

working of our economic machinery. It has resulted in the wreck of credit; it has brought about an extreme pressure on the money market; unemployment everywhere. We are suffering from a business depression unparalleled in recent years. . . . I stand for a constructive policy of placing the country on the foundation of productive industries. Full supply of foodstuffs and an unfailing flow of industrial raw materials are the greatest problems which govern the destiny of the Empire. We must open up the uncultivated land within our domain, improve the land already under the plow, and develop our natural resources, of course. But, more than that, we must consider means of securing our industrial raw materials

from the sections of the continent which are in intimate economic relations with the Empire. It naturally follows that the Chino-Japanese economic alliance and the safeguarding of the special sections in Manchuria are the problems of absolute importance to our Empire. And that is why we should center our entire energy upon our diplomatic relations with China and watch the peace and disturbance in the special regions of Manchuria and Mongolia. And we entertain the utmost confidence in establishing a suitable policy to attain our aims.

These are mere statements, of course. Woods and the speeches of our politicians are full of them. There is this about it, however. The quotation above

comes from Giichi Tanaka. And that makes all the difference in the world. For there is a man who means what he says. And our people have come to know that what he means he rarely fails to put into action. And no one knows this better than the various leaders of warring factions in both North and South China. Most of them know it through their own personal experience. They know they can depend on the words of Baron Tanaka—about the only man in Nippon who commands their confidence without reservations.

Therefore what Tanaka says about China at this time takes on the emphasis of an epochal statement of utmost importance.

Oriental Markets

The Buying Power of the Far East

By CAPTAIN ROBERT DOLLAR

FOREIGN trade, because it disposes of a country's surplus production, has always been the commercial salvation of every nation since the days when the daring merchantmen of Tyre decided to seek markets for their goods in the countries which lay across the Mediterranean.

To-day, the United States, because of its highly systematized method of mass production, is unquestionably setting the pace in the manufacture of all manner of commodities.

But what of the distribution of these articles in foreign lands?

Unfortunately, I all too frequently find that there is a tendency on the part of many sales executives to be wholly content with domestic consumption. When queried regarding their apathy for foreign trade, these gentlemen explain that they feel that their wares cannot be adapted to the requirements of people who are ignorant of the American standard of living.

Personal observation, particularly in countries of the Far East, where the awakening of modern civilization has been slow, has proved to me that there are markets of undreamed-of size and dependability awaiting our merchants if they will go out and patiently develop a demand for their products.

To prove that I am not unduly optimistic, I will relate briefly the conversation which has taken place more than once when I encounter an American manufacturer who regards the limitless markets of the Far East with timid-

ity. When I discover that he fails to be impressed with my remarks on the subject, I abruptly ask him a question:

"When did you last eat sardines?"

Surprise invariably sweeps over the face of the man I have addressed, then he looks puzzled. What possible interest can I have in his diet when I have just been propounding the value of foreign trade? As likely as not, he will reply:

"Well, I really can't remember. Sardines—let me see—think I ate some at a picnic last summer."

Expecting an answer of this sort, I am ready with figures—figures of deep significance because they disclose the vastness of the buying power of the markets of the Far East.

"Quite true," I tell him. "You, and a few million other Americans, eat sardines on an average of about once a year. That is why Pacific coast canners operated on such a small scale for many years. But out in such countries as Malay, and Java, and Burma, and India, over eighty-four million cans of this fish are eagerly consumed each year—the same kind of fish that is served by American housewives at more or less irregular intervals—and those Orientals would eat the contents of another eighty-four million cans if American packers could supply the demand!"

This simple statement of fact never fails to impress.

Eighty-four million cans of sardines! Humble and insignificant as the sardine is in America—and Europe, for that matter—it is regarded as a great deli-

cacy, a great luxury, by Orientals, who, for all their poverty, spend a sum in excess of eleven million dollars annually to please their palates.

HERE, I think, is one of the most encouraging examples of the vast distribution possible for an American product—really a luxury to the buyers—among races of people who exist on unbelievably small sums of money. Consider that prior to the advent of the American sardine—mind you, it must be an American sardine, one of the large, meaty variety which is caught only on the Pacific coast, and it must be smothered in tomato sauce—your Malay Mohammedan, Burmese Buddhist, and Bengali Hindu conformed to the religious restrictions of his faith by eating fish which had been freshly caught a comparatively short distance from the local bazaars; fish which could be purchased for such a small sum of money that it is difficult for us to conceive the reduction of a cent to such fractions.

Back of this widespread demand for sardines is a story which typifies what foresight and initiative on the part of an export official connected with one of the fish-canning companies did in bringing about the sale of fish in countries where fish were already bountifully available at prices so small that they can scarcely be calculated in American money.

TWENTY-FIVE years ago this official made a trip to the Far East. In those days such a journey was considered only from the sightseeing angle by

manufacturers. Undoubtedly, this man's family, friends, and business associates thought his mind was weakening when he set out for Japan, China, and the Philippines with the idea of developing trade for canned goods. Americans at that time knew very little about canned food, and Orientals knew very little about anything that concerned America. This man realized that it would not be feasible for him to force his product immediately on a class of people who had been accustomed to ordering their lives in the same groove for the past thousand years or more. This, however, did not prevent him from personally distributing cans of sardines in native bazaars; anything but a pleasant task, I can assure you, for the smells, yells, and general confusion in the narrow streets and shops that were no bigger than stalls proved a serious handicap when combined with the fact that all business had to be transacted through an interpreter.

By the time this man had visited bazaars in Japan and China he was pretty well played out and very glad to reach the Philippines. His early enthusiasm had waned, and after a more or less casual interview with an import-and-export firm in Manila he decided to return as quickly as possible to America. Out of his original consignment of sardines four cases remained. These he turned over to the manager of the Manila firm, with the suggestion that they could be distributed in any manner the local representative saw fit.

A considerable time passed. The canning official returned to America, and was again immersed in the problems incident to the furthering of the sale of his product. A few orders from China and Japan served to reward him in a slight degree for his valiant efforts to introduce canned fish to those countries. One day a letter arrived from Manila requesting the shipment of a hundred and forty-four cases to Singapore. Much as the cannery man prided himself on his knowledge of the Far East, he had to hurriedly consult an atlas to find out just where Singapore was located—remember that was a quarter of a century ago.

Well, that was the beginning. Year by year the sardine business grew, so that now this same official has but one complaint—he cannot average a large enough pack each year to satisfy the demands. And do not for a moment think that his company has a monopoly on the export of sardines. There are many canneries located along the Pacific coast; Monterey, some eighty miles below San Francisco, is the community where the greatest percentage of fish are

caught and packed each season. San Pedro, which adjoins Los Angeles Harbor, also boasts of many factories. The season is from July until mid-March at Monterey, and from November until March at San Pedro. The fish are quite large, are akin to a smelt in size, and for this reason ideal for export.

THERE is no need to dwell on the added prosperity this great canning industry has brought to California. An export business of over eleven million dollars a year, which, by the way, constitutes eighty per cent of the entire pack, speaks for itself.

It seems to me that the manner in which these fish are distributed should be of especial interest; it emphasizes the old, old story, that mass production and mass distribution—no matter how small the retail price of the article may be—is the surest means of building up a successful enterprise.

The packers ship the fish in wooden cases which each contains forty-eight cans. Oftentimes a single transpacific shipment will amount to over a hundred thousand cases, all of which are destined for the countries of the Orient which lie south of the Philippines, for, strange as it may seem, Japan and China have never acquired a marked liking for sardines. Into the ports of Singapore; Pontianak, Borneo; Batavia, Java; Rangoon, Burma; Colombo, Ceylon; and Calcutta, India, goes a portion of each large shipment. Various export houses in these cities take consignments ranging from ten thousand cases down to as few as fifty. Instead of jobbers, each firm has agents in the more remote inland cities and towns. These agents send in orders for ten, fifty, a hundred cases, as few as a dozen tins, and, in the very small villages, one tin. The majority of stores where the sardines are placed on sale are, to our Western eyes, little more than bamboo-matting huts, which huddle by a jungle roadside or front on some swiftly flowing tropical torrent. To these shops go natives in bright-colored garments—Malays, Malay-Chinese, Burmese, Tamils, the Hindus and Mohammedans of a hundred and more races of India; not the coolies, mind you, for coolies live mainly on raw grains and occasionally rice curry; these people who go to buy are the legion of the lower middle class—tailors, cooks, house boys, farmers, metal workers, and a thousand other types of workers. Rarely, if ever, do they buy more than a single fish! Not a single can—a single fish! Sometimes they bargain for half, or a quarter of the delicacy, according to their affluence. On a large wet leaf,

they accept the food of their choosing after it has been covered with a carefully measured amount of tomato sauce. A minute copper piece joins other minute copper pieces in the shopkeeper's tin money box, and up the road strolls the contented purchaser, his eyes asparkle with the feast he is balancing on his upturned palm.

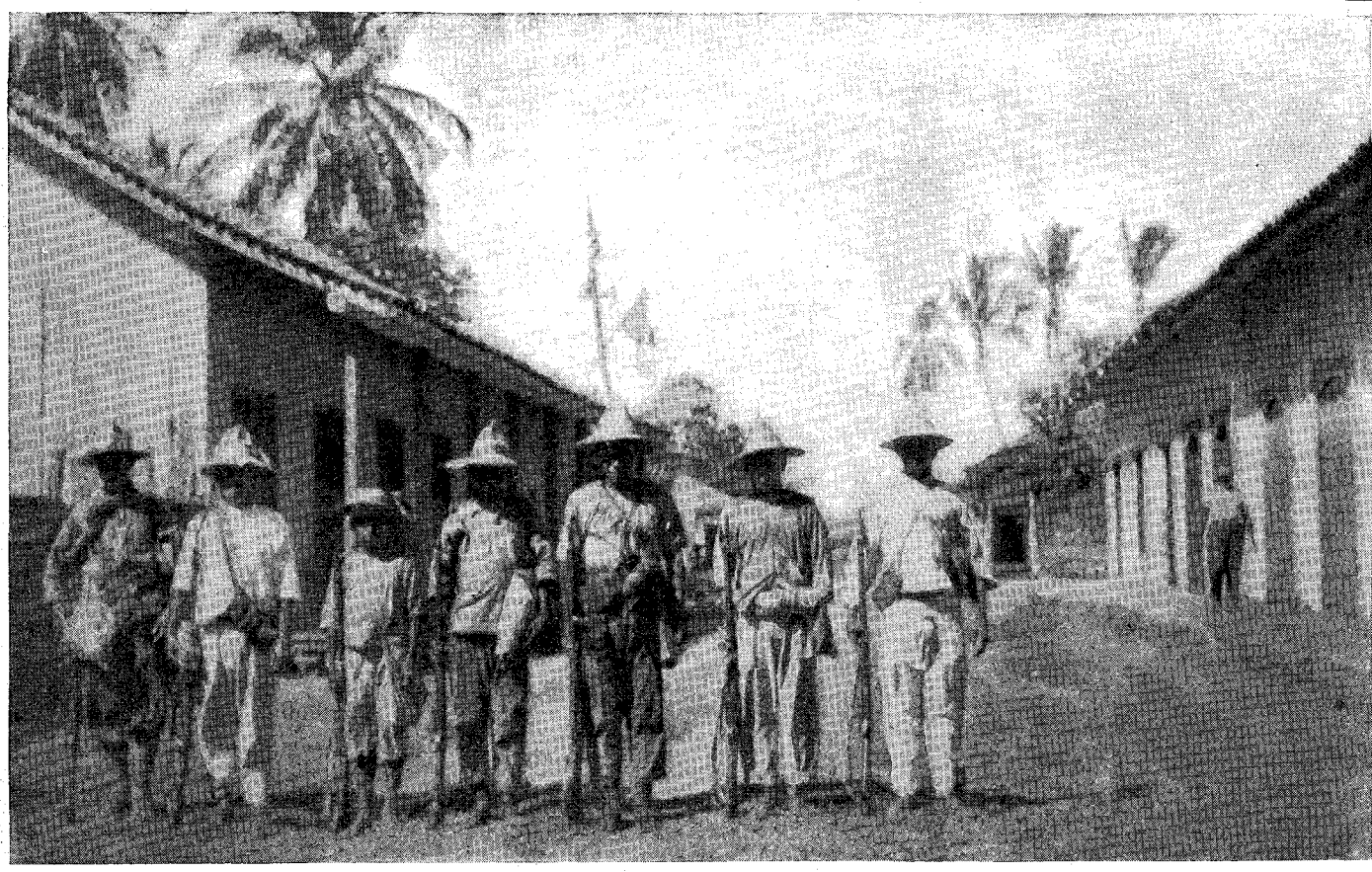
In the cities better-class natives, such as merchants, office workers, brokers of jute, tea, and rice, go to their favorite shops in the bazaar districts and order a can of sardines, then collect a number of their friends and indulge in an impromptu banquet.

So it goes. And all because a man had four unwanted cases of sardines in Manila twenty-five years ago. Those four cases at current market figures were then worth something in the neighborhood of twenty dollars—surely a small investment for the founding of such a vast export business.

There are some people who will say that the growth of the sardine business was a matter of luck. I contend such is not the case—any more so than the success with which half a hundred other American products have met with in the countries of the Far East. It must be borne in mind, however, that this business has come gradually during the past twenty-five years, in the face of terrific competition. Yet once the natives were convinced that the taste of American sardines were superior to any other fish they had ever eaten, they promptly vetoed their home-caught variety.

This is but another instance of the importance of personal contact in foreign trade. Years of experience in doing my best to promote foreign trade prove that the yearly visits I make to various world centers, where I call upon business men who have interests kindred to mine, have done more than anything else to bring to pass the culmination of many of my ideals. And surely, if I, a man with more than fourscore birthdays to my credit, can still exert this amount of energy in behalf of my business, a few younger men can do likewise, with the same results.

THOSE of us who are in business on the Pacific coast are more keenly aware than ever of the tremendous future that awaits exporters who are willing to enter into trade with the Far East. As I have tried to show in this article, it is not the amount consumed by each buyer, nor the individual sum expended on an article that makes for success; it is distribution. The markets of the Orient are limitless.



If we knew the color of their hat-bands, we could tell you whether these were Government troops or revolutionists

More Letters from Nicaragua

Nicaragua,
February 28, 1927.

EACH day starts with the chickens. All the roosters that a cock-fighting people gather around them sound the final note of a night that has been made hideous by myriads of dogs, all mangy and half-starved. One of the officers said his hardest job was to keep the dogs awake during the day, so that they would sleep at night.

When the clamor has subsided, there is nothing left to do but get up. Therefore each morning before six o'clock I may be seen completing my toilet on the balcony at the end of the room, suspended over the street, where I can watch the native women coming in from the country to the early market. Sometimes it is a whole family, but usually the man stays at home—this, on the assumption that he is not off to the wars. All the produce is carried on the head—in wooden trays, gourds as big as pumpkins, or, rarely, in an enameled wash-basin. If there is but little to be carried, the youngest carries it; if more, the youngster carries more, and it takes an unusual quantity for some of the cargo to work its way up the line to the heads of the older women.

While shaving I take a hand in the

marketing for the day, watching the trays as they are carried beneath my balcony. A few eggs here, chicken from another, fruits and red beans are about all that is offered. The other day we had papaya without any lemons or limes to go with it, and to repair the omission at the first opportunity I called to a girl carrying a tray of limes to bring them up. She did not dare run as she wanted to do and she was scared stiff when she got to the top of the stairs. The mother did not expect to see her again, and the relief on the faces of the family was obvious when this small child returned unharmed to the street, having sold several dozens of limes at four cents a dozen instead of at the current price of one cent. Now mother and daughter come under my window daily, with a "*Buenas dias*" and a tender of the day's produce.

Both sides are sick of the fighting and talk with longing of the return of the days when they shipped so many heads of cattle, so much dyewood and mahogany, and when the sugar mill was grinding. Not only has the evil of suspended or destroyed business and business plants flattened the pocketbooks of the owners, but there has come in its train the greater evil of enforced idleness or sol-

diering, a compulsory choice for the hundreds of peon employees. If they cannot work for food and clothes for their families, they take up the red or blue hat-band as a license to acquire by pillage what they formerly helped to create.

March 2, 1927.

I CANNOT withdraw myself from the horror and misery that rides this poor country. My days are started with tales that if only half true would move a heart of stone, and on until the night one pitiful story is piled on another. This morning before I had had breakfast a poor woman came here to ask for protection in the future, not for justice for the wrongs done her and her niece by thirty beasts of men. Another has had his coffee crop taken from him, the product of his labor for months, and his payment is a blow. Again, I am asked to find out what has been done to a brother since his arrest and disappearance. The 'phone rings, and the outpost reports that some two or three soldiers have robbed a near-by farmer of his horses, tied the women on them, and are starting for the hills; and, "What shall we do, sir?"

To all the answer is the same. We are here to stop all fighting that endan-