and that they regarded the union as having been accomplished. Steinberger himself wrote to Fish on April 8, 1874 saying that the Samoan people sought American protection and that if the extending of such a protectorate was not then deemed advisable he believed the government should send a minister or commissioner, with plenipotentiary power, to recognize their government and treat with them as an independent people.

Secretary Fish expressed approval of the report which Steinberger made, and transmitted it to Congress on April 21, 1874. In December Steinberger was reappointed as special agent of the United States to Samoa to convey to the chiefs a letter from the President and presents consisting of Springfield rifles, cartridges, flags, bunting and band instruments. Secretary Fish wrote December 11, 1874: "There is no doubt from your report and from information received from other sources that the Samoan group is naturally fertile and has many resources. Its position, too, in the Pacific is commanding and particularly important to us. It is more than doubtful, however, whether these considerations would be sufficient to satisfy our people that the annexation of those islands to the United States is essential to our safety and prosperity. In any event, supposing that the general sentiment should be favorable to such a measure, I am not aware that it has received such an expression as would require an acknow-
ledgment by the government and warrant measures on our part accordingly. It is deemed inexpedient without such a call from the public to originate a measure adverse to the usual traditions of the government, and which, therefore, probably would not receive such a sanction as would be likely to secure its success."20 The agent's functions were therefore to be limited to observing and reporting, and to impressing those in authority with the lively interest which this government took in their happiness and welfare.

Early in the next year (1875) reports were received at the State Department to the effect that Steinberger had exceeded the limits of his instructions in various ways; and that among other things he had promised to the Samoans the protection of this government. A despatch was sent to him (May 6, 1875) calling attention to the limited nature of his instructions. Later in response to reports from the American consul in regard to Steinberger's activities an instruction was addressed to the consul to the effect that the mission had no diplomatic or political significance, but was purely for the purpose of observation and report.21

In July Steinberger himself reported that he had accepted the position of premier of the kingdom and declared that he had the entire confidence of the native population and all the well-disposed whites. He later
denied that he had ever held out to the Samoans any hope of protection or annexation by the United States. 22 He got into difficulties, however, with the other foreigners in the islands, especially with the missionaries and was finally deported with the concurrence of the American consul. In May, 1876, in response to a resolution of the House calling on the Secretary of State for the correspondence relating to the mission, Fish reported the whole matter to Congress. 23

In 1877 a native of rank, Mamea, was sent by the chiefs of Samoa to the United States as ambassador to conclude a treaty. Frederick W. Seward, Assistant Secretary of State, was authorized to discuss matters with him on the part of this government.

The purpose of the mission was to seek from the United States recognition and protection of their independence and the establishment of commercial relations. Formal annexation, or the setting up of a protectorate in any form which the American government might prefer would be accepted. Their reasons given were that with the increase of intercourse and trade they feared they might fall under the sway of some one of the European powers. 24 Seward explained to the envoy that the extension of the national boundaries was looked upon with disfavor by Americans, especially the acquisition of islands occupied by a different race. The Samoan proposals were laid before
Secretary Evarts and the President, and the leading members of Foreign Affairs Committees in Congress were sounded, but practically all were agreed that the times were insidious for the consideration of any such project.  

Finally Manea offered to accept a treaty granting nothing but peace and friendship and the treaty was drawn up in this form, ratifications being exchanged in Washington on February 11, 1878. Article II provided for the cession to the United States of the harbor of Pago Pago for a coaling and naval station and guaranteed to American vessels and citizens the right to trade in all the ports of the islands. Article III provided that no import or export duties should be charged on the cargoes of American vessels. By Article V the United States agreed to use its good offices in case of differences between the Samoan government and other governments. A most favored nation clause guaranteed to the American government and citizens equal participation in any privileges which might be granted those of any other nation. The treaty was to remain in force for ten years.  

F. W. Seward states in his "Reminiscences" that the press and the public seemed to regard the matter with indifference and the House refused an appropriation for a coal yard at Pago Pago, which remained for some time deserted and unused.
The importance of the cession of Pago Pago harbor was set forth in a special report by Gustavus Coward, United States commercial agent, to Mr. Seward December 28, 1876. He declared that from a naval point of view it was the key position to the Samoan group and likewise to central Polynesia, being admirably located for the protection of American commerce. It would be a most convenient coaling station for steamers and should a naval station be established and the Pacific Mail Steamers make it a port of call, it would necessarily become the controlling commercial point in that part of Polynesia.
Chapter VII.

AMERICAN SHIPPING IN THE PACIFIC.

Decline of the American Merchant Marine

The decline of the American Merchant Marine after 1860 was notable. The Civil War was one of several contributing causes. In 1860 entrances and clearances at American ports amounted to over 17,000,000 gross tons, of which 71 per cent was American tonnage. The value of the foreign trade in American vessels was $507,247,757, which was 66.5 per cent of the total foreign trade. By 1865 entrances and clearances amounted to only 12,781,000 gross tons of which but 47 per cent was American. Foreign trade in American vessels was valued at $167,402,872 or 27.7 per cent of the total foreign trade. During the war over 280 northern vessels had been captured and a total tonnage of 774,652 was sold abroad between 1862 and 1865. The need of revenue caused the reestablishment of tonnage taxes on all vessels in 1862, which were not repealed until 1868. Insurance rates also increased greatly.

The decline continued after the war was over. In 1870 35.6 per cent of the total foreign trade of the country was carried in American vessels and ten years later less than half that relative amount or 17.4 per cent was under the American flag. In 1876 the tonnage of vessels built in the United States declined 31 per cent compared to 1875.
Important causes for this decline were the substitution of iron for wood in shipbuilding and the gradual shift from sailing vessels to steam ships, which gave an advantage to foreign ship owners, especially to those of Great Britain. The war had interrupted the business in this country and after the war the heavy import duties on iron increased the cost of construction, so that British ship builders were able to construct iron and steel vessels at less than the cost in American shipyards. Operating costs were also often higher for American vessels than for competing foreign vessels.

Another important factor was the antiquated navigation laws which had been adopted years before and were retained through this period. No American citizen desiring to engage in the foreign trade was allowed to purchase foreign vessels in the sense of acquiring registry title to them. An American vessel once sold to a foreigner could not again become American property. Congress was urged to re-admit to American registry such shipping as had during the war been forced into the merchant marine of foreign nations but refused to do so. The laws further provided that American vessels could not be repaired abroad without incurring heavy duties on return.⁴

After the war there was considerable agitation for general modification of the registry laws with respect to ships of foreign construction. Advocates of "free ships"
urged that Americans should not be denied the privilege of securing in English yards up-to-date ships which could be bought for at least one-third less than the cost of construction in the United States. They hoped thereby to build up the shipping industry and thus, eventually, to create a demand for the output of American ship yards. Some encouragement to the industry was provided by the Tariff of 1872 which allowed the free importation of materials for building and equipping wooden vessels which were to engage in the foreign trade and in trade between the Atlantic and Pacific ports of the United States. It also provided that all foreign articles designed for the repair of American ships engaged exclusively in the foreign trade, of which there were few, were to be admitted duty free. Free importation of materials for iron and steel vessels was not permitted until 1890.

Other contributing causes to the decline of the merchant marine were that more profitable fields of investment opened up in the manufacturing, agricultural, mining and railroad businesses. American capital was also invested in foreign ships, since vessels under the American flag, because of higher capital costs, found it hard to compete with foreign ships. During the seventies an American company operated a line of steamers across the Pacific Ocean under the British flag and Russell and Company, engaging in the China river and coasting trade,
bought most of their ships in England.\textsuperscript{7}

That the American shipping in Chinese waters kept its place long after the merchant marine had begun to disappear from other foreign ports was due partly to the fact that the American government ignored the irregular practices engaged in. The fleet of Russell and Company, while technically American owned and under the American flag, was never under American registry because it had not complied with the law in construction and operation.\textsuperscript{8} The law required that the master and officers of American ships should be citizens of the United States. In China it was especially difficult to get American officers for American vessels and George F. Seward declared that during the period 1862 - 1875, when he was consul at Shanghai, rigid enforcement of the law would have forced ship owners to lay up or transfer their ships.\textsuperscript{9}

**Ship Subsidy**

Another factor in helping to maintain the American flag on the Pacific was the granting of a government mail subsidy. Most of the European nations, especially England, had subsidized mail lines to all parts of the world and this made competition by American lines more difficult. The United States government had during the period before the Civil War tried out the subsidy system, but a combination of adverse circumstances had brought it to a sudden
Contracts had been made with a line from Havre and Bremen, the Collins line from New York to Liverpool, and the Pacific Mail Line for service to San Francisco and Oregon. Competition of European lines which had advantages in construction and cost of operation was one cause of the failure of the policy, and the loss of two high class steamers of the Collins line resulted in its failure. This had much to do with the termination of subsidies.10

During the Civil War the attention of Congress was called to the enterprise of a line of mail steamers from San Francisco to China with government subsidy. A memorial of the Chamber of Commerce of New York to Congress (December, 1860) pointed out that the lines of packet ships which once controlled the Atlantic traffic lost that trade when the English government subsidized steamship lines. It further declared that wherever the mail steamer had gone trade had followed and that American merchants, depending upon the postal facilities afforded by their rivals, were at a disadvantage, since mail from the Orient was received here from two to three weeks after it had reached Europe.

Such a line was needed to strengthen the ties lately formed with Japan, to open up to the fullest extent the vast resources of China and, by exchanging the gold and silver of California for silks and teas of both empires, to make American merchants to some extent independent of foreign bankers and foreign credits.11
On December 4, 1861, Senator Milton S. Latham of California introduced a bill to establish a line of steam mail ships between San Francisco and Shanghai, touching at the Sandwich Islands and Japan. It was referred to the Committee on Naval Affairs from which it was reported without amendment on January 28, 1862, the committee reporting, however, that it was inexpedient to legislate on the subject at that time. On April 10th Senator Latham made a speech in favor of the bill, in which he pointed out that a line of armed mail steamers, such as was proposed, was the best means of establishing a maritime police and of protecting American commerce. He also urged the advantages of promoting trade with the Orient, especially direct shipments of metals to China and Japan, saving time, commission and interest to China merchants and earning freights to American shippers. The passage of the bill would thus insure American independence as a great commercial power and serve to protect American commerce and the whaling trade in the Pacific. The principal objection to the bill was the expense involved at a time when the country was in the midst of war. It passed the Senate April 25, 1862 by a vote of 26 to 16, but was not acted upon in the House and so failed.

In February, 1865 the Chamber of Commerce of the State of New York adopted further resolutions calling on Congress to establish a monthly or semi-monthly line of
steamers across the Pacific, and recommending that the Pacific Mail Steamship Company, which had so long enjoyed a liberal subsidy from the United States, should be allowed to extend their line in the direction suggested.15

In 1865 bills providing for the establishment of a China mail line were introduced in both houses. The Senate bill was discussed and voted on February 13, 1865. Senator Collamer of Vermont, Chairman of the Committee on Post Offices and Post Roads, spoke in favor of the bill, urging that the Pacific was the only part of the world which the British had not covered with subsidized mail steamship lines and which was therefore open to American competition. Commerce on the Pacific, he believed, would be very much increased when a railroad was built to the Pacific, if in the meantime some measure of communication with Asia was secured.16 The original bill, providing for steamships of 2,000 tons, was amended to provide for ships of 3,000 tons, the purpose being to secure vessels that could carry from 1,500 to 2,000 tons of merchandise in addition to their fuel for the entire journey. The bill passed the Senate with little debate, the vote being 25 yeas and 11 nays.17

The Senate bill was reported to the House from the Committee on Post Offices and Post Roads on February 16th, with the recommendation that it be passed. The discussion in the House, in which Mr. Cole of California took the
most prominent part, also stressed the advantages which the passage of the bill would secure in the increase of American trade. The bill passed the same day by a vote of 77 to 19 and was approved by the President on February 17, 1865.18

The act authorized the Postmaster General to advertise for bids for mail steamship service between San Francisco and some port or ports in the Chinese empire, touching at Honolulu in the Sandwich Islands and one or more ports in Japan. Monthly service was provided for in steamers of not less than 3,900 tons burden each. The contract was to be let to the lowest bidder at a sum not to exceed $500,000 per year, the contract to go into effect on January 1, 1867 and continue for a term of ten years.19

On August 23, 1865 the Postmaster General awarded to the Pacific Mail Steamship Company the contract provided for in the act and the first steamer was despatched from San Francisco for Hong Kong on January 1, 1867. Departures at first were made once in three months, until June, 1869 when the full monthly service began.20

Before the steamship service to China was inaugurated, the Pacific Mail Company began efforts to get Congress to repeal the part of the law which required the steamers to touch at Honolulu in the Hawaiian Islands. Reasons given were that stoppage at the islands would involve a loss of nearly four days on the voyage from California to Japan
and China and nearly six days on the return trip, which time would be gained by the British and French lines in competition for the carriage of passengers, merchandise and mails. 21

The minister to Hawaii protested against the proposal on the part of the Hawaiians, declaring that the withdrawal of the Pacific Mail Company would be very disappointing to the islands and regarded as indicative of vacillation on the part of this government. 22 However in the Post Office appropriation bill of February 18, 1867 it was provided that so much of the Act of Congress of February 17, 1865 as required steamships to touch at the Sandwich Islands was repealed on condition that the contractors would agree to establish a branch line between Japan and Shanghai. 23

For the service to Hawaii a government subsidy of $75,000 was provided, and a monthly service established by the Pacific Steam Navigation Company.

In 1869 agitation began to increase the mail steamship service between the United States and China and Japan. Such a bill was introduced in the Senate by Senator Cole of California (December 14, 1869), but did not reach a vote during that session. 24

President Grant in his message to Congress December 5, 1870 said, "Our depressed commerce is a subject to which I called your special attention at the
last session and suggested that we will in the future look more to the countries south of us and to China and Japan for its revival. Our representatives to all those govern-
ments have exerted their influence to encourage trade between the United States and the countries to which they are accredited. But the fact exists that the carrying is done almost entirely in foreign bottoms; and while this state of affairs exists we cannot control our due share of the commerce of the world. That between the Pacific states and China and Japan is about all the carrying trade now conducted in American vessels. I would recommend a liberal policy toward that line of American steamers; one that will insure its success and even increased usefulness.25 A similar recommendation for a liberal policy toward the Pacific steamship line was included in the annual message of December 4, 1871.

On March 12, 1872 when the House in Committee of the Whole was considering the Post Office appropriation bill, section two of which provided for the annual appropriation of $500,000 for the China mail subsidy, Representative Conger of Michigan moved to amend that section to provide for an appropriation of $1,000,000 for a semi-monthly service in American built ships.26 The amendment was discussed on that and the following day, came up again on March 19th and reached a vote on March 20th. Repre-
sentative Sargent of California made two speeches in favor
of the proposed increase, urging as reasons for it the growing commerce with Asia and the vast markets for American coal oil, cotton and iron fabrics, breadstuffs and useful inventions. Decided opposition to the measure developed however during the debate. It was agreed that the Pacific Mail Steamship Company, the Union Pacific and Central Pacific Railways were the ones who would really profit from it and that it would crush out competition. 27 It was shown that this was to be the entering wedge for a great list of subsidies--seventeen in number, including a Mexican Gulf line, a Caribbean line, a Hamburg line, a Red Sea and India line and others, involving a yearly expenditure of $10,000,000. 28 The discussion also revealed the presence of a powerful lobby working to promote the passage of the bill. 29

Proposals were made for amendments to be made to allow American registry to foreign built ships to be obtained and used by the company in place of granting a higher subsidy, but these were opposed by the high tariff men and those interested in the ship-building industry. An amendment to this effect was defeated by a vote of 95 to 63. 30

When on March 20th the vote was taken on the original amendment, providing for a $1,000,000 subsidy, the vote stood ayes 88, noes 84. Mr. Holman called for tellers and they were appointed. In the meantime certain Representatives
opposed to the measure were called in from the lobby and the final vote resulted in a defeat for the measure, the ayes being 87, the noes 92.31

When the Post Office appropriation bill came up in the Senate (May 2, 1872), an amendment providing for $1,000,000 subsidy for the China line was again proposed. On May 3rd this amendment as amended was adopted by a vote of 29 to 18.32 It then provided that the Postmaster General should contract with the lowest bidder for a term of ten years from October 1, 1873, for the conveyance of an additional monthly mail on the San Francisco, Japan and China route at a compensation not to exceed the rate per voyage then paid under the existing contract. The steamships thereafter to be accepted for service on the line were to be of not less than 4,000 tons register, wholly of American construction, and adapted for the armed naval service of the United States. The government was to have the right in time of war to take for its use the vessels of the line at a reasonable compensation.33 The amendment of the Senate made it appear that instead of appropriating $1,000,000 a year for the benefit of the existing line it would give opportunity for the establishment of another line with the same subsidy as was then paid to the Pacific Mail. Members of the House declared this to be a subterfuge as there was no other line which could provide the required ships within the specified time limit.
On May 21st the House Committee on Appropriations recommended concurrence in the Senate amendment. Representative Randall of Pennsylvania spoke against it declaring "...that agencies, disgraceful to Congress have been employed by people outside of this Hall and by members in it in favor of this line."34 However when the vote was taken it showed 110 yeas to 87 nays, with 42 members not voting. At the same time a proposition to increase the subsidy of the Brazil line from $150,000 for monthly service to $400,000 for a bi-monthly service was defeated by a large vote.35

The vote of the House on May 21st insured the passage of the increased subsidy. The bill was approved by the President on June 1st. On August 18, 1872 the contract for the additional service on the China and Japan line was awarded to the Pacific Mail Steamship Company. The ships of 4,000 tons provided for in act of Congress were the largest that had ever been built in this country and the Delaware River Shipyards owned by John Roach, to whom was given the contract to build the new iron steamers, was not able to complete them by October 1, 1873, the time set for the new service to go into effect. The company, however, continued the semi-monthly service begun in May, 1872 in smaller wooden vessels.36 By August 8, 1874 the two new iron steamships were completed and were accepted by the Postmaster General upon the advice of the Attorney General.
In the meantime on February 20, 1873 the House had adopted a resolution providing for an investigation by the House Ways and Means Committee into the question of the use of money to secure the passage through Congress of the increased annual appropriation to the steamship company. The investigation was carried on from February 25 to March 1, 1873 and from December 11, 1874 to February 23, 1875, and the complete report was made on February 27, 1875. 37

The testimony showed that Alden B. Stockwell had been by a stock combination elected President of the Pacific Mail Steamship Company in November, 1871, with a new board of directors. In December, 1871 he revived the purpose entertained by former officers of the company of obtaining an appropriation for additional service between San Francisco and China and summoned Richard B. Irwin, one of the company's agents at San Francisco, to New York for consultation. Irwin came to New York in January, 1872 and it was arranged that he should proceed to Washington in charge of efforts to procure the passage of the act. 38

Later on February 14, 1872 the executive committee of the board of directors of the company adopted a resolution authorizing the President to employ counsel and incur such other expenses as might be necessary in connection with the subsidy pending before Congress. The testimony showed that the directors were given to under-
stand by Mr. Stockwell that the expenditure to secure the subsidy would not exceed $10,000.

Arrangements were made personally between Stockwell and Irwin by which the latter received up to the 21st of May a sum amounting to about $140,000. On the 24th of May, Irwin received from Stockwell a series of checks signed by officers of the company, amounting to $750,000. The greater part of these amounts were transferred fictitiously to other accounts on the company's books with the evident purpose to conceal the character of the expenditure, so that the books would not show the real object of it. 39

The results of the evidence showed that about $900,000 was disbursed upon the allegation that it was used in aid of the passage of the act under investigation. About $365,000 appeared to have been paid to persons having no official connection with the legislation, but the disposition of the remaining $335,000 remained in doubt upon the evidence presented. 40 The uncertainty concerning the disposition of the latter sum was due to the failure or refusal of two witnesses to testify to the truth.

Mr. John J. Shumaker was a member of the Forty-first Congress from New York and also of the Forty-third Congress, but not of the Forty-second Congress which passed the subsidy bill. He received the extraordinary sum of $325,000, of which he claimed to have retained only about
$10,000. As to the remainder, except on the sum of
$50,000, his memory had become a void.41 William S. King,
Postmaster of the House of Representatives and also a
stockholder in the Northern Pacific Railroad, swore before
the committee on February 25, 1873 that he did not know
of the expenditure of one dollar to secure the subsidy.
Later testimony showed that he did receive the sum of
$125,000 of which $115,000 was paid to him on the 30th of
May immediately following the passage of the bill.42
Neither King nor Alden B. Stockwell were in the country at
the time the later testimony was taken.

The result was that although the testimony did not
show that any of the money had been paid as a reward to
any person at that time a member of either House of Congress,
the general impression which was produced upon Congress and
the country was not favorable to the continuation of the
subsidy. On February 10, 1875 the section of the Post Office
appropriation bill of June 1, 1873, which provided for the
increased subsidy, was repealed and the contract with the
Pacific Mail Company annulled.43 The original contract
with the Pacific Mail Company which expired in 1877 was
not renewed and the Hawaiian service was also given up in
1873.

The net result was naturally to discredit the policy
of government mail subsidies to aid steamship lines. It
had always had its enemies among those who declared that
subsidies were dangerous and that commerce should come naturally because goods are wanted. The experiment resulted in keeping the American flag upon the Pacific longer than elsewhere, but by 1880 it had largely disappeared in that region also.

Pacific Shipping

The participation of American vessels in the foreign and coastwise trade of China is shown by the following table: 44

Number of Vessels Entering Treaty Ports

<table>
<thead>
<tr>
<th>Year</th>
<th>American</th>
<th>British</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1867</td>
<td>2,926</td>
<td>7,964</td>
<td>14,704</td>
</tr>
<tr>
<td>1872</td>
<td>5,174</td>
<td>8,369</td>
<td>17,003</td>
</tr>
<tr>
<td>1876</td>
<td>3,847</td>
<td>3,604</td>
<td>17,946</td>
</tr>
<tr>
<td>1879</td>
<td>931</td>
<td>10,609</td>
<td>21,409</td>
</tr>
</tbody>
</table>

The per cent of the total tonnage which was under the American flag declined from 40.9 per cent in 1872 to 1.84 per cent in 1879. This steady decline after 1872 was due partly to the sudden development of Chinese shipping in the coasting trade. In that year the Chinese flag did not fly over a single vessel of the foreign type, while in 1876 it represented 13.74 per cent of the total tonnage and 17.65 per cent of the coasting trade. 45 In 1877 the sale of the Shanghai Steam Navigation Company's line of steamers to a Chinese firm caused the American flag to
practically disappear from Chinese waters.*

The share of American shipping in the foreign trade of China was not large at any time, even with government subsidy. In 1873 only 134 vessels engaged in direct trade between the United States and China, as against 1288 British vessels in the direct trade. In 1876 the share of the American flag in the foreign trade of China amounted to 2.42 per cent, while the British controlled 71.25 per cent. The consular reports from China for 1880 state that America had at that time not a single steamship line, coastwise or homeward, but was solely represented by sailing vessels plying coastwise and in the home trade.47

Freights charged on goods shipped by the Pacific Mail Line and the Pacific railroads were so high that only the more expensive goods, raw silk and some tea were shipped by that route. Most of the tea and cheap freight such as matting and cassia went by the Suez Canal route. From Foochow it was reported in 1879 that four-fifths of the tea exported to the United States went under the British flag.48

The situation in respect to the Japanese trade was similar. For a time the branch line of the Pacific Mail Company between Yokohama and Shanghai did a large business. Starting with a monthly service, by 1872 it was

*See above, p. 10.
running weekly between the two ports. In the same year another branch line was established between Yokohoma and Hakodadi, and at the latter port by 1874 a large proportion of the carrying trade in foreign bottoms was being done by the American company. 49

The Japanese, however, as in the case of the Chinese began active competition for the carrying trade of their own ports and with China ports. In 1876 the Pacific Mail Company sold its branch lines to a Japanese corporation. For the year ending June 30, 1877 it was reported that out of a total of 4,521 vessels entering the open ports of Japan, 553 were under the British flag, 244 under the American and 3,440 were under the Japanese flag. 50

American ship owners in the Pacific were subject to certain restrictions provided by law in regard to the nature of the cargo. In 1862 Congress passed an act making it unlawful for American vessels to transport subjects of China known as coolies to any foreign port to be held to service or labor. All citizens of the United States were prohibited from engaging in the trade or from building vessels to engage in it, and American naval officers were empowered to search and seize American vessels offending against the law. In 1869 the act prohibiting the coolie trade by American citizens in American vessels was extended to include Japan. 51

The opium trade was also prohibited in the case of
Japan. Article IV of the Treaty of 1858 between the United States and that country prohibited the importation of opium and provided that any American vessel coming to Japan for the purposes of trade having more than three catties (4 pounds) weight of opium on board, such surplus quantity should be seized and destroyed by the Japanese authorities. The opium trade with China was not, however, closed to Americans until the treaty of 1860.

Thus in addition to the general causes of the decline of the American merchant marine after 1860 certain special causes contributed especially to the decline of trans-Pacific shipping. The exclusion of American ship owners from the coolie trade and from the opium trade in Japan limited their cargoes. More important no doubt was the rapid decline in the Pacific whaling industry which affected both the shipping interests and the ship-building industry. The rapid development of the native Chinese and Japanese shipping interests affected both the coasting trade of those countries and their foreign trade. Finally there was the competition with European subsidized steamship lines. The English government paid higher subsidies and continued them until the lines were firmly established. In this country subsidies became discredited as a result of the Pacific Mail scandal and were abandoned after a brief trial.

*See below, p. 163.
**See above, pp. 108-110.
Chapter VIII.

ECONOMIC POLICY IN THE PACIFIC.

Communication With the Orient

An important feature of American policy in the Pacific after 1860 was that which had for its purpose the increasing by all possible means of the lines of communication with the Orient. Secretary of State Seward especially favored the extension of American trade in that direction. In a statement made at the time the Perry expedition was preparing to go to Japan, Seward said that he believed that in the future the Pacific with its shores, islands and regions beyond would become the chief theater of the world's events.\(^1\) The vast Oriental trade was a prize which was eagerly sought after because it was believed to have enriched every nation through whose territory it had passed.

The first proposal was a project to connect Asia with North America by telegraph. It was suggested and promoted by Perry McDonough Collins, a citizen of California who was interested in the development of a trade with Asia by way of the Pacific Ocean. At his own request he was appointed commercial agent of the United States for the Amoor River Valley in Siberia. He traveled extensively in Asia in 1856 and the two years following, and conceived the idea that an intercontinental telegraph would be feasible.\(^2\)
Early in 1861 Collins presented a memorial to Congress asking aid to make a thorough exploration and survey of the coasts, islands and seas of the Russian possessions from the mouth of the Amoor River to the limits of Russian possessions in America in view of the construction of a line of telegraph which would connect the whole of the United States with the great capitals of Asia and Europe. The Committee on Commerce of the House of Representatives reported on February 18th, recommending an adequate appropriation by Congress to carry out the plans of the petitioner. The report recounted the failures of ocean cables up to date, the progress of the construction of land lines across Siberia and the United States, and stated that only 4,000 miles was needed to complete the circuit. Since the Treaty of 1860 between Russia and China, the Amoor country had been opened to trade and a number of American ships and merchants had already been attracted there. A more thorough survey and knowledge of those remote coasts would be highly advantageous to commerce and especially to the Pacific whaling fleet which frequented those waters. 3

A year later the Senate Committee on Military Affairs also reported favorably on the project, setting forth the value to American commerce of the proposed surveys. It declared that an enterprise such as this telegraph would strengthen the American position as a great commercial
nation, and that thousands of merchants and ship owners, having been driven from old and beaten paths, wanted new avenues for expansion and extension of trade. Congress, however, was slow to act, and later in 1862 Collins went to Russia to present to that government a definite plan for the construction of the proposed telegraph line.

The American minister, Mr. Simeon Cameron, and Cassius M. Clay, who succeeded him, presented the plans to Prince Gorchakov, the Vice Chancellor. The result was the granting of a right of way to Perry M. Collins by the Russian government on May 23, 1863, the grant being signed by Melnikoff, Lieutenant General of Engineers.

It provided for a right of way from the Amoor River through Siberia and Russian America, the choice of the route being left to the option of the company. Full possession of the territories was not granted—only the use of the land and such timber and materials as might be needed for construction and operation of the line. The company was to be responsible for the protection of the line but Russian armed guards were to be used. The interests of Russia were further protected by the provision that all the workmen and a portion of the servants on duty along the projected line were to be Russian subjects, preferably men with families who would settle the region. The company was not to be allowed any jurisdiction or control over the natives, since the contracts made with them were to be enforced by the local governments. The terms solicited
by the company, viz: five years in which to establish the telegraph and thirty-three years for exclusive privilege of the same, were granted, under the condition that, if in the course of the first two years, no beginning should be made, or if after five years the whole line should not be completed and put in operation, then the privilege was to cease. Government despatches were to have preference over private despatches and the order of transmission and tariff were to be arranged according to the example of international conventions between Russia and the other powers. For the encouragement of the undertaking, the government allowed a rebate of 40 per cent upon the net profits of despatches transmitted along the Russian telegraph lines solely to America and back, but the annual subsidy of one hundred thousand rubles asked for was denied on the grounds that the chief benefits of the line would be derived by America and the countries of western Europe. Finally Russia agreed to build a connecting line from Verehne Oredinsk to the mouth of the Amoor River where it would meet the company's telegraph—a distance of 2,000 miles.

A similar grant from the British government was contained in a letter to Collins from T. Frederick Elliot, secretary of the Duke of Newcastle, then Secretary of State for the Colonies. It granted use of the land along the route across British Columbia and landing places along the coasts for importing stores. The grant was to expire on
January 1, 1870, unless before that time the telegraph line was completed and communication established. It was a condition of the grant that the general arrangements of the telegraph should be such as to place English, Russian and American messages upon equal footing in regard to the use of the line.  

On April 12, 1864 Collins again presented a memorial to Congress, asking for the favorable consideration of that body, and that aid for a survey of the proposed telegraph and a subsidy in the form of a contract for the despatch of government messages be accorded, so as to meet the concessions of Russia and Great Britain. Secretary of State Seward, who was much interested in the project, addressed a letter to the Honorable Zachariah Chandler, Chairman of the Senate Committee of Commerce on May 14, 1864, in which he discussed the feasibility and usefulness of the scheme and the question as to whether the enterprise deserved the patronage of Congress. He continued, "Throughout the remarks I have thus far submitted I have, not without design, called it Mr. Collins' enterprise. It is truly his, because it was he alone who conceived and projected it, and who has clothed it with the substantial form which enables the great states, whose concerted action is solicited, to cause it to be put into execution. But in another sense it is entitled to be regarded as an enterprise of the government of the United States. During all the time that
Mr. Collins has been engaged in maturing and developing it, and presenting it to the consideration of Russia and Great Britain, he has been acting under the instruction and with the approbation of the Department of State, and a knowledge of that fact has not been withheld from Congress. He expressed appreciation of the liberality and friendship which had been manifested towards the United States by Great Britain and Russia in the proceedings they had adopted toward the enterprise and concluded:

"I do not know any one object lying within the scope of our foreign relations more directly important than the preservation of peace and friendship with those two great and enlightened powers. Nor can I conceive of any one measure of national policy that would more effectively tend to secure that great object than the construction of this proposed trans-oceanic telegraph."

On June 9, 1864 Mr. Chandler reported a bill in the Senate to encourage and facilitate telegraphic communication between the eastern and western continents. The bill proposed to grant to Collins and his associates permanent right of way over the unappropriated public lands of the United States, with the right to take timber and stone for construction purposes. For the establishment and maintenance of the line, there was to be donated for stations one quarter section of public land for each 15 miles of line constructed. The second section authorized
and instructed the Secretary of the Navy to detail a steam or sailing vessel to assist in surveys, in laying the cable across Behring Strait and in transporting materials. The third section provided that if the line was constructed within five years the Secretary of State was authorized to contract with the owners for the use of it by the government for a period of ten years, the United States to pay for such use $50,000 a year in quarterly payments. The last section guaranteed to the United States at all time priority in the use of the line within its territory with the right to connect with the military posts of the country.\(^1\)

The debate on the bill was concerned chiefly with the question of the government subsidy. By this time Collins had assigned the concession to the Western Union Telegraph Company which had formed a separate Western Union Extension Company with a capital of $10,000,000 to forward the work of construction.\(^1\) It was urged in the Senate that the company did not need the subsidy and would construct the line without it. The bill passed without the subsidy provision and was approved July 1, 1864. It had also been amended to reduce the land grant from one quarter section for each 15 miles of line to 40 acres and to authorize but not instruct the Secretary of the Navy to detail a vessel to aid in the laying of the telegraph.\(^1\)

This act was supplemented by a joint resolution of the
Senate and House of February 26, 1866, which required the Secretary of the Navy to detail one steam vessel from the Pacific squadron to assist in making surveys and soundings and in laying the cable. The Russian government had by that time placed a steam corvette at the disposal of the company and it was proposed to lay the cable across Behring Strait the next summer.\textsuperscript{13}

The construction of the line had progressed with little difficulty. It had been proven that messages could be sent readily over the ice and snow of the far north and there were no engineering difficulties. The work was commenced from New Westminster, British Columbia in February, 1865 and within two years a considerable portion of the line was completed and the material for the whole purchased and distributed, the amount expended being about \$3,000,000.\textsuperscript{14}

The successful laying of the Atlantic cable spelled the doom of the Collins line and the work was stopped suddenly in March, 1867. Concessions in Eastern China, which the Company had hoped to secure, were also withheld, and it did not care to proceed without a guarantee of a reasonable return for its investment.

Associated with the project for the Intercontinental Telegraph was that of the East India Telegraph Company, an American company organized under a charter of New York State with a capital of \$5,000,000. Mr. A. G. Curtin, war governor of Pennsylvania and later minister to Russia,
was president of the corporation. After a four year contest in Peking with rival English and French interests the latter abandoned the field to the East India Company. It was agreed that the enterprise should be international in character and the stock owned by the citizens of all the commercial powers.

The company proposed to lay submerged cables along the Chinese coast from Canton to Shanghai and north to Peking to tap the Russian telegraph already operating to within 800 miles of that place. A connecting line was to be built from Shanghai to Japan and the whole project included also British India which was to be connected with the Russian line to the west. Thus China, Japan and India would be united by telegraph and cable with Europe and America.

The Russian government, the Western Union Telegraph Company and the Pacific Mail Steamship Company were all known to be interested in the success of the project. Secretary Seward instructed Mr. Burlingame, minister to China, to use his good offices to promote the enterprise, especially in urging upon the Chinese government the importance of telegraphs, but no grants could be secured for this project or for a branch line through China proposed by Collins.

By 1870 American interests had disappeared from the telegraph situation in the Orient. The Great Northern Telegraph Company, a Danish concern, secured a monopoly.
of the cable lines along the Chinese coast, shore cables being laid from Vladivostock to HongKong with a connecting line to Japan. The lines were laid, however, without distinct concessions from the Chinese government, so in 1874 General de Raasloff was sent from Denmark on a special mission to China to secure the protection of the lines then in operation. He sought the good offices of the representatives of the other treaty powers and the American minister, Mr. Avery, assured the Danish minister of his cooperation. Avery reported to the State Department that the shore cables were cosmopolitan, were used by all nations including the Chinese, and that it was indispensable to the commerce of the world that they be protected. He believed that the United States should help promote and protect this enterprise in view of the importance to American commerce in Asia of the extension of telegraphic facilities and the value to business of the prospective cable across the Pacific.¹⁸

The policy of the State Department was set forth in instructions from Secretary Fish to Avery, of March 4, 1875 in which it was stated that the United States concurred in the desire and efforts of the Danish minister to secure protection for Danish interests, but believed that general protection for all lines should be sought also. If the government of China should be asked to grant any exclusive privileges to the Great Northern or any other company, such
a scheme should be disapproved by foreign representatives.\textsuperscript{19}

In 1876 Congress passed an act to encourage and promote telegraphic communication between American and Asia, which authorized a Pacific cable.\textsuperscript{20} The corporators, who were named, were given the right to lay, land and maintain a line of telegraph or submarine cable on the Pacific coast of the United States to connect by telegraph or cable the American and Asiatic coasts. Certain conditions and reservations were imposed. The government of the United States was to have the same privileges with regard to the control and use of the lines as might by law or agreement be exercised by any foreign government. Citizens of the United States were to enjoy the same privileges as to payment of rates for the transmission of messages as were enjoyed by citizens of the most favored nation. Transmission of despatches was to be made in the following order: (1) despatches of state, (2) telegraphic service, and (3) private despatches. A written acceptance of these conditions was to be required of the company before establishing any cable lines. The United States was left free to grant similar privileges to other countries. An act of 1877 provided the same conditions and reservations for the Atlantic cable.\textsuperscript{21}

The encouragement of telegraph building was only one means by which the government of the United States sought to secure closer contact and easier communication with the Orient,
When the Pacific railways were first inaugurated the proposals for government aid were made in behalf of commerce, to open and build up a trade with China and Japan. There were great expectations of the advantages which would result upon the completion of the railroads. An editorial in the Commercial and Financial Chronicle (July 4, 1868) on the effect of the Pacific Railways upon the China trade pointed out that by that route the time between New York and Shanghai would be but 29 days as compared with 50 days by Panama and 60 days by Suez. From London also the time would be shortened from 48 days by Suez to 40 days by the Pacific route. It was predicted that this difference in time would inevitably turn the current of travel, trade and exchange into the American channel. 22 A few years later (February 18, 1871) after the completion of the railway, an editorial in the same journal declared, "The monopoly so long enjoyed by the old routes for the rich commerce between Asia and Europe is disputed. Several new routes are attracting commerce from its ancient currents and disturbing their settled flow. The enlightened policy of this country is obviously to multiply by all possible means the forces which will attract over the route across this continent the vast Oriental trade that has so greatly enriched every nation through whose territory it has ever heretofore passed." 23

Closely associated with the policy of promoting the
transcontinental railways was the subsidizing of ocean mail steamship service between California and China and Japan. As has already been pointed out the great object which Congress had in view in providing for the Pacific Mail subsidy was the development and diversion to the shores of this country of the commerce of the East. When the increased subsidy was being sought in 1872 it was urged that the only considerable freighting business upon which the Pacific Railway could count for its east bound trains during the next ten years must come from Asia and the Pacific Islands and that increased steamship service seemed absolutely essential to the development of any considerable business for the railroad.\textsuperscript{24} When the semi-monthly service of the Pacific Mail Company was withdrawn in 1875, due to the repeal of the subsidy, a new steamship line was formed—the Occidental and Oriental, part of the capital being furnished by the Union Pacific and Central Pacific Railroads. The company, however, purchased its steamers in Europe and operated them under the English flag.\textsuperscript{25}

The failure of the subsidy policy to attract the bulk of the tea trade over the Pacific route and to keep the carrying trade of the Orient in the hands of Americans has been noted. It seems inevitable that this should have been the case when the general conditions of the trade are considered. The American steamship line had to compete with English and French lines, which were receiving even larger
subsides. There was a departure from England for China via the Suez Canal nearly every day and the competition greatly lowered the freight rates. Capital followed the course of trade and banking facilities of all kinds were at the disposal of shippers. The English merchant could buy his iron ships at nearly a third less cost, and in Great Britain ships were exempt from taxation. In the United States the navigation laws, which were designed to protect ship builders, really discriminated against ship owners and tended to defeat to a large extent the foreign enterprises of the people. Another factor to be considered is the general apathy of the country toward foreign commerce and the carrying trade. The tremendous expansion of the United States, which involved the opening up of the West by trans-continental railways and the development of manufactures, attracted attention here and concentrated it upon home problems.

The policy of the United States in endeavoring to increase lines of communication with the Orient is seen indirectly in the interest which was manifested during the period in the project of an isthmian canal. Congress showed its interest by providing for several surveys of proposed routes for a canal. In July, 1866 Congress appropriated $40,000 for the purpose of surveying the Isthmus of Darien or Panama, with a view to the construction of a ship canal. From 1870 to 1873 Commander Thomas O.
Selfridge of the Navy made elaborate surveys of the route, reporting adversely, however, since the only practicable pass through the mountains was the one occupied by the Panama Railroad. In 1871 Captain Shufeldt of the Navy made a similar survey of the Tehuantepec route and reported that a ship canal was practicable on that isthmus. During the next two years Commanders Hatfield and Lull of the Navy surveyed the Nicaragua route, at that time considered the most feasible.28

In the meantime the State Department had been negotiating with the Colombia government relative to a canal. In March of 1866 the minister of the United States of Colombia to this country submitted to the State Department a memorandum in which Colombia offered to the United States the privilege of exploring and surveying any portion of the Isthmus of Darien for the purpose of ascertaining the most favorable location for an inter-oceanic ship canal. Colombia would grant to any organized company of citizens of the United States or its agents right of priority or preference to construct and use a canal across the territory. This offer was made on condition that a favorable survey be made within three years. The State Department was ready to accede to these proposals, subject to the ratification of the Senate, but the Colombia government did not sanction them or take further action.29

In 1869 a mission to Colombia, headed by Caleb Cushing, resulted in the signing of a convention between the United
States and Colombia at Bogota. The treaty granted to the United States valuable privileges, without imposing any special obligations, and considerable interest was manifested in the treaty and canal scheme by Senators and government officials. The convention was not, however, approved by the Congress of Colombia.

Negotiations between the United States and Nicaragua resulted in a treaty of June 21, 1887, in which it was stipulated that the United States, their citizens and property should enjoy right of transit through the territory of Nicaragua on any route of communication which might then exist or thereafter be constructed through that territory, to be used and enjoyed on equal terms. Toward the close of the Grant administration, there were elaborate negotiations for a treaty with Nicaragua relative to a ship canal, but the result was not successful.

The policy of the United States, as expressed by Secretary of State Fish, was not to complicate the question of the construction of a canal by encouraging discussion or negotiations with European governments upon the subject, but rather to foster the development of the enterprise as an undertaking which it was peculiarly the duty of the American nation to carry forward to a successful completion. By this he did not mean government construction but that the government should secure by treaties protection to the capital of such citizens as might be disposed
to undertake the enterprise. 32

President Grant was much interested in the subject of the canal. He believed it would divert the tea trade from China, would add largely to the wealth of the Pacific coast and perhaps change the whole current of the trade of the world. He declared that he did all he could to pave the way for it. 33 However by 1879 the initiative in the undertaking of an isthmian canal had passed to a French company under the leadership of M. de Lesseps, who secured the necessary concessions from the Colombia government and promised to cut the first sod on January 1, 1880.

Naval Bases and Coaling Stations

American policy in the Pacific from 1860 to 1880 resulted in the securing of certain naval bases and coaling stations which were expected to protect and facilitate American trade in that region.

The first move in this direction was in the purchase of Alaska, the negotiations for which were carried on in Washington between Secretary of State Seward and the Russian minister, Mr. Stoeckl, in March, 1867. F. W. Seward, son of the Secretary of State, states that during the Civil War Seward had found the government laboring under great disadvantages for lack of advanced naval outposts in the West Indies and North Pacific. So at the close of hostilities he began endeavors to obtain such a foothold in each quarter. 34 Seward found the government of the
Czar not unwilling to discuss the question of the sale of Russian America. The two governments had been friendly and it was believed that under American control Russian America would develop more rapidly and be more easily defended. To the United States it would give a foothold for commercial and naval operations accessible from the Pacific States.

Senator Summer in the remarkable speech in which he urged ratification of the Alaska treaty pointed out among other things that the United States needed harbors on the Pacific which were nearer to the great marts of China and Japan. San Francisco itself would be nearer by way of the Aleutian Islands than by Honolulu. The treaty would, therefore, not only extend the coasting trade of California and Oregon northward, but it would also extend the base of commerce with China and Japan. The whaling interests were also expected to be much benefited by the acquisition of this territory, since they were then heaviest in the seas adjacent to Russian America. The destruction of so large a part of the whaling fleet during the Civil War by Southern privateers was no doubt one of the reasons for desiring a naval outpost in the North Pacific. The Aleutian Islands offered a splendid location for such an outpost and the United States has since established a naval base there.

In the same year in which Alaska was purchased, the
United States took possession of the Midway Islands, which are situated northwest of Honolulu and within the limits assigned by the map to the Hawaiian group. The islands had been discovered by Captain N. C. Brooks of the Hawaiian bark, Gambia, while on a sealing and exploring voyage in 1859.

On May 13, 1867, Allan McLane, President of the Pacific Mail Company, addressed a letter to the Secretary of the Navy, calling the attention of the department to the importance, especially in connection with the China Mail Steamship Line, of obtaining information in regard to this chain of small islands. Brooks Island was mentioned as possibly destined to prove of early importance as a coaling station for the company's China steamships and for United States vessels cruising in those waters. By order of the Navy Department the "Lackawanna" was detailed from the North Pacific squadron to search for the island and take possession of it. On August 28, 1867, Captain William Reynolds of the "Lackawanna" took formal possession of Brooks Island and reefs for the United States.36

A Senate resolution of December 16, 1868 directed the Committee on Naval Affairs to inquire into the practicability and probable cost of deepening the entrance to the harbor of the island, so as to make it available for the use of naval and merchant vessels. The Committee reported favorably and recommended an appropriation for
that purpose. The sum of $50,000 was appropriated in the act of March 1, 1869, but proved inadequate and work on the harbor was discontinued in 1870.37

In the case of Hawaii the suggestion for a naval depot in the islands was made as early as 1864, and in 1873 American army officers investigated Pearl River Harbor and reported that it would be satisfactory for a naval base.* The reciprocity treaty of 1875 did not provide for the cession of the harbor as had been suggested, but the article which pledged the Hawaiian king not to lease or dispose of any port, harbor or other territory in his dominions, or grant any special privileges therein to any other power, left the way open for the United States to secure Pearl River Harbor for a naval base a few years later.

By this time (1876) the United States had secured ports available for naval bases and coaling stations in the North Pacific and Central Pacific. By 1878 there had been added the important harbor of Pago Pago in the South Pacific. This harbor had been offered to the United States six years before by the Meade Agreement, but it was not until the treaty of February 11, 1878 with Samoa was ratified that the cession was completed.**

*See above, p. 80.
**See above, p. 106.
The advantages to trade and commerce were not immediate in any case, but the securing of these ports for coaling stations and naval bases indicated a growing realization of the importance of the Pacific, both commercially and politically.

The Consular Service

An important factor in promoting the foreign trade of a country is the development of an active and responsive consular service. Important defects are noted in the consular service of the United States during this period. The service was only partially organized on a salary basis and that often inadequate. In 1863 the American minister, Mr. Burlingame, suggested that the Secretary of State recommend to Congress to attach salaries to the offices of all consuls in the new treaty ports of China. The Secretary replied that the extended condition of modern commerce made it impossible for this or any other government to maintain salaried consuls rather than employ merchants, and that the United States had special reasons for practicing economy at that time.38

The consular service in both China and Japan was seriously handicapped by the need of competent interpreters at each consulate. It was practically impossible to secure Americans who were competent to carry on the work. In 1871 it was reported that the consul at Tientsin for years had
been a British subject who had been appointed because he was the only competent person to be found who would accept the office. There was no salary attached and the fees were inconsiderable. Americans in China complained and criticized the fact of having such an important post filled by a foreigner.

In 1876 the minister reported that there were only two ports in China properly furnished with interpreters devoting their whole time to the service. English speaking Chinese were employed at Newchwang, Chin-Kiang, Ningpo, Amoy and Canton. At Hankow the work was done by an American merchant and at Shanghai by an American physician. The employment of natives was especially injurious since it was dangerous to American interests and lowered the dignity of this government in the eyes of Chinese officials. It was urged that the more important ports should be provided with interpreters who were American citizens, and that consuls should be appointed to the other ports who knew Chinese and would need no interpreters. The work was declared to be worth at least $3,000 a year, which was double the salary for interpreters provided by Congress.39

Late in 1879 George F. Seward wrote, "Our consular establishment in China is gradually falling behind those of other leading powers, notably those of England, France and Germany, for the reason that the governments indicated have educated a large number of young men at Peking, in
the Chinese language, distributed them for service in various consulates and gradually promoted them to full consul-
ships. The result is their consulates are efficient establishments, while ours are but little better than they were twenty years ago."

Frequent proposals were made for the educating and training of Americans for this service. The settlement of American claims by the Treaty of Tientsin in June, 1858 provided for the payment of an indemnity of 500,000 taels. After all claims were paid the sum of $210,000 was left. In 1862 Burlingame suggested using the fund to establish an educational institution in China where young men from America might be trained in the Chinese language and so prepare a corps of interpreters for use in the consulates and legation. The proposal was repeated several times in the next ten years. Mr. Low wrote in 1872, "If the future trade of China and Japan is of prospective value sufficiently to justify the government of the United States in granting a mail subsidy of $1,000,000 annually, of which no one acquainted with the subject doubts, it would seem that the moderate additional expenditure necessary to put the legation and consulates in these countries upon a respectable footing ought not to be withheld. To foster and extend commerce and trade, relations of amity, good will and confidence should be cultivated with this government and people. Nothing will promote this more
than the education of a corps of interpreters."42

Similar recommendations were made by President Grant in his annual messages to Congress in 1872 and 1874, especially in regard to the Shimonoseki indemnity fund received from the Japanese government.43 However no action was taken by Congress up to 1880 in regard to the use of either fund.

The importance of an effective consular service in China and Japan was augmented by the extra-territorial jurisdiction enjoyed by all the treaty powers in those countries. In the larger ports especially, the judicial duties of the consuls were extensive. At Shanghai it was reported that from 1862 to 1869, 467 civil and 597 criminal cases were heard and determined by the American consul.44 Efficient courts were needed to care for existing interests and the development of business and trade interests was largely dependent upon the status which Americans held by virtue of the greater or less control and protection exercised over them by their government.

The duties of American consuls in China were further increased by the regulations in regard to the immigration of Chinese subjects into this country. Under the Act of 1862 American consuls were charged with giving to every American vessel leaving port with Chinese immigrants a permit stating that each person was a free and voluntary emigrant. For years, however, the proceeding was largely

*See above, p. 126.
a farce, since the number of emigrants was so large that it was impossible for the consul to examine each person. They had to hire assistants and permit them to collect fees for their services. The consul at Hong Kong in 1871 suggested that provision for strict enforcement there might negative the growing clamor against Chinese immigration in the United States. 45

In respect to the reports which the consuls were required to furnish to the State Department, there was some progress made during the period. Up to 1880 the only reports published were included in the annual volume of Commercial Relations. The reports were at first comparatively ineffective, because the nature of the information to be submitted was left to the discretion of each consular officer. 46 They were mostly confined to the cargoes of vessels which carried the national flag and did not give complete information concerning foreign commerce. A beginning in the direction of uniformity was made in 1871 when instructions were issued to consular officers requiring them to forward statements showing the description, amount and value of the imports and exports of each port, as well as the several countries whence merchandise arrived or was sent. Following the issuance of the Consular Regulations of 1874, greater emphasis was placed upon reports concerning trade with the United States.

Special trade circulars were issued from the Department of State in July and August, 1877, which were trans-
mitted to the diplomatic and consular officers of the United States in the several countries. They requested those officials to transmit such commercial information and statistics covering their separate jurisdictions as would indicate the lines along which the trade of the United States might best be extended. This was a distinct effort to secure information which might be valuable to manufacturers and business men in this country.

In 1879 the first of a number of miscellaneous reports was issued, which dealt with trade, labor and industrial conditions in Europe. In 1880 a direct demand upon the State Department for aid from the consular service came from the cotton manufacturers who requested information concerning foreign markets for cotton products. Chambers of Commerce forced upon Congress the consideration of a more frequent publication and distribution of consular reports, and during the same year the monthly consular reports were first issued.

Open Door Policy

In a review of American policy which was designed to encourage trade in the Pacific, mention must be made again of the open door policy of this country in Asia. The United States encouraged Japan to open her ports to trade and led the way in establishing treaty relations with her. In the years following 1860, efforts of this
government were directed to securing the enforcement of treaty obligations and to strengthening the central government of Japan. When it became evident that, as a result of the cooperative policy culminating in the convention of 1868, American commercial interests were being sacrificed to those of European nations, the United States withdrew from cooperation with other powers. Thereafter American policy tended even more to strengthen and sustain Japan against aggression and to encourage them to maintain the open door for themselves.

In the case of China the United States opposed the granting of concessions of territory over which foreign powers would exercise sovereignty, or the granting of any exclusive privileges as to trade. It was the policy of this government to insist on the "most favored nation" treatment guaranteed by the treaties whenever in either China or Japan the question of treaty revision or the granting of new concessions arose. The views expressed by Secretary Fish in regard to privileges sought by the Great Northern Telegraph Company, in which he disapproved any special grants to them or any other company, is only one example of this policy.

It is evident, however, that the American program as expressed in the Burlingame treaty, of declaring China's

*See above, p. 70.
full sovereign rights over her territory and disclaiming any right to intervene in the domestic administration of China in regard to the construction of railroads, telegraphs and other internal improvements, was not adopted by other powers and did not tend to promote American interests.

In one other respect in which American interests in the Orient might have been advanced, i.e., by the placing of advisors in important positions in China and Japan, the United States was not able to take advantage of the opportunities offered to any great extent. Few Americans were used because there were no competent candidates. This was especially the case in regard to the Maritime Customs Service of China which was open to citizens and subjects of all the treaty powers.49 Opportunities of this kind were also offered in Japan. In 1871 a request came from there seeking the aid of the Secretary of State in securing a competent legal adviser for the Japanese government.50 About the same time a Commissioner of Agriculture was sent to Japan, who purchased agricultural implements, mills and machinery in this country and introduced them to the Japanese. Most of the Americans who acted as advisers in Japan were not, however, engaged in fields related to trade, but helped especially in organizing the school system and postal system.
Protective Tariffs

In respect to certain questions, particularly tariff and Chinese immigration, the interests of foreign trade appear to have been largely disregarded in favor of the more immediate domestic and local interests of the country.

During the period after 1860 the protective principle in the tariff became firmly established. The Morrill Act of 1861, while not itself a war tariff, raised the duties considerably above the rates of the Act of 1846 which it proposed to restore. In 1862 and 1864 the duties were further increased, the latter act establishing protective duties more extreme than any previous tariff. After the war schemes were brought forward every year for reduction and reform but were put off. The pressure from interested domestic producers was strong and other problems absorbed the attention of Congress. Thus the extreme protective system became a permanent institution.

It was admitted even by its sponsors that the immediate effect of a protective tariff would operate hardly upon the commercial interests of the country. The effects of the protective system would naturally be evidenced most in the trade of those countries which exported to the United States the articles of production and manufacture which the tariff was designed to protect. The duties levied on tea during the war were for purely revenue purposes and were repealed during the seventies.
Besides the specific duty which was at one time raised to 25 cents per pound, Congress levied an ad valorem duty on teas coming eastward across the Atlantic. This discriminating duty was imposed to foster direct trade over the Pacific Railroad and the steamers to China and Japan. 53

The tariff also operated hardly upon the shipping interests of the country. The high duties placed upon iron and other articles used in shipbuilding contributed to increase the cost of construction in this country, and so made competition with foreign built ships more difficult.

The effect of this was especially seen in the export trade to the Orient. Cotton manufacturers in this country were at a disadvantage in having to employ foreign shipping. What was needed was to have every facility offered for making freights cheap.

In the case of the Hawaii trade the effect of the tariff reciprocity agreement was to encourage trade at the expense of government revenues. Duties remitted by the United States on the sugar, molasses, rice, paddy, etc., imported from Hawaii in 1877 amounted to $1,185,359, while duties remitted to the United States on goods admitted free from this country into Hawaii amounted to only $96,212. 54 It should be noted, however, that political and strategic considerations were as important as commercial ones in determining this policy and that the United States benefited by confining the trade of the islands almost
exclusively to this country.

Chinese Immigration

Chinese immigration in its early stages was gladly welcomed and even enthusiastically encouraged. It furnished a class of labor greatly needed in the States and Territories bordering upon the Pacific. The gold strike in California started the demand for cheap labor and the San Francisco Custom House recorded a total of 18,438 Chinese entering that port in 1852. Unfavorable legislation in California caused the number of immigrants during the next 15 years to be greatly reduced, but in 1868 there was again a large importation of Chinese to work on the Pacific railroads. 55

The Burlingame treaty of that year is described as a cheap labor treaty, in that Article V by which the Emperor of China and the United States recognized the inherent right of man to change his home and allegiance, and the mutual advantage of free emigration from one country to the other, was really intended to regularize Chinese immigration at its source and protect it in the United States. This was necessary since the departure of Chinese from the Empire was a violation of ancient Chinese law, while in California the treaty would be superior to local legislation already hostile toward the Chinese. 56 Seward was as much interested in the labor problem as in the
extension of American trade across the Pacific, and was especially concerned about the delays in the completion of the Pacific railroad due to the scarcity of laborers.

As the immediate demand for labor in railway construction was lessened by the completion of the line across the continent, as mining passed from individual enterprise into the hands of large corporations and other laborers crowded to the Pacific slope, the attempt began to crowd the Chinamen out.

Objections raised against them were made on the ground that Chinese emigration to California was not really voluntary, but was made under contract; that this labor was brought into unfair competition with white labor and would crowd out the latter; and that the Chinese who came were of low character and exercised a demoralizing influence. 57

It was denied by others that coolies or involuntary immigrants were being admitted into the United States, but the enforcement of the law was difficult. Most of those who came had the cost of their passage advanced by some capitalist, native or foreign. Later large Chinese companies handled the immigration of Chinese and assigned the laborers to some Chinese company in California where they were set to work to pay off their passage.

Opposition to Chinese immigration first manifested itself in individual acts of hostility, personal abuse of Chinamen and injury to their property. This was followed
by state laws restricting their rights and seeking to limit their immigration. When tested in the courts this state legislation was declared to be in violation of the treaty or of the federal constitution. 

Leaders of the crusade in California had enough influence to make it a political issue and once in politics the agitation developed from a purely local question to a national one.

Numerous petitions and resolutions were received in Congress urging that action be taken to secure abrogation or modification of the Treaty of 1868 which would discourage further immigration of Chinese. These appeals were so effective as to procure the appointment in 1876 of a joint committee of the two houses of Congress to visit the Pacific Coast and investigate the character, extent and effect of Chinese immigration.

Oliver P. Morton of Indiana, one of the ablest and most influential members of Congress, was at the head of the committee. It held a number of sessions at San Francisco and examined a large number of witnesses. Due, however, to the illness of Senator Morton and the withdrawal of other members, the investigation was conducted before a commission made up of two Californians and one member from Tennessee. The report of the committee was distinctly anti-Chinese and it recommended that measures be taken by the Executive looking toward a modification of the existing treaty with China, confining it to strictly commercial
purposes and that Congress legislate to restrain the "great influx of Asians" to this country. The influx of Chinese for the year 1875, as reported from the consulate at Hong Kong from which all departures for America were made, amounted to 19,168 and exceeded that of the previous year by some 3,180.

The report of the Committee was submitted just before the end of the Forty-fourth Congress in February, 1877. The subject was brought before the next Congress and a bill passed which greatly restricted the immigration of Chinese into the United States. The bill made it a misdemeanor punishable with fine and imprisonment for a master of any vessel to take on board at any Chinese or other foreign port more than fifteen Chinese passengers with intent to bring them to the United States. The bill was utterly unpracticable, since it would not prevent foreign ships from bringing Chinese in; besides it was in opposition to existing treaties. It was passed with the expectation that the President would veto it and the main object to be gained was the support of the Pacific slope for the Republican party at the next Presidential election.

Immediately after President Hayes vetoed the Fifteen Passenger Bill, he instituted a commission to proceed to China to secure either modifications of the existing treaty or a new one. The commission consisted of John T. Swift of California, W. H. Tescott of South Carolina and
President James B. Angell of the University of Michigan, who was to succeed George F. Seward as United States minister to Peking.64

The commission was given no instructions in regard to the immigration question beyond having their attention called to the platforms of the two great political parties which had declared against Chinese immigration.65 The commission arrived in China at a time when the government was particularly well disposed toward the United States because of the popularity attained by General Grant in his visit of the previous year.

Negotiations were begun in September, 1880. The commission asked for a revision of the treaty which would give to the United States the right, at its discretion, to regulate, suspend or prohibit the immigration of Chinese laborers. A memorandum laid before the Chinese commissioners declared that the United States government had been subjected to grave embarrassments on account of Chinese laborers who came to this country intending only temporary residence, who congregated in the cities where they came in competition with native laborers and thus engendered popular discontent.66

The Chinese government being informed by its diplomatic representatives at Washington of the political aspects of the question and encouraged by Americans who sympathized with them, refused to yield the right to the
American government to prohibit the immigration. The American commissioners were prepared to withdraw this extreme claim and the result was a compromise by which to the United States was given the right to regulate, limit or suspend, but not to prohibit the coming of Chinese laborers, whenever in their opinion the coming of these laborers to the United States threatened to affect adversely the interests of any part of this country. Laborers already in the United States were secured in the right of most favored nation treatment, as were Chinese subjects coming to this country as teachers, students, merchants or travelers.67

At the same time a treaty of commercial intercourse was negotiated in which Americans were excluded from the opium trade by a very stringent agreement.

It seems evident that the commercial interests of the country were largely disregarded in handling this question of Chinese immigration. There was much criticism expressed at the time, both on the ground of national obligation and of danger to the maintenance and extension of commercial interests. It was urged that the treaties between the United States and China should have protected the Chinese in this country. While insisting on the strict observance of treaty provisions by China, this government was failing to live up to its own obligation under the treaty to provide safeguards for Chinese in this country.68
It was also declared that legislation such as Congress suggested was opposed to the purpose and aim of all treaty arrangements with the Chinese. The United States was seeking greater intercourse with that nation, hoping to possess a large share in the Eastern trade. Such a policy in regard to immigration would be more likely to check freedom of intercourse and provoke retaliatory measures. 69

A large part of the trade between San Francisco and China was in the hands of Chinese merchants. They imported the tea, rice, silks, etc., which supplied American merchants. Even the mail steamship line depended largely for its support upon Chinese passengers and freights, and the Chinese merchants of San Francisco were among those who urged the doubling of the subsidy to the Pacific Mail Company. 70

The development of that trade depended on the action of the Chinese and they would be governed by the manner in which they were treated and the character of the legislation affecting them.

The Chinese government did not concern itself actively with the welfare of its subjects away from home, but on one occasion in 1876 the Ministers of foreign affairs held conversations with the American minister on the subject of the Chinese in California. The Chinese officials referred to reports that their countrymen were being molested and assailed in this country. They called attention to the articles of the Burlingame treaty pledges freedom to
migrate and protection, and declared that they looked to the United States government to protect their citizens. At the same time they announced their early intention to establish a mission at Washington to represent their interests. 71

Acquisition of Territory

The question of the acquisition of territory outside the United States was one which arose several times during this period but was generally opposed. Secretary of State Seward favored it as was shown by his negotiation for the purchase of Alaska. That he had in mind especially expansion into the Pacific is shown by the fact that at the same time (1876) the United States occupied the Midway Islands and Seward declared that he preferred the annexation of Hawaii to a reciprocity treaty with her. The acquisition of Alaska was, however, generally condemned by the public and pronounced a gigantic folly, and in the case of Hawaii Seward later with his successors withheld encouragement to the party in the islands seeking annexation to the United States.

In 1867 an American bark, the Rover, sailing from Swatow was wrecked off the south coast of Formosa. The captain and crew left in two boats, only one of which was later heard from. The news was brought by a Chinese sailor who claimed that all but himself were killed by the natives
immediately after landing. The island was claimed by China but no control was exercised over the native population. The instructions from the State Department relative to the matter required Burlingame, the American minister to China, to report whether the Chinese government was established or acknowledged in any degree in Formosa, and if so to demand investigation and punishment with such indemnities as were possible. He was advised, however, that "in no case do the United States desire to seize and hold possession of Formosa or any part of said island." 72

A somewhat different situation developed in regard to the Bonin Islands, a group of small islands south and east of Japan. The Perry expedition had stopped at the islands in 1854 and one of the larger ones was taken possession of in the name of the United States government. A number of Americans settled there and traded produce to the crews of the whalers which occasionally visited the islands. In 1864 the Japanese took possession of the islands for a short time. This led to an inquiry by one of the American residents as to what their status was in the islands. Secretary Fish stated in 1873 to the American minister to Japan that Perry's action had never been sanctioned by Congress and that Americans going to the islands had never been promised protection by the United States government. 73

The American policy in regard to Samoa has already been noted. The establishment of a protectorate or direct
annexation was offered by the Samoans themselves and apparently much desired by them. But public opinion was indifferent, if not actually unfavorable, to proposals for the acquisition of such island territories, and the United States undertook no obligations, although they accepted the cession of Pago Pago harbor.

F. W. Seward in his "Reminiscences" records an interesting prophecy in regard to the future attitude of Americans to questions of this sort. A few months after the American treaty with Samoa was signed, the German minister, Dr. Von Schlozer, called upon Seward. "Aha!" said he, "Also we have a harbour in Samoa. Not the best--no. You have the best. You have Pago Pago. But we have the next best."

"What one have you, mein Herr?"

"Apia--Apia harbour. It is a good harbour. It is where the people are and the trade. We shall use our harbour now. You do not use yours--no. But you will some day. Some day, you will."
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