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Address by

Elbert H. Gary

President, American Iron and Steel Institute

At Semi-Annual Meeting

St. Louis

October 27, 1916

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ADDRESS BY THE PRESIDENT, ELBERT H. GARY, AT SEMI-ANNUAL MEETING OF AMERICAN IRON AND STEEL INSTITUTE, ST. LOUIS, OCTOBER 27, 1916.

At the last directors' meeting of The Institute, before the summer vacation, a member suggested that, at the October meeting, I give some account of my proposed visit to the Orient and therefore he properly may be charged with the responsibility of the President's remarks on this occasion.

I left New York on July 3rd for Toronto and from thence proceeded via the Canadian Pacific Railroad to Vancouver; sailed on the *Empress of Asia* July 13th; arrived at Yokohama July 24th (dropping one day at the 180th meridian and picking it up again on the return trip), and from there went on same steamer to Manila, arriving July 31st. I left Manila on another ship (Japanese) August 7th for Hong Kong, overtaking the *Empress of Asia*, which had preceded the Japanese ship, and sailed for Shanghai. From there I went through portions of China (visiting Peking, Soochow, Nanking and various other places in the eastern and northern part) to Mukden, in Manchuria; Seoul, in Korea, and then across the Japan Sea or Strait of Korea to Shimomoseki, in Japan, arriving August 29th. I remained in Japan until September 14th, when I embarked on the *Empress of Russia* for Victoria, B. C., arriving September 23rd. I visited the principal cities in Japan and motored

considerably through the country, as I also did in China and the Philippines, wherever practicable. The journey, taken as a whole, was long, rather warm and somewhat tiresome, as I expected it would be, but it was all interesting and enjoyable and a trip to be recommended, even in the summer months. The accommodations for the traveler are generally good and in many respects are excellent.

This brief outline has been given because I am hoping many of my hearers will be inclined to inquire into the details and then to personally inspect this fascinating portion of the Earth situated on the opposite side of the Globe from your habitation. I will later suggest reasons for my wish.

There are many phases of Oriental life and customs, of natural and artificial beauty, of contrasts between the old and new civilizations, all of which attract and interest the student and charm the traveler; but it is not my purpose to attempt at this time to do more than glance at some of the general features of the different countries mentioned, in which it seems to me you, as business men, are especially concerned. I was diligent and impartial in the endeavor to ascertain facts that appeared to have a bearing upon your interests and mine in the affairs and conditions of these nations respectively. I saw as much of the countries and as many of the people as the limit of time permitted. Posing only as a member of the business fraternity, I received from foreigners everywhere the most hospitable and generous treatment and the frankest expression of sentiment toward the people of the United

States. Also our diplomatic representatives, without exception, were courteous, helpful and hospitable; they are rendering faithful and efficient service.

THE PHILIPPINES.

The Philippine Islands, with proper development and modern practice, are capable of supporting comfortably ten times, or more, the number of people now living within their territory. There can be produced everything indigenous to semi-tropical latitudes and many things to better advantage than on any other lands within the same proximity to the equator. Hemp, tobacco, sugar, rice, cocoanut oils, coffee, fruits, vegetables, grains, choicest timber and multitudes of other valuable products can be raised in as large or larger abundance than in any other country, with comparatively slight exception. The natural requisites, including moisture, water-power and particularly richness of soil, are all sufficient. The climate is equable and excellent. In the summer, it is warm during the middle of the day, but the nights are agreeable, and, on the whole, the temperature seemed to me very much better than the average. No doubt the records will show favorably by comparison. The Filipinos, as a race, are a fine people, intelligent, of good disposition and possessed of capacity for success. I met large numbers of them, confined perhaps to the better educated classes, but nevertheless representative. With opportunity, example and precept they will take a desirable place in the ranks of progressive and worthy citizens.

When the United States paid nearly \$20,000,000 to Spain, the owner, for the title to the Philippine Islands, she acquired a territory possessed of all the essentials for building up a rich, healthful and desirable extension of its dominions as a valuable and necessary supplement to the immense productive capacity which she already possessed; and it was inhabited by a people who, by nature, would readily become loyal and faithful citizens of our country. When the United States, by mere chance, or as the result of an overruling Providence, became responsible for the future welfare of the inhabitants of the Islands and for the conditions which might directly and seriously affect other countries, especially those in proximity, there was much in the condition of the people to be deplored. The masses were ignorant; perhaps purposely deprived of education; and they were subjected to tyranny and cruelty. They were poor, unhealthy, diseased, overtaxed and wretched. They were more or less at war with each other and with their Government. Every influence, every tendency, was bad. They had no hope for the future. Intelligent happiness was neither a reminiscence nor even an aspiration. Because of the diseases prevalent, both the people and their beasts of burden were a menace to the outside world. The Filipinos were not blamable for this situation; they deserved a better fate.

The United States was a good Samaritan. The splendid men who were duly appointed by our country, including both military and civil representatives, with fortitude and judgment and human instincts took up and carried on the work of renovating and rejuvenating this

conglomerate of physical and moral corruption, which had developed without the fault or the understanding of the people themselves. The results of their efforts will stand for all time to come as a monument to the generous, humane and intelligent policy of an enlightened and unselfish nation, unless something shall be done in the future to counteract or neutralize the results of the course which has been pursued. All those who have represented the United States in bringing about the wonderful changes in the Philippine Islands are entitled to the highest commendation. Their work has not been fully appreciated by the average citizen of this country.

There has been established a sound and exemplary government. The laws are wisely and justly administered by able and impartial judges; modern and commodious hospitals have been built and are in charge of competent, practical and humane doctors and nurses; plagues and dreadful contagious and infectious diseases have been largely stamped out; model schools, special and common, have been established, and they are filled with eager and industrious Filipinos taught in the English language. Good roads have been built; agriculture, horticulture and forestry have been improved; means and methods for civilization and for modern practical results have been taught, though, of course, much remains to be done.

There has been a general cleaning up, and the best results of experience in other up-to-date countries are being applied so far as possible. Filipinos understand and appreciate what has been done, and they are a grateful people. Of course, the large majority are referred to.

There are always exceptions. All this has cost and is costing large sums of money, but emphasis should be given to the fact that, with the exception of the money paid for maintaining the army and navy, which is no more than it would be if stationed elsewhere, the total expense of making the improvements and changes averted to and maintaining the same, as well as the expenses of administration, including the civil government, courts of law, salaries of appointees of the United States Government, schools, hospitals and everything else of the kind, are and, from the start, have been paid from the treasury of the Philippine Government.

Without the protection and assistance of the United States; without the experienced talent of representatives sent from here; without the added energy, skill and invested capital of Americans; if the Filipinos were again left to themselves, they would be unable to make the progress in the development of the resources of the country which is possible and desirable; and the future of the Islands would be uncertain. They would not long be permitted to drift towards old conditions so as to be a menace to the health of neighboring nations particularly interested, for the latter would interfere and probably take possession and control.

The United States assumed a moral obligation to the Filipinos and to other nations when she took charge of these islands. She could not shirk it if she wished to do so.

Moreover, if the Filipinos desire it, as I believe they do, and if the United States, as I think a majority of

the citizens wish, shall decide to have the Philippine Islands remain permanently a part of the territory of the United States, it would result in great financial benefit to the Islands and their inhabitants and also to the United States; and all other nations would approve. Considering the interests of the Filipinos and the Americans both, it would be a grave mistake to sever the relations now existing between them.

There cannot be properly developed the immense natural resources of the country and the resulting business, with adequate facilities for conducting the same, without large amounts of capital, and it is impossible to secure these unless and until there shall be permanently established a government which is satisfactory and will not be assailed. If the United States should abandon the Islands, capital already invested would be withdrawn, in part at least, and additional investments would be discontinued. The Americans in the Philippines who have done and are doing much to advance the pecuniary interests of the Archipelago, as well as the natives themselves, understand and openly recognize the fatal results to the Islands if they should lose our support.

CHINA.

During the last few decades, at least, China has not kept pace with others in the progressive march of nations. Possessed by nature with extraordinary opportunities, she has nevertheless been retroactive in disposition and, to some extent, has been exploited for the benefit of others. With a population of 400,000,000 and a territory

almost as large as Russia, containing the richest and most productive soil, a variety of climate which permits the growth and maturity of the principal grains and fruits, and with an abundance of the richest minerals, she has, notwithstanding, become poor in cash resources; and the normal and necessary development of the country for the proper utilization of the national assets has been neglected, if not ignored. Consequently, in the consideration of questions relating to economic expansion, and in other respects, China has, for a long time, been well nigh helpless. It would not be useful, nor does time permit, to discuss the reasons for these conditions. Many of them are well known. It is sufficient to say that China, with her natural facilities, has the opportunity of becoming one of the greatest and most prosperous of nations.

Apparently, the leading Chinese statesmen, the most intelligent and most influential citizens and the best thinkers are keenly alive to the situation and are earnestly solicitous for the immediate future of China. The present Governmental Administration and the Parliament as well are devoting their talent and energy to ascertain and apply a solution for the problems which interfere with the growth and strength of their country. They realize that there is needed a new constitution which will establish a concentrated, unified, though democratic, government; a new and modern financial system which will be satisfactory to the financiers throughout the world; an adequate, thoroughly trained and fully equipped military force for defensive purposes; and the adoption of a systematic plan for the development of the whole country for the benefit

and for the promotion of the welfare of the whole population. The leaders are frank and outspoken in declaring the desirability of a government such as I have indicated; and they appreciate also the necessity of having the friendship and assistance of all other nations. They know that, under these conditions and with this attitude on their part, and not otherwise, they may expect to establish a credit which will secure the loans necessary to reorganize the affairs of government, and will put to practical use the instrumentalities for providing the money which is now lacking.

The present Government is an honest, unselfish, capable, industrious and harmonious organization. There are statesmen in China of high intelligence and qualifications. It should be only a question of time when the internal strifes, that are prevalent and have done so much to obstruct and retard legitimate growth and prosperity, will have ceased; when the peoples of the different provinces will be pacified and possessed of a spirit of genuine loyalty and patriotism. This is what is especially needed in China, and this is what will be experienced when there is a clear and general understanding of the motives of those now in governmental control.

China is now in a transition stage of activity. For a single and simple instance, the visitor to Shanghai may see from his hotel window, within a space of two hundred by seventy-five feet, the jinrikisha, the sedan chair, the wheelbarrow (carrying a large load of freight or passengers), a cart drawn by a caribou or water buffalo, a

donkey or pony cart used as a passenger vehicle, a bicycle, an automobile, an electric train; and nationalities and costumes of a great variety of patterns and styles.

One of the principal things needed in China is first-class railroads. We know by experience what they are and do for a new country. There are provinces with immense acreages of the most fertile soil and a population of scores of millions, that have no pretension of reasonable facilities for getting to purchasing or consuming markets. If there can be established the basis of credit as already suggested, and as now seems probable, it is to be hoped American capitalists will participate in further loans which will permit the rapid extension of railroad lines, for this will tend to correspondingly increase the volume of general business between the two countries. The people of China who are well posted are desirous of maintaining the most cordial and intimate relations with the business concerns of the United States. Formerly China desired to be left alone. She wanted to be exclusive and seclusive. She claimed to be self-contained, and really thought it was wise to live unto herself alone. That belief and attitude are becoming changed as a nation. She now wishes the open door policy to prevail. The national latch string is out for all other nations. Indeed, in some instances, those in authority have been too willing to grant concessions. Permanent concessions of territory at Shanghai, Peking, Hankow, Hongkong and other places have been granted to various foreign countries who still own and occupy the same. The United

States was formerly included in the list, but I think we have released and abandoned all that were ever given to us.

The people are becoming familiar with the habits and methods of other peoples. They are entering educational institutions in other countries and they are learning the English language. True it is that large numbers in outlying provinces are ignorant concerning the language or ways or even existence of foreigners, but all those in control of national or provincial affairs are well advised and they welcome every opportunity to learn and to assimilate. Especially does China need and desire the sympathy and neighborly support of the people of the United States. Here is a great field for operation on the part of American business men which can be cultivated without injury or objection on the part of any other nation and with decided benefit to China herself. I could wish that in some respects the conditions in the United States which now exist, resulting, I think, from political agitation, might be modified.

The Chinaman is naturally strong, diligent, industrious, economical, honest and intelligent. He is a good farmer and a shrewd merchant. He would like to be a good and loyal citizen, and it is only because he has been imposed upon or has misunderstood the facts that he appears to have been at times unreasonable or disloyal. He is a force in the world that must be considered, and it is wise to influence him honestly and practically in the right direction whenever the opportunity is afforded. Where Chinese blood is mixed with the Hawaiian or

Filipino it has raised the standard of intelligent manhood, so far as I have observed.

There are men listening to me who will live to see China a great and prosperous nation; rich, powerful and progressive; better than she ever was in her palmiest days; one of the best creditors of and debtors to other countries; and at peace with all the world. I hope and trust she is just now making a successful start in this direction. I have for her the same kindly feeling which so many of her best people undoubtedly entertain toward the United States. She will sometime have the power to do harm, but instead she may be a force for international peace, progress and prosperity.

Throughout the country and in the cities and villages there is much to surprise and charm the visitor. There may be seen uncleanness in many places and crowded habitations to the extent of danger to health, but in other places it is decidedly different in appearance. For illustration, there is a striking contrast between Canton or Soochow, on the one hand, and Peking, on the other. The latter has an abundance of open space.

Scattered over the farms, throughout the country, are innumerable mounds of earth resembling, from a distance, cocks of hay. These are graves of the dead. They are of different sizes, depending upon the prominence or lack of prominence of the departed, and perhaps some other considerations. As ancestry is worshipped and the spirits of the deceased believed to visit, if not abide near, the graves, one can understand why, for years, the Chinese objected

to the disturbance of the lands resulting from the building of railroads.

The use of opium is diminishing and will disappear in the comparatively near future.

Many books have been and more will be written on China; but to understand and appreciate one should personally observe.

I have endeavored to excite your interest only in some of the practical things that ordinarily engage the attention of the business men. We should know the country and its people better from the standpoint of our own interests.

JAPAN.

Japan is a vigorous, progressive, prosperous nation. Representatives have temporarily resided in foreign countries, including England, Germany and the United States, for the purpose of studying the languages, customs, methods, improvements and facilities for advancement and for defense; and on their reports, from time to time, the Japanese people have adopted and assimilated what they consider to be the best features of enlightened civilization shown in the different countries. They are highly intelligent, determined, adaptable, very industrious and, above everything else, superbly loyal to their emperor and to their nation. The ordinary citizen lives for his country and is just as willing to die for it. There are no internal strifes; on the contrary, there is a harmonious whole. They present to the outside world a

united front. This is as it ought to be in every nation. It gives a solidarity of power that is invincible.

It may therefore be seen why Japan has taken a leading position amongst the nations of the world, contrasting in a striking manner with her place sixty years ago. Rice is the principal, though not the only, crop grown in Japan. As the Islands are mountainous and not fertile, it is probable at least fifty per cent. is not cultivated. The fish industry is large and profitable. In farming, mining, manufacturing, merchandising, and with respect to her schools, hospitals, courts, prisons, temples, means of transportation, military training and strength and, generally, in the possession of modern equipment and administration of public and private affairs, Japan excels, and already may be considered a model government in many particulars.

Japan has grown and is growing with her strength. She has, with Korea, Formosa and other island territory recently acquired, 259,671 square miles and a population of 72,000,000, as compared with 37,000,000 in 1872. Besides all this, she is now increasing in wealth and in the near future will, I believe, be considered rich, unless her present policy shall be abandoned. Her financiers, her business men and her statesmen deservedly rank high. They are farseeing and they are conservative. The wonderful natural beauties and artistic development and display, I cannot take time to describe.

I am disposed just now to discuss briefly before you questions which, as a business man, I was free to speak about in my intercourse with Japanese acquaintances.

Because I was open and sincere and especially as I was an American, independent of any political obligation to consider questions of diplomacy, I met willing and attentive listeners and cordial greetings.

For some time there have been suggestions, in public and in private, in the United States and in Japan as well, that, for numerous reasons not necessary to recall, there was possibility, if not likelihood, of active hostility between these two countries. Whenever either Government has decided to provide an additional warship some one in the other country has been prompt in charging that this meant preparation for war between these two nations.

I said repeatedly, on my own responsibility, making no claim except that I believed I could accurately represent public sentiment, that a large majority of the people of the United States did not desire, but would deplore and stubbornly oppose, war with Japan, except in self-defense, and that they were of the opinion there is not now nor will be any cause for serious trouble or disagreement; that there need be no conflict of opinion which could not be finally and satisfactorily settled by mutual negotiation and consideration. I also expressed the belief that our governmental administration is and would be inclined toward this most desirable exercise of authority. To all this I am sure this large company of representative business men will heartily subscribe. I would repeat and emphasize the sentiments thus expressed.

And now, gentlemen, I am here to say to you in words just as emphatic and in a belief no less absolute that the leading and controlling men of Japan are equally anxious

to have a continuance, permanently, of the peaceable and friendly relations now existing between these two countries. That there may be exceptions may go without saying; it would be usual and need excite no surprise nor fear if such is the fact. Still I have no positive information on which to base this conjecture. I had good opportunity to ascertain the real situation, though my visit to Japan was comparatively short. The most prominent and influential men in Japan are outspoken in their profession of friendship for the United States and her citizens. They refer with sentiments of gratitude to Commodore Perry's visit in 1853, to them, apparently hostile at that time. They now consider this action as friendly and as the beginning of the growth of a great and prosperous nation. They speak of the benefit Japan has received and is receiving from the United States, educationally and otherwise. They claim to have received the largest benefit in economic lines by visits to and intercourse with Americans. They refer with satisfaction to the large and increasing trade relations. And, without stopping to enumerate, they speak of our people as their friends and advisers, now and always, as fair and generous and pacificatory in policy and practice; as a model government, whose friendly interest they court.

If you suggest these men may have dealt simply in diplomacy, so-called, or in diplomatic language, I answer, they gave me no reason to think so; I secured their confidence as I gave them mine. They do not hesitate to advance the reasons for peace and the objections to trouble. They realize that the geographical locations of these two

countries should make them practically allies although acting independently and in their individual capacities and interests. And, from the business standpoint, the Japanese manufacturers, merchants and financiers are desirous of co-operating with those in the United States, to the fullest extent, in protecting and promoting the welfare of both and at the same time benefiting those in other countries with whom both of us may be conducting business. They understand and appreciate the spirit of co-operation which has actuated the men engaged in our lines of business and they would be pleased to consider with us all legitimate plans for the application of this principle. While it is a difficult problem, requiring patience, skill and tact, still I believe we may be able to work out methods which will benefit all concerned. It is well worth trying. International conditions are peculiar. They are complicated and will be worse. Every one interested in international commerce should make careful survey of existing facts for purposes of future explorations and developments. There are many practical problems to consider and their solution will require time and thought; but we will find the Japanese business men ready to take them up in a fair, reasonable and intelligent manner.

WHAT JAPAN WISHES IN CHINA.

The subject of Japan's intentions toward China and her possessions is a mooted question in many foreign quarters. From considerable inquiry and study, I con-

clude Japan sincerely desires that China shall proceed and succeed in the directions I have indicated; that she shall become firmly established as a sound, peaceful, progressive, prosperous and rich government with free and open seaports, transacting an increasing business of every kind, within the limits of her capabilities, with any country or all countries outside her domains, on a fair, just and profitable basis. I am confident Japan would like China for a continuous, permanent, friendly, profitable and satisfied customer, with no political, social or financial difficulties, internal or international. I think we may expect to see, before long, efforts on the part of the Japanese people to cultivate cordial business relations with those in China. I know there are important and influential men in Japan who will actively advocate this course. I am also of the opinion, founded on conversations, that the Japanese will be glad to consult with Americans concerning financial, commercial and even political questions relating to China. Japan and China both wish for close and intimate relations with the United States and are willing to discuss and determine all matters affecting the rights and interests of any, with the purpose of doing justice to themselves and all other nations. The more our statesmen study these questions the more clearly it will appear there need be no irreconcilable differences of opinion.

KOREA.

Korea, as you know, has again become a part of Japan. The name has been changed to Chosen, which is the same

word in the Japanese language. It is a fine country, with people of good appearance, disposition and physical and mental ability, fully equal to the average. Under Japanese methods, conditions and appearances are rapidly improving. The Koreans seem to be satisfied with the governmental change. They have more respect for the present administration than they entertained towards former ones, and they believe their prosperity is increasing and will continue to increase. It seems probable there will be a gradual and complete amalgamation of the two races, and, if so, it will be beneficial to both.

OUR BUSINESS MEN SHOULD VISIT THE ORIENT.

Now, I would urge all of you, who find it practicable, to visit the Far East. Go during the autumn or early spring months, if convenient, but do not hesitate to make the journey during the summer time. You owe it to yourselves, to the business interests you represent and to your country to come into close relations with the people of these far distant lands. While they are far away, if measured by miles, yet in point of time they are growing nearer, by reason of improvements in transportation; and the trip is enjoyable. You may be assured there are innumerable features in each of the countries intensely attractive and in many respects different from what you have ever seen. While I was somewhat fatigued at times, I continued in good health and I have every reason to congratulate myself on having had the opportunity to see these countries and to meet so many agreeable people. If

you decide to do so, you likewise will be glad to have made the journey.

More and more of our business men should come into close contact with the people of Japan, China and the Philippines. It will be of benefit to all. There is much to see and to learn. Many misunderstandings have arisen and some still exist. They can and should be removed. It is as true as it is old that human nature is about the same the world over. We in the United States are not possessed of all the virtues. We are just as likely to be wrong in judgment and conclusion as others. Indeed, we have often been wrong. If some of our leaders in Congress had been better posted, it is possible that many ill-advised speeches would not have been delivered. At any rate, I strongly urge that as many of our citizens as find it possible take the time to personally and impartially inquire into the facts which bear upon the relations of the United States with other countries. There is always danger of unsettled disagreements if parties conduct their communications at arm's length. If they converse "eye to eye and face to face" even nations are much more likely to avoid conflict and to settle disputes without doing an injustice to any. If we are looking for trouble we can usually find it; and if we are looking for harmony it is, as a rule, equally easy to procure.

If any one connected with our government will spend a few months, or less time, in Japan, with an honest intention and effort to ascertain the sentiment of the large majority of the controlling elements, I verily believe such a one will be convinced Japan is not desirous of trouble

with the United States, but, on the contrary, earnestly desires our friendship and co-operation in every worthy ambition.

BUSINESS CONDITIONS.

Following my usual custom I will conclude with a few words regarding business conditions.

It is well known that the steel business in this country is better than ever before. Our concern is only for the future. Many believe there will be a continuance of large business for many months or years after the war closes; others think there will be a material recession. No one can certainly foretell. I have heretofore expressed opinions on the subject which have been published. Obviously the wise man will husband his resources, keep within safe limits and avoid over-extension. It is better to be prudent and make less profits than to become reckless or extravagant at the risk of calamity. With large bank balances we are independent and secure; with large indebtedness to the banks which we could not readily pay, we would be in danger of bankruptcy, depending upon future business conditions. All this we know by the experience of the past. As we cannot read the future we should exercise caution and be prepared for unfavorable changes.

Whenever the war shall close, the business of this country will be confronted with new conditions. The purchasing power of the whole world will have been very greatly reduced. Foreign countries who are now buying our products, because compelled, will withdraw their

patronage in a large measure. Other non-producing countries will find their financial resources and credits lessened. More than this, foreign producers, in great need, will strive more diligently than ever to supply the countries that are financially able to pay and at prices based upon cheap labor and low cost, as they have a perfect right to do.

Our producers, including our wage earners, will find themselves in commercial antagonism with the most persistent and difficult competition ever experienced, unless this shall be prevented by laws that are reasonable and sufficient. Most of the foreign producing countries, and quite likely all of them, will be thoroughly protected by tariff provisions and we should be on a parity with them in this respect.

I firmly believe, if the present unprotective tariff laws remain unchanged, we shall probably meet with competition from foreign sources after the war closes which will adversely, and perhaps disastrously, affect American industry and American labor. Conditions will be even worse than they were between October 1st, 1913, and the beginning of the war. If the laws shall be amended and adequate protection to American producers and their workmen is afforded, we may expect satisfactory business conditions for some time to come.

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