HIGH SENSE OF EQUITY CONTROLS ARBITRATORS

Full Decision of Men Who Passed Upon Questions Involved in the Carmen's Case Reaches City and Contains Information That Theories of Early Economists Are Ignored

COPIES of the findings of the board of arbitration, composed of Oscar S. Straus, Patrick Calhoun and W. D. Mahon, who, a week ago, settled the differences existing between the United Railroads and its employes relative to wages and hours, a brief synopsis of which was telegraphed from New York on the day the board rendered its decision, were received here yesterday.

As already announced, the board awarded the carmen an advance of 5 and 10 per cent in wages, according to the time of service of the men in the company, but declined to act upon the question of working hours, mainly for the reason, as explained in the decision, that it is a question that may at any time be mutually settled between the employer and employes. The decision follows:

In the matter of the arbitration of certain difference between Division No. 205, Amalgamated Association of Street Railway Employes of America, and the United Railroads of San Francisco. From the pleadings and the testimony in this matter it appears that on the 19th day of April, 1902, a strike was declared on all of the company's lines upon the demands made by the union under fourteen different heads.

The company practically granted all of the demands made by the men excepting one, which has since been granted, namely, the recognition of the union. The settlement was adjusted on April 26, 1902, a flat rate of 25 cents per hour for time actually at work was mutually agreed upon, and 30 cents per hour for overtime. It was agreed that the hours of labor shall not exceed ten per day, and that all runs shall be finished within fourteen hours from the commencement of the run. This last clause, being the third article of the agreement, was amended at the request of the employes so as to extend the hours of labor to eleven and the hours within which a run shall be finished to fifteen.

On the 16th day of March, 1903, as appears by the pleadings, the union served upon the company new demands. (See volume 1, pages 3-9 of testimony.)

By the answer of the company and the contract agreed upon by the conference committee acting on the part of the company and the union, these demands were either agreed to, modified or withdrawn, with the exception of those referring to hours and wages.

ARBITRATORS CHOSEN.

Subsequently, namely, on April 6, 1903, the proposal to refer all matters of difference arising out of the demands (excepting the matter of employment and discharge) to W. D. Mahon, international president Amalgamated Association of Street Railway Employes of America, and to Patrick Calhoun, representing the railroad company, for final adjustment, was accepted by the railroad company, with the addition:

"That Messrs. Mahon and Calhoun be authorized to appoint a third person to sit with them in the consideration of points upon which they may be unable to agree, and that a majority vote will prevail to be decisive."

On the 15th of June, 1903, Messrs. Calhoun and Mahon telegraphed to the undersigned as follows:

"We have agreed upon you as third arbiter to act with us in settlement of certain differences between the United Railroads Company of this city and the Street Carmen's Union. The evidence will be taken by a commissioner and submitted to you in writing. This controversy is an important one, and we strongly urge you to accept."

To which I sent my reply on the same day:

"In the line of the duty I have set before me to promote industrial peace, I accept, but regret this additional work coming upon me."

The question of testimony in this matter was taken before the Hon. Frank Murasky, who was agreed upon as a commissioner, covering nine closely type-written volumes, besides many volumes of exhibits.

The first meeting of the commission was held on September 15, 1903, in the rooms of the New York Board of Trade and Transportation, 216 Broadway. Mr. Calhoun suggested that the commission should pass upon the question upon which the company had refused to give testimony as to their ability to pay the wage demanded.

It was unanimously decided by the commission that testimony as to the ability or inability of the company to pay the wages that will be fixed by this commission will be received, as no question had arisen as to the company's lack of ability to pay its wage or any wage this commission should decide. Further hearing of the commission was adjourned until October 12, 1903. Mr. A. A. Moore appeared as counsel for the railroads and Hon. Edward J. Livernash appeared as counsel for the union.

The arguments on the part of counsel were heard on that day and on the 20th, 21st and 22d of October following. Written briefs were subsequently handed in by the respective counsel.

It is the judgment of the undersigned there remain of all the matter presented by the voluminous pleadings and correspondence framing the issues but two questions for determination by this board, namely:

First—The question as to what is a fair wagery.

Second—The question of hours of labor.

STANDARD OF WAGES.

Of all questions that arise in industrial disputes none is more difficult to define and determine than that is a fair wagery. Wishing to make my conclusions as brief and concise as possible, I will not enter into the economic speculations that this question gives rise to, as it can serve no purpose here.

If arbitrations of this kind concerned the interpretation of a contract, or of laws of regulations, they would be free from many of the uncertainties, indefiniteness and difficulties that surround a decision. We are met at the outset with the absence of precedents to guide us. There are no terms of a contract to interpret, because the very fact that such an arbitration is agreed upon is because the parties have been unable to make a contract, and therefore appeal to the high sense of equity on the part of the persons selected as arbitrators to accord a fair wage for the services that are demanded. The earlier economists generally held to the ruling that wages, like any other commodity, are regulated by the demand and the supply. In our day, with the more humane consideration of this question, there has come about a decided departure from this rigid and often inhuman method of regulating wages. No doubt the organization of wage earners on the one side and employers on the other, coupled with the more enlightened and humane views that characterize our age and civilization, have been responsible for the change. On the other hand, we must be mindful nothing is so destructive of an industry as to yield to demands on the part of labor that may be uneconomic.

By the testimony it appears that the United Railroads of San Francisco are now paying a high rate of wage, and that there are only four street railway companies out of 345 of which statistics are given that pay a higher rate, and that these are located in Montana, and that these four pay an average rate ranging from 27.5 cents to 29 cents per hour; and that there are of this number only four companies that pay as high rate as the company is now paying, namely, 25 cents; and that these companies are located in Oakland, Cal., in San Francisco, and in Spokane, Wash., and also one in Chicago.

The standard of wages on the Pacific Coast, and especially in San Francisco, since 1849 has always been high, resulting from many causes. The migration from the East began in that year, impelled by the discoveries of gold, and by reason of the fact that the journey was a long and expensive one wages were much higher than in the middle or eastern part of the United States, and so also was the cost of living. As time ran on and with the building of transcontinental lines the disproportion has become less and less, but it still remains as a fact that generally speaking the rate of wages is somewhat higher in the city of San Francisco than in other cities of equal size throughout the United States. Doubtless it was for that reason among others that the United Railroads of San Francisco after the strike of April, 1902, settled by granting to the men 25 cents per hour with 30 cents for overtime, which according to their own showing was 10 to 15 per cent higher than paid by similar railroads in other cities with the exception of those mentioned above.

The evidence shows in comparing the cost of living in 1902 with that of 1903 that there has been an advance. It is claimed on behalf of the street railway employes by a large mass of testimony they accumulated that that advance has been from 20 to 30 per cent.

MAKES ITS AWARD.

On the other hand it is claimed by the United Railroads, based upon Professor Plehn's report, that while there has been an advance that advance does not exceed more than 3 per cent. The basis of the large mass of testimony offered by the street railway employes derived from their own members is lacking in definiteness and in part in reliability. On the other hand the bases of the exhaustive calculations made by Professor Plehn are not entirely satisfactory or convincing. The testimony on both sides establishes, however, the fact that there has been for the periods mentioned a rise in the cost of living; that on the average the rent of rooms or apartments such as the employes live in has advanced about 10 per cent.

Referring to the increased cost of living, the Anthracite Coal Strike Commission (see bulletin of the Department of Labor No. 46, May, 1903, page 472), says:

"This increase for the past few years, as ascertained for a forthcoming report, and taking into consideration the leading articles of consumption for food, amounts to 9.8 per cent. From this it is seen that, taking the average quantity of articles consumed per family and assuming prices for 1901 to be 100, in 1898 they were 96.5; in 1899, 94.5; in 1900, 96.7, and in 1902, 106.2."

Whether the increase of the cost of living in San Francisco for the first five months in 1903 as compared with the first five months in 1902 was normal or not as compared with the rest of the United States does not appear. It was claimed that part of the increase is due to the fact that labor is more generally organized in the different branches of industry in San Francisco than elsewhere, and that has been one of the causes for a rise in the cost of living.

In view, therefore, of all these circumstances, I adjudge and award:

First—That the United Railroads of San Francisco pay to such of the members of Division No. 205, Amalgamated Association of Street Railway Employes of America, who are now and have been in their employ for a period under two years prior to April 1, 1903, an increase of 5 per cent above 25 cents an hour, and to such of said employes who are now and have been prior to April 1, 1903, in their employ two years and over an increase of 10 per cent above 25 cents an hour, and that for overtime the like percentages of increase above the basic rate be paid.

Second—I adjudge and award that the United Railroads of San Francisco pay to such of its employes who are members of Division No. 205, Amalgamated Association of Street Railway Employes of America, who work by the day, and who are now and have been in their employ for a period of under two years prior to April 1, 1903, an increase of 5 per cent above the daily rate of wage they are now receiving, and to such of said employes who are now and have been prior to April 1, 1903, in their employ two years and over an increase of 10 per cent above the rate of wage they are now receiving.

SCHEDULE OF HOURS.

It appears by the evidence that the average hours of actual labor by the body of regular men under the present schedule are ten hours and three minutes, or thereabout; that at the time when the strike was settled in April, 1902, the schedule which was agreed to by the company was ten hours per day, to be completed within fourteen hours, and that this schedule, upon the request of the union, was amended by extending the hours of labor to eleven, to be completed within fifteen hours. In comparing the hours of service on these railroads it does not appear that they are longer or more arduous than generally prevail in this line of service; nor does it appear that they are too long, considering the health and welfare of the men in this line of service, and in view of the fact that the climate of the Pacific Coast is exceptionally mild and free from that severity that obtains in the middle and eastern part of the United States.

Third—I judge and award that the same hours and schedule that now obtains be continued, it is always within the province of the railroad on the one side and the employes on the other to amend their schedules by mutual agreement. I therefore decline to disturb the present schedules.

Fourth—In accordance with agreement under which this arbitration was entered upon, the wage rate adjudged and awarded shall be deemed to go into effect as of the 1st of May, 1903, and continue until the 1st of May, 1904.

In conclusion I desire to add that in coming to the above decision I have endeavored to be just and equitable to both sides, and have been largely influenced by the desire and purpose to establish a permanent peace between the company and its employes, to encourage a spirit of mutual confidence and to secure to the public what it has a right to demand, the best possible street railway service without friction, so as to avoid for many years to come conflict and disagreement between the corporation on the one side, the union on the other, although by this agreement the award, as aforesaid, is to be only binding for a period of one year.

I trust, and it is my expectation, that it will continue for a much longer period. The extensive preparation of this case, with its vast amount of testimony and the large cost and labor it has entailed upon both sides, has been so great that it is hoped that this will be an added reason for continuing the award for years to come beyond the period specified.

For the purpose of avoiding any dispute or disagreement regarding the meaning and interpretation of these awards or regarding the persons to whom they shall apply, I suggest in such event the question be referred to arbitration, the arbitrators to be selected, one by the United Railroads, the other by the Employes' Union, and, in case they disagree, a third arbitrator be selected by these two, whose decision shall be final and conclusive.

OSCAR S. STRAUS,
W. D. MAHON.

New York, November 3, 1903.

I decline to concur and will file my reasons in writing. PAT. CALHOUN.

ADVERTISEMENTS.

Mrs. Weisslitz, Buffalo, N. Y., cured of kidney trouble by Lydia E. Pinkham's Vegetable Compound.

Of all the diseases known with which the female organism is afflicted, kidney disease is the most fatal. In fact, unless prompt and correct treatment is applied, the weary patient seldom survives.

Being fully aware of this, Mrs. Pinkham, early in her career, gave careful study to the subject, and in producing her great remedy for woman's ills—**Lydia E. Pinkham's Vegetable Compound**—made sure that it contained the correct combination of herbs which was certain to control that dreaded disease, **woman's** kidney troubles.

Read What Mrs. Weisslitz Says.

"DEAR MRS. PINKHAM:—For two years my life was simply a burden. I suffered so with female troubles, and pains across my back and loins. The doctor told me that I had kidney troubles and prescribed for me. For three months I took his medicine, but grew steadily worse. My husband then advised me to try **Lydia E. Pinkham's Vegetable Compound,** and brought home a bottle. It is the greatest blessing ever brought to our home. Within three months I was a changed woman. My pain had disappeared, my complexion became clear, my eyes bright, and my entire system in good shape."—MRS. PAULA WEISSLITZ, 176 Seneca St., Buffalo, N. Y.—*$5000 forfeit if original of above letter proving genuineness cannot be produced.*

Civil Service Commission Meets.

The Civil Service Commission held its regular weekly meeting last night. The cases of the following city employes who had been on trial resulted as follows: John Madden was exonerated and returned to work; M. Christian was put back on the reserved eligible list, and Dennis P. Dunlea, who was formerly substitute fireman for Engine 29, was removed from the eligible list.

Arrested for Robbery.

Joseph Arthur, colored, an ex-soldier, was arrested last night by Patrolmen A. A. Hicks and M. Brady and booked at the City Prison on a charge of grand larceny. It is alleged that Arthur robbed Dr. M. Winslow of 819 Market street early Saturday morning while the physician was walking down Grant avenue, between Post and Sutter streets.

FRANCIS HENEY TO HANDLE LAND FRAUD CASES

SAN FRANCISCO ATTORNEY WHO HAS RECEIVED AN IMPORTANT APPOINTMENT.

Assistant Attorney General Leaves for the Oregon Metropolis.

FRANCIS J. HENEY, recently appointed Special Assistant Attorney General of the United States, left last evening for Portland, Or., where he is to perform the duties of prosecuting attorney in a land fraud case now pending in that city.

Mr. Heney received his appointment only last week from P. C. Knox, Attorney General of the United States. The special line of work involved in Mr. Heney's new office is land fraud cases, and a few months ago he figured prominently in the case of the Spring Valley Water Works vs. the city and county of San Francisco. The decision rendered was an injunction against the city. Mr. Heney has handled several other large cases in this city during the last few years.

Mr. Heney was Attorney General of Arizona for one term and is a Democrat, having taken an active part in the recent campaign.

Before leaving San Francisco Mr. Heney acted as prosecuting attorney in the Ware case. Mrs. Ware was arraigned and indicted yesterday for forging applications for land permits.

Just how long Mr. Heney will be away is not known, but his friends expect to see him home inside of a month.

GIVE LUNCHEON IN HONOR OF A DEBUTANTE

Miss Gertrude Hyde-Smith, who is to be numbered among the debutantes of the winter season, was guest of honor at a luncheon given by her aunt, Mrs. Camillo Martin, yesterday. Miss Hyde-Smith has just returned from an extended trip abroad with her mother. Miss Margaret Hyde-Smith, a younger sister of the debutante, is at present in Washington with her uncle and aunt, Mr. and Mrs. Henly Smith, but will return to San Francisco very shortly with the Mayo Newhalls.

The guests who welcomed the newly arrived bud yesterday were Miss Hyde-Smith, Miss Grace Martin, Miss Emily Wilson, Miss Frances Allen, Miss Dorothy Gittings, Miss Lucy Gwin Coleman, Miss Helen Bowie, Miss Frances McKinstry and Miss Suzanne Blanding.

* * *

At a pretty home wedding last evening Miss Nellie Reckel became the bride of Herbert Collins of San Diego, the Rev. Dr. Bailey officiating. Forty-five invited guests took part in the wedding festivities at the home of the bride at 897 Fulton street.

The bride was charming in a dainty gown of white organdie, and carried a shower bouquet of Bride roses. Her only attendant was Miss Florence Tibbitts. Miss Tibbitts, who is the leading soprano at the Simpson Memorial Church, entertained the guests with songs after the marriage. Mr. A. Jones acted as best man. The decorations were white chrysanthemums and smilax effectively arranged. Mr. and Mrs. Collins have gone to Los Angeles for their honeymoon. Upon their return they probably will reside in this city, although their plans are not definitely settled.

* * *

The ladies of the Contemporary Club met yesterday afternoon at Utopia Hall, and after their regular business session listened to a talk on kindergarten work by Mrs. Bird of Alameda.

* * *

The Calaveras Big Tree Outdoor League held a meeting yesterday afternoon at the residence of Mrs. Lovell White, 1616 Clay street. Measures were adopted for the preservation of the trees and plans were made for further practical work. A parliamentary drill under the direction of Dr. Amy Brown was also of interest.

* * *

The Welch-De Laveaga wedding will take place to-morrow at high noon at St. Mary's Cathedral. Miss de Laveaga's attendants will be; Mrs. Eugene Lent, matron of honor, and Miss Alice Butler, Miss Olga Atherton, Miss Florence Callaghan and Miss Agnes Clinton, bridesmaids.

* * *

Mrs. O'Kane is comfortably settled for the winter in her apartments at St. Dunstan's.

* * *

The De Youngs, who have been spending some time in New York, are now in Boston, but will return home about the middle of this month.

* * *

Mrs. and Miss Kohl are in New York, staying at the Holland House.

* * *

Mrs. A. A. Watkins and Miss Mabel Watkins have closed their home in Sausalito and have taken the Kimble house on Broadway for the winter.

Broke His Ribs by a Fall.

G. M. Gilroy, residing at 33 Stevenson street, suffered a fracture of three of his ribs on the right side yesterday by falling from a temporary staging at Eddy and Fillmore streets. Gilroy was pumping out an overflooded cellar, when he lost his balance on the staging and fell a distance of twenty feet into the cellar. The injured man was attended at the Central Emergency Hospital.

The old original Indian Basket Store, 638 Post st., cor. Jones, selling out at cost. Examine our stock before buying.

TAKES STEP TO MAINTAIN OPEN DOOR IN MANCHURIA

Manufacturers' and Producers' Association Acts Upon Communication From Commercial Representative in the Orient and Will Invoke Aid to Preserve America's Trade

A THREAT to the trade of the Pacific Coast and also to that of the United States in general, that is found in the acts of the Russians in Manchuria, formed the subject of resolutions that were adopted yesterday by the directors of the Manufacturers' and Producers' Association of California. One resolution called upon the leading commercial organizations of the United States to take such action as shall clearly make known to our Government the great importance attached by them to free commercial intercourse in Manchuria and the protection and development of trade in that province. Another requests the Secretary of State of the United States to take such steps as shall secure the needed protection for American trade in Manchuria.

In connection with the adoption of the resolutions by the Manufacturers' and Producers' Association a communication was adopted to be forwarded to the organizations and persons engaged in business, inviting careful consideration of the resolutions and also of the report of J. B. Havre. In this communication Mr. Havre is indorsed for business experience and judgment and also for knowledge of the present and future trade of the United States in Manchuria. The resolutions and the communication referred to are signed by President Andrea Sbarboro and Secretary Bancroft. The text of the resolutions is as follows:

RESOLUTIONS ADOPTED.

Whereas, It has been understood by this community, from the negotiations which have heretofore been conducted between the Government of the United States and the several Asiatic and European powers concerned, that the policy of the "open door" shall be observed and maintained as to commerce between all countries and the Empire of China and its various provinces as heretofore constituted; and,

Whereas, It appears from the activity of the Russian Government in Manchuria, and from other facts and statements set forth in the report now before this board made by Mr. J. B. Havre, representing large commercial houses of the United States, that there is great danger that the Pacific Coast and the United States generally may be debarred from free commercial intercourse with the province of Manchuria, be it hereby

Resolved, That this board views with the deepest concern the danger above referred to and that the honorable Secretary of State of the United States is hereby respectfully petitioned to take such further energetic measures as may be deemed by him to be most expedient to protect and maintain free commercial intercourse between this country and the Province of Manchuria.

Resolved, That a certified copy of the report of Mr. J. B. Havre and of these proceedings be at once forwarded to the honorable Secretary of State at Washington.

Resolved, That the attention of the leading commercial organizations of the United States be called to this matter and that they are hereby earnestly recommended to give their careful consideration to same and to take such action as shall clearly make known to our Government the great importance attached by them to the protection and development of the commercial interests of this country in Manchuria.

HAVRE MAKES REPORT.

The report submitted by Mr. Havre to American manufacturers represented by him in the Orient is dated at Hongkong, September 26, and is in full as follows:

I wish to call your attention to Manchuria, that rich territory where America is doing such a large business, and where we may find ourselves shut out almost any day if our Government does not take energetic steps to protect our interests.

In 1901 the imports from the United States into Manchuria amounted to nearly $5,000,000. The total foreign imports for the same year were under $13,000,000. The United States had, therefore, about 40 per cent of the total foreign imports of Manchuria. In 1902 the American exports into Manchuria fell to about 35 per cent of the total amount of Manchuria's foreign imports. Notwithstanding this decline from 1901, we are still doing a far larger business in Manchuria than any other foreign country. But how long will this last if the American people do not wake up to the true realization of the facts and see to it that American goods shall be assured a square deal in that market?

The opinion seems to prevail at home that the United States has not much at stake in Manchuria, and that England and Japan are endeavoring to induce Uncle Sam to haul the chestnuts out of the fire for them. It is true we have no political interests there, whereas Japan has; but from the above figures it would seem that the United States has more at stake in Manchuria than any other country.

DEALING WITH RUSSIA.

To protect our Manchurian interests we must deal with Russia. China has nothing to say in Manchuria to-day and Russia is paramount. Russia will never let go of Manchuria and she has almost as good a grip on it to-day as she has on Moscow. I went nearly all over the country and saw Russian soldiers in practically every town. At every railway station one sees Russian sentries on guard. They run the whole thing, and poor John Chinaman has not a word to say about it. A railway station from Dalny to Harbin, even if there are only three or four buildings there, one sees fine brick buildings going up. I have never been anywhere where I saw such activity in building. Does anybody believe for a moment that Russia is putting up all these fine buildings on the eve of her evacuation for the Chinese to come back and live in them?

Manchuria is a richer province than any to be found in the whole Russian empire. It reminds one of the prairies of Iowa, Kansas or the Dakotas. As far as the eye can reach one sees immense grain and corn fields. The country is not cut up into small tracts as happens to be the case in many other Oriental countries, but there are large fields and farming is done on a large scale. I have seen Chinamen plowing and harrowing with five and six ponies and mules. There seems to be prosperity on every hand. To a casual passerby this is best evidenced by the bountiful crops and the sleek, fat appearance of the farm stock. While the horses are small they are very tough and enduring, and so are the donkeys, but the mules are fine specimens, as large and strong as those in the United States.

AMERICAN-MADE GOODS.

When people are prosperous they are good customers for those who have something to sell, and in Manchuria the articles that sell best are those which the United States can furnish to the best advantage, such as kerosene, flour, cotton goods, etc. There is also a good market for California fruits.

Good markets are not so plentiful nowadays that we can afford to let one slip through our fingers where we are already pre-eminent, and for such articles as Russia can manufacture herself we will certainly lose the Manchurian market if the business men of the United States do not wake up and see to it that our interests are safeguarded now—now is the time to do it.

As soon as Russia feels absolutely safe in Manchuria she will endeavor to capture this rich market for herself and shut out her competitors. In this event the United States will be the principal loser.

Russia is already trying to capture the cotton goods market of Manchuria from the hands of the United States. Under date of March 19, 1903, the United States Consul at Newchwang, Henry B. Miller, made the following statement in the advance sheets of Consular Reports:

CONSUL GIVES FACTS.

"In view of the native competition and the efforts being made by Russia to capture the cotton goods trade of Manchuria, especially in drills and sheetings, American manufacturers should look more closely after their interests in this market. Russian industries are encouraged by the Government in the form of bounties, etc., and that it is the purpose of the Russian manufacturers to imitate American goods and brands is shown by the following contract, made at this port between a Russian official in the custom service and Chinese hongs (Chinese firms):

"This is a provisional contract made by ——— hong for the purpose of undertaking to sell American sheetings, drills and cotton yarn in the provinces of Fengtein, Kirin and Hei-lung-Kiant. It is agreed that the privilege of monopolizing the sale of these three kinds of goods shall not be given to any other dealers, nor shall any of the kinds be sold under an altered mark or chop in the provinces above mentioned.

"When the specified large sample has arrived and is found to be coincident with the original specifications, a proper agreement will be made as to the number or quantity of goods which ——— hong undertakes to sell, also as to the period of agreement and the price of respective goods, as well as the system adopted in transmitting money, etc. In case the large sample is incorrect this contract becomes null and void; but should there be no mistake in the sample neither party shall be at liberty to alter the provisions hereinafter stated:

"1.—The definite number of years the agreement is to run and monthly quantity of goods which ——— hong agrees to take shall be fixed upon the receipt of the large sample, after being convinced of its correctness.

"2.—. ——— hong orders the American sheeting under a chop of "double horses," with powderless and pure thread. The sheeting is to be two feet six inches broad (Chinese measurement) and 105 feet long per piece, and the weight thirteen catties (seventeen pounds). Each package is to contain twenty pieces, be lined inside with one sheet of foreign paper, covered outside with hemp cloth and wound with nine rounds of hemp cord.

"The drills of 'double dragon' pure thread, two feet two inches broad and 105 feet long (Chinese measurement), are to weigh thirteen catties apiece, with fifteen pieces to the package, each package to be lined inside with one sheet of green oilcloth and one sheet of foreign paper, and covered outside with hemp cloth and seven rounds of white hemp cord.

"The cotton yarn, with a chop of 'two men carrying tea bucket,' 20 pieces to make a small bundle, is to be wrapped with hard paper and wound with hemp string; 40 bundles to make a package covered with hemp cloth and four iron hoops.

"The above specified manner of packing is that to which the markets of the said three provinces have been accustomed. Any discrepancy will lead to depreciation of value and difficulty of sale.

"3. It is agreed to take the fourth and tenth moon of each year as the date upon which to fix the price of the respective goods according to the Shanghai market, with a reduction of 25 per cent, the money to be paid in the currency of Shanghai.

"4. For conveyance of such goods to said provinces ———hong is free from paying custom duty, freight and coolie hire or any other expenses. This is mutually agreed to and no alteration can be made afterward.

"5. On the date of receiving goods drafts at sixty days' sight for the amount due shall be drawn against banks at Shanghai. In the event of drawer being unable to meet drafts on due dates on account of the dull markets in the northern provinces he shall be at liberty to extend them a further period at an interest of 8 per cent per annum. This is likewise mutually agreed to and no alteration can be made afterward.

"6. The quantity of goods to be taken and sold by the second party shall be according to the actual number of goods which is usually sold in the above mentioned three provinces. On the other hand the first party shall not sell similar goods in the same provinces nor under modified chop through any other agency.

"7. As the second party will have to furnish a large capital to carry on the enterprise they deem it necessary to obtain protection of the authorities of the first party in the places in which they do business, and to secure two proclamations to that effect, in Chinese and Russian, which shall be posted at the door of the second party.

"8. Damaged goods and goods of an inferior quality or variety or weight shall be carefully examined and settled for at reduced prices.

"9. The goods above described are such as suit the markets of said provinces, and when the final agreement is entered into no change can be made as to the original provisions.

"10. It will be at the option of either party to continue or discontinue the business at the expiration of the time agreed upon, but should it be continued a new agreement, in Chinese and Russian, shall be drawn up."

RUSSIAN AGENT ACTIVE.

An agent of Russian manufacturers is here endeavoring, in connection with the Russo-Chinese Bank, to secure the trade in cotton prints. He has a very large selection of samples and promises delivery in three months. The prices range from 12½ kopecks (6.4 cents) per Russian yard (28 inches) for ordinary printed cambrics, to 21 kopecks (10.8 cents) for fancy lastings.

The Chinese say the character and quality of the goods are well suited to this market and are better than the American goods, and that they will sell if prices are low enough. The above quotations are not, however, sufficiently low to secure the trade.

The imports of drills, jeans and sheetings from the United States through Newchwang amount annually to about $4,000,000, and when the quantity coming through Dalny and Port Arthur is taken into account and the other kinds of cotton fabrics are included, I am convinced that our imports of cotton goods into Manchuria will amount to over $4,500,000 per annum. Under Russian control of the customs it is claimed that Russian goods will pass free and all others would pay the duty.

American oil has enjoyed great favor in Manchuria. The quantity of American kerosene imported into Manchuria steadily grew up to 1901. In that year it amounted to 3,172,000 gallons. In 1902, however, the imports fell from the three million mark down to 603,280 gallons.

So far as custom returns show there is no accounting for this decrease by the introduction of any other oil, but the facts are that the prediction made in my last year's report have been fulfilled, and oil sold by the Russo-Chinese Bank in the interior cities of Manchuria is driving out the American product. An American firm on account of the opposition of the Russian oil dealers has been unable to secure a site at Dalny for building warehouses to store American oil.

MARKET FOR FLOUR.

The following is an extract from an article published in a paper out here:

"The largest imports of flour from the United States into Manchuria were made in 1901, when it amounted to $128,000 in value, while in 1902 it fell to $91,000. Now the demand for American flour has been worked up in the few years preceding 1901, and is therefore of recent growth. American flour gained a good deal in Chinese favor when they found out its superior quality, and also especially when they found out that its price was not very much different from the native and inferior flour.

"As in a number of other articles, American flour enjoys the reputation of being the 'correct brand.' The sudden fall in the importation of American flour is not without reason to those who are bold enough to look the facts in the face. There are several flour mills at Harbin. Two of them are of considerable magnitude. One of them is owned by the Chinese Eastern Railway, that is to say, is in the hands of Russia. It has a capacity of turning out every day 126,302 pounds. Through these mills one can purchase a fine quality of wheat at 60 kopecks (30 cents) per bushel. A certain number of newspapers in the United States are happy in cheerfully stating that the northwestern part of the United States can produce wheat and flour and ship them 1500 miles inland to Siberia at a profit. The figures given here concerning the Russian mills at Harbin might be expected to do a radical missionary work among that cheerful class. And this is not the only Russian mill that is in operation.

"'Government agents and Russian subjects,' says the American Consul at Newchwang in one of his recent reports, 'are building flour mills, factories and meat packing establishments, and are opening mines and selling goods throughout Manchuria—privileges which Americans are not permitted to enjoy.' The friends of the United States trade with Manchuria might be forgiven in underscoring these few words. Of course, if you do not believe your Consul at Newchwang and are happy in placing your heart and confidence in the statements of Russian diplomatic officers, very well and good. It might be that the gentlemen in the service of the Czar are likely to give you more correct reports than the American representative on the ground."

TRADE IS MENACED.

The foregoing article hits the nail on the head. That our lucrative trade with Manchuria is menaced, and most seriously so, is beyond question. All our Consuls out here whom I have spoken to, especially those in North China, who are practically on the spot, are a unit in calling the attention of the American people to the fact that if we do not take the necessary steps now to protect our interests in Manchuria, that country will be lost to us for trade. I cannot urge you too strongly to give this matter your most serious consideration, for no part of the United States is more vitally interested in the preservation of our Manchurian trade than the Pacific Coast. There is no limit to the different articles we can sell there, provided the right men are sent there to canvass the market intelligently, and, above all, that we are not shut out by a discriminating tariff.

That our able Secretary of State is aware of the state of affairs in Manchuria there can be no doubt, for he has in his possession the reports of our Consuls. He must have foreseen something like the present state of affairs when, some years ago, he approached the various European governments and exacted from them a promise to observe the policy of the "open door" in China. Russia, who was a party to this agreement, is now about to absorb that part of China where our largest trade interests are concentrated, and there we are menaced with having the door shut in our faces.

NEED PRESENT STATUS.

The opening of Mukden and Ta-tung-Kow, while a step in the right direction, does not by any means settle the Manchurian question to the satisfaction of the American trade interests. What we want, and what we must have, is that the present status quo of the open door in China, i. e., Manchuria, shall not be disturbed, and a guarantee to this effect, not in words, but in black and white, we must get from the Russian Government if we do not want to see our Manchurian trade slip away from us during the next few years. We must have an absolute assurance from the Russian Government that American goods shall at all times be permitted to enter Manchuria on the same footing as Russian goods. There is little doubt but that such a guarantee could be obtained now by taking a firm stand, whereas a couple of years hence it would probably be impossible to get it without going to war.

Judging from our usually so well-informed press, what is lacking in the United States to-day is a clear conception of what we really have at stake in Manchuria. We seem to treat this excellent customer of ours as a poor relation. Ten years hence, when the manufactured article will probably amount to 50 per cent of our exports and when the bread and butter of millions of our people will depend on foreign markets, the imminent possibility of being shut out from one of our best markets would be regarded by the American people with very grave concern indeed. What is needed now in the United States is a healthy and strong public opinion on this question to strengthen the hands of our National Government in safeguarding our rights in Manchuria; and allow me to tell you, gentlemen, now is the time to do it, for now it can be done without any danger. Very respectfully yours,

J. B. HAVRE.

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