[redacted]

Slide 2: Issues

- Tension between U.S. economic and geopolitical goals.
  - On one hand, the U.S. seeks to facilitate China's independence from Japanese imperialism. The Open Door Policy and Nine-Power Treaty promises to respect China's territorial integrity.
  - However, American firms are struggling to compete with China. The gold standard is becoming more challenging to continue. Given the importance of family and government connection in China, which transfer over from the era of Canton trade, the US firms have less ability to compete.
  - Standard Oil is in the position to aid the US in both pursuits since it has its foot in the door, having not previously relied on a commission house. Thus, Standard Oil should value its connections.
- Competition between foreign firms
  - After the failed cartel arrangement with Asiatic Petroleum, Standard Oil, needs to stay price competitive. This means focusing on a strategy of oil production in Guangdong could create a disadvantage.
  - However, imports of oil in China are increasing, so foregoing ties with Chinese production supply chains may give up a comparative advantage.
  - Standard Oil's previous failed deal indicates tension between its model and the Nationalist Party's because, unlike domestic firms, Standard Oil lacks as much backing. Although property and corporate law exists, it is underdeveloped and still characterized by corruption.