

The Pierpont Morgan of China.

A CHAT WITH SHENG KUNG PAO,
A CELESTIAL FINANCIER
WORTH MILLIONS.

SHANGHAI, Dec. 1909.—I have just returned from an interview with one of the richest and ablest men of all Asia. I refer to Sheng Kung Pao, the Pierpont Morgan of China; and I might say, with his tens of millions. Like Pierpont Morgan, he started life rich, and, like him, he has multiplied his inherited fortune manifold. All his life he has been the organizer of great enterprises and today his financial fingers are mixed up in every profitable undertaking on this side the globe. He owns railroads, factories, mines and steamships. He has a steel plant six hundred miles up the Yangtze Kiang, which is capitalized at \$15,000,000, and has mountains of iron and great beds of coal not far away. It was Sheng who had much to do with organizing the telegraph for China. It was he who built the railroad from Hankow to Peking, and he got the concession for the Americans to construct a road from Canton to Hankow.

Sheng Kung Pao is one of the leading officials of this empire. He succeeded Li Hung Chang as the government minister of commerce, and he is now the vice minister of the imperial board of communications. He is also a chief owner of the China Merchants' Steamship company, and is largely interested in the Chinese Imperial bank. He is by all odds the best financial authority among the Celestials, and his ideas as to the present condition are of great value.

SHENG KUNG PAO AT HOME.

It was at Sheng Kung Pao's home that I met him. This is in a section of Shanghai where the land is so valuable that one has to almost plate it with silver to buy it. Sheng's establishment consists of a half dozen great buildings, any one of which would be a mansion in Washington or Chicago. The grounds cover more than ten acres, and are surrounded by walls so high that you cannot see over them. Wide drives lead through the lawns, and the whole is kept like a park. One of the buildings, devoted to Sheng's business offices, is as large as that of a government department. Among the others are residences occupied by Sheng and his wife, and his relatives and servants, all are beautifully furnished and some have a great framework in front of them, over which matting can be stretched in summer to shut out the sun. There is no sign of the poverty which we associate with the ordinary Celestial. Sheng belongs to the rich, and like his class, he wears silks and velvets and entertains in great style. His butler always has champagne on tap and among the dishes served at his feasts are pigeon-pigeon steaks, shark fins and birds-nest soup, the latter costing several dollars a plate.

It was in the finest of his buildings that his excellency received me. It is a combination of Chinese and foreign architecture, built of grey brick, three stories high, and of vast extent. Passing through a wide hall I came into a court, over which, on a framework of poles, matting was stretched. This was surrounded by rooms, most of which are intended for receptions. The servants led us into a large parlor furnished in Chinese style. Heavy chairs of black wood, inlaid with mother of pearl and wonderfully carved, stood against the walls. There was a divan at the back, and in the center of this a low table, upon which two guests could rest their elbows as they sat there and chatted. There were Chinese paintings on the walls and here and there shone out a beautifully written text of the Chinese classics. In the center of the room was a table. This was of carved teakwood. It had no cover, but, with a view to my reception, it was set with refreshment of various kinds. There were cakes, fruits

and candies, and other dainties were brought in during the audience.

I was able to meet Sheng Kung Pao by an introduction from Dr. John C. Ferguson, an American who is high in the confidence of the leading Chinese officials. He was for a long time and is now, one of the confidential foreign advisers of Cheng, and he has been associated in a similar capacity with the viceroys of Nanking and Wuchang. He accompanied me to the palace and performed the ceremony of introduction, after which he left me with Sheng and the interpreter.

TETE-A-TETE WITH A CHINESE MILLIONAIRE.

We had but a short time to wait. His excellency came in through a side door and as Dr. Ferguson presented me he reached out his hand to shake mine in American fashion. He used the right hand, giving me a strong grip with his long yellow fingers. As he did so he looked me straight in the face, and his bright black eyes seemed to be searching my soul. Indeed his eyes were so keen that the remainder of his personality was thrown into the background, and it was some time before I took in the details. Then I observed that the eyes belonged to an old Chinese, of medium height and stooping shoulders. They shone out of a sallow complexion, over high cheekbones and from a rather thin face. His excellency was dressed in a long gown of blue silk. He had a black silk hat on his head, the rim of which was turned up all around and out of the back of which extended a broad waving feather. He wore a white turn-over collar and his coat had buttons of gold.

The great financier smiled as he greeted me. He led me across the room and motioned me to sit down at the table, giving me a chair at his left, which is the seat of honor in China. As we sat there, our elbows almost touching, he rested his left hand on the table and, as he became interested in the talk, now and then tapped the board with his nails. As he did so I could not keep my eyes off his hand. The nails on the last three fingers—that is, on all of the fingers except the index finger—were at least three inches long, and the thumb nail stood out like a spoon. When not tapping his excellency's hand, resting on the table, had the tips of the fingers raised above the table itself to the height of an ordinary glass tumbler, and the wrist was well up off the table. The three nails were as white as ivory, and it struck me that it must be a troublesome matter to keep them so clean.

CHINA'S STEEL INDUSTRY.

The conversation opened with the discussion of the Hanyang steel works, which I told his excellency I had just visited. I asked him how they were doing. He replied that they were steadily increasing in efficiency and in their ability to turn out modern rails, structural steel and other such materials. He said that the company had already exported pig iron to America, and that it could, if it would, now sell iron there in competition with the United States steel trust at a profit. He said that the day would come when China would produce all its own steel, and that every province would eventually have its own factories and foundries. Sheng expects much from Japan as a purchaser of Chinese iron and steel, and he considers our Pacific coast a legitimate tributary of the industrial China of the future.

I asked him as to his iron mines. He replied that the supply of ore is almost inexhaustible, and is finer than that of any of the world. It is as pure as the famed iron of Sweden, and is much more easily won. As to the coal he is now using, this makes fine coke, and China has been exporting coke to Japan. His excellency believes that a great manufacturing country, and that its people are naturally fitted to be the chief industrial nation of Asia.

CHINA'S RAILROAD ERA.

I here referred to the new railroads which China has projected, and asked



SHENG KUNG PAO, THE PIERPONT MORGAN OF CHINA, AND HIS HAND.

him if their construction would be pushed. He replied: "We intend to build new railroads just as fast as we can. We need them, and the imperial government realized that fact, and will do all it can to aid in the construction. The first roads to be built will be trunk lines, connecting the chief centers of population. We must have them on political grounds, as well as for business development. Railroads are a military necessity to the new civilization, and to China's holding the place she should have in the far east and the world. We need a strong central government, and to that end must be able to send troops from one part of the empire to another by rail, on telegraphic notices. After we have once built our trunk lines, branch lines and feeders will rapidly follow. The traffic will be large, and the roads will soon become profitable. As soon as our people realize that money can be made from railroad enterprises, there will be no trouble in raising the capital necessary to carry them on. So far they are a new thing to us, and as we are a conservative people, we are cautious about embarking in them."

FOREIGN CAPITAL FOR CHINA.

"Your excellency was among the first to advise the government that it should secure foreign capital for building its railroads, were you not?" I asked. "Yes. But that policy became unpopular. The cry of 'China for the Chinese, and for the Chinese alone' was raised, and for awhile our people were inclined to build everything with their own money and to accept no help from outside. The cost of railroad building, however, is so great, and our people understand so little, that they hesitated to invest, and are now coming to favor foreign loans."

"And, indeed, I still believe in foreign loans for railroad building," continued Sheng Kung Pao. "I think it will pay us to borrow the money, and let the roads earn the interest. The situation in regard to such loans has changed during recent years. In the past the roads were mortgaged as security for the bonds, but the government is now guaranteeing them, and the roads, to a certain extent, are free from such incumbrances. A guarantee

by the Chinese government is better than that of any railroad. It has all China back of it, and the interest is absolutely secure."

"But, I understand you want to borrow some millions of dollars to extend your steel works at Hanyang, and that you are asking the Chinese to put up the money. Why do you not go abroad for a loan of that kind?" "We do not think it advisable. Similar obligations which we have entered into during recent years have caused international trouble. The men who borrow the money, in case of a dispute as to the settlement, are likely to call in the government to which they belong, and that without regard to justice or right. The mortgaging of private enterprises and public works, in certain cases, given the control of such works over to the foreigners who made the loan, and that we cannot permit. We feel that we Chinese should control our own money, and that in the present conditions of affairs it is not safe for us to go outside for capital so secured."

CHINA'S NEW BANKS.

"Your excellency is connected with the Imperial Bank of China? Is that a government bank?" "No. It is a commercial institution, with headquarters at Shanghai and branches at Hankow and Peking. It has a capital of 5,000,000 taels, over half of which is paid in. The only government bank we have is the Hu Pu bank, which has its headquarters in Peking, and branches scattered here and there over the country."

"Will China ever have a national banking system, such as Japan or the United States?" "Yes, I think so, although it will probably be some time before it can be established. It is one of the crying needs of the empire, and would be of enormous good, not only to the government, but to all industries."

"Will you ever have postal savings banks?" "Not soon. But I should like to see them established, and they are bound to come. They are invaluable in the teaching of thrift, and in making a place for the small savings of the people.

With a stable government such institutions will be very popular, and they would enormously increase our national wealth. They would make us the richest people of the world, for our savings depositors would be millions in number. I should like to see industrial banks, such as the Japanese have, established in China, and we shall probably have agricultural banks."

THE NEW MINTS AND BANK NOTES.

"How about your new coinage?" "There is a movement on foot to standardize it. We are sadly in need of a uniform coinage, and it is bound to come."

"Will the unit be the silver dollar or the tael?"

"Probably the dollar. Many of our people have come to know that coin fairly well, and we like the decimal system upon which it is based. I think it is better than the tael. 'Will China ever be on a gold basis?'"

"In time, yes; but not soon. I should like to see all of our finances managed on the gold standard."

"How about the new bank notes which are being issued in so many parts of the empire? Are they properly secured?"

"I think they are all right now," replied the Chinese financier. "Such notes as are already in use are safe enough, and I have no doubt but that they will be safe for some time to come. I consider them a dangerous medium of exchange, however, and I can easily imagine conditions which might arise in connection with them which would create great financial disturbance and possible loss."

THE NEW EDUCATION.

"Your excellency was among the originators of the new education? You established the Nan Yang College at Shanghai, and the Chinese university at Tientsin. Has modern education come to stay?" "Undoubtedly so. The Chinese classics are of great value in training the mind and soul; but as far as business matters are concerned, they are of little practical use. I want the classics kept in our schools, but

I think the modern sciences should supplement them."

"How are you training your own children?" "I have two boys who are learning English. They are now going to the college here, and I shall send them abroad, to Europe or the United States, as soon as they are prepared to enter the universities of those countries."

"Whom do you think is of the most value to China, the man trained at home along the old lines or the one educated abroad?"

"I think both kinds of training are necessary. They are both needed."

At this moment the champagne was brought in, and with it came the red visiting cards of some Chinese officials. In high society here the entrance of the wine always means the close of an interview, and when your host asks you to drink you know that the time has come for you to depart. For this reason my last questions were rapidly put.

"What does your excellency think of the new constitution? Are the Chinese prepared for it?" "Not now, perhaps, but they will be by the time it goes into effect. We are to have eight years of education, and at the end we shall have a new China. 'Will you be able to wipe out the opium evil?'"

"Yes. But its abolition must be gradual. The confirmed smoker cannot give up the habit at the wink of an eye. Some may be able to stop, but

others will hold on till their death. It is only from the young that we can expect much as to the abolition of opium. The custom is already considered disgraceful, and if we can keep it so, we can get rid of the evil."

"How about foot binding?" "That will go, too. The better class women have stopped binding the feet of their children. The custom begins to be unpopular. I have no bound feet in my household, and I am glad to say that the day has come for the bound foot to go."

At this point we had already taken three slips of champagne. There was a crowd of Chinese callers waiting outside, and I knew it was high time to leave. As I rose, his excellency again gave me his hand, saying he regretted he had not had a chance to ask some questions of me, and that our whole conversation had been taken up with his answers to queries of mine.

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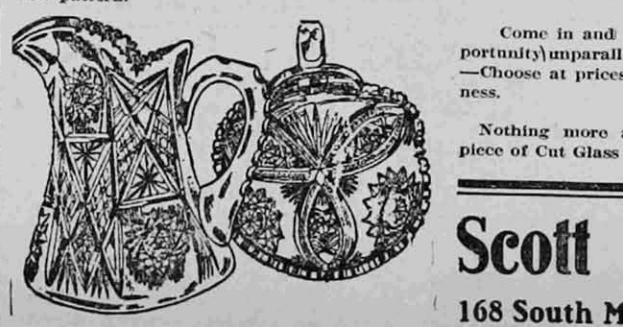
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STRANGE ENGAGEMENT RINGS.

During the hearing of a breach of promise case tried at the Macraon quarter sessions, County Cork, Ireland, the defendant presented to the plaintiff what was originally made for the purpose of putting through a pig's nose. In another case heard some time back, the defendant stated that he did not consider himself called upon to fulfill his promise to marry the plaintiff as the engagement ring on which much of the evidence turned came from the interior of a Christmas cracker. The jury, however, while not traversing the truth of this statement, showed by the verdict that they did not consider that the defendant's promise had invalidated the significance of his gift.

PISTOL AND SHOESTRING RINGS.

No niggard spirit was it that prompted a young man to have his fiancée's engagement ring made from a portion of an old horseshoe which he found when on his way to the lady's house to put the fateful question.

Another iron substitute was a section cut from the barrel of a pistol which many years previously had been the instrument of avenging the outraged

honor of a member of the bridegroom's family. In this instance, however, the dull hue of the grim memento was relieved by the insertion of a ruby, an opal, a sapphire, and an emerald, the initial letters of which gems formed the bride's Christian name.

By the advice of a lady on whom his affections were fixed, a Liverpool gentleman was rash enough to engage in a law action. Though he gained the day, the enormous expenses of the case left him a heavy pecuniary loser. When subsequently he became engaged to his fair adviser, he had the small bronze coin that had constituted his legal award made into a ring, which was accepted by his future wife in the same spirit of humor in which it was offered.

LOST A TOOTH—FOUND A HUSBAND.

Distinctly novel is an engagement ring composed of tobacco. Such was the present made to his fiancée by a member of a family that owed its wealth to the possession of extensive tobacco plantations. The fragrant leaf, so strangely enlisted in Cupid's service, was, by subjecting it to an induration process, made to assume the consistency and appearance of iron, the somber tone of which was lit up by a single brilliant of considerable value.

To be knocked over by a bicycle, even though its rider be a lady, is not pleasant; still less so when you rise from the ground minus a tooth. Such some time ago was the painful experience which gained a Brighton gentleman an introduction to his future wife. On their becoming engaged he made the customary presentation of a ring, which took the form of a souvenir of their initial meeting, being nothing less than his displaced tooth surrounded by a circle of gems.

FROM AN EGYPTIAN MUMMY.

A grisly memento in the possession of the wife of a London clergyman is a ring made from the blood of an uncle who was badly wounded while fighting for Garibaldi and Italian freedom. Dr. Manini, of Naples, the celebrated physician, made to assume the consistency and appearance of iron, the somber tone of which was lit up by a single brilliant of considerable value.

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