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FOREIGN DIPLOMACY IN CHINA

1894-1900

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1894-1900

A STUDY IN POLITICAL AND ECONOMIC
RELATIONS WITH CHINA

BY

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TO
MY MOTHER

AUTHOR'S PREFACE

ONE of the most interesting developments of the last decade has been the recognition that Governments are responsible for the livelihood of their citizens. The employment or unemployment of large numbers of men and women is now regarded as a national question of primary concern, and any governmental policy which may adversely affect the community in its living is therefore being subjected to close scrutiny and criticism. Foreign policies especially have become the subject of public inquiry as the realization has spread of the intimate connection between employment at home and the existence of peaceful conditions abroad upon which are dependent the regular supply of raw materials for industry and access to foreign markets for the manufactured products. This personal interest in the foreign policies of Governments has attracted attention to the affairs of foreign lands, and has created the desire to understand the policies adopted towards these countries so as to be able to compel one's Government to pursue sane policies and to restrain it from doing anything which may be injurious to the livelihood of the community.

The following pages have been written in the hope that they may be of some assistance to a public anxious to appreciate the real issues in the Far Eastern political sphere and to understand what are the national interests there. The existing literature is hardly adequate for the purpose. Most of it is of a narrow propagandist nature. The rest is generally of an atomic character. It is written by people who have only dealt with some of the factors governing the situation; or it is the product of writers who are apparently insufficiently acquainted with the origins of the question to be able to comprehend the real issues or the significance of the events which they describe.

It was originally intended to write a book that would deal with the Chinese question from the beginning of the century until the recent disturbances. But a survey of the material for those years soon showed the advisability of postponing this for consideration in a later volume which will appear as a sequel to this one. It was evident that the events which occurred after the year 1900

could properly be gauged only after an appreciation of the conditions which gave rise to them. The present volume is an examination of those conditions.

The abundance of source material and the great number of memoirs of the diplomats of the period have considerably simplified the task of writing the contemporary history of China. And it would seem that the opportunities for a reasonable judgment of the events of those years are greater than is usually the case with contemporary matters. But the defect of any book upon Far Eastern politics must be the lack of Chinese or Japanese source material from which the foreign policies of these Governments may be authoritatively established. Unlike the Western Governments which have published freely from their archives, the Chinese and Japanese Governments have been singularly reluctant about opening their archives to the contemporary historian. The present volume, however, does not suffer very greatly from this defect. Chinese policy can be judged fairly accurately though indirectly from the documents of the Western Governments, and Japanese policy is evidently only secondary.

The method of this book differs in several important respects from that usually adopted. It was felt that China should not be regarded as isolated from world politics, but that the Chinese Question should be considered in its true relationship to the international situation of the time. The attempt has been made to analyse the policies of all the Powers active in China between the years 1894-1900, for in the opinion of the present writer each policy was affected by the others. The general practice of regarding the diplomatic incidents as the all-important factors has been avoided; instead the real factors underlying these policies—international law, finance, political geography, trade and trade routes, ambition, prestige, balance of power—have as far as possible been indicated. The criticism may arise that no comparisons have been made between the events dealt with in this book and those connected with very recent developments in the Far East. Similarities undoubtedly exist. But it has been thought better to reserve the whole discussion of recent Chinese history for a later volume.

There remains only the very pleasant task of expressing the writer's deep appreciation to all those who have assisted him with the present volume. The principal obligation is to Philip Noel

Baker, M.A., ~~Cas~~ Professor of International Relations at the University of London, for his friendship, his encouragement, his advice, his constant assistance, as well as for the many valuable suggestions and criticisms offered for the improvement of this work. To Mr. L. G. Robinson, M.A., of the London School of Economics, the writer is especially indebted for the care with which he read the manuscript and for his suggestions for its improvement. Owing to his criticisms the book is much less imperfect than it would otherwise have been. Acknowledgements are also gratefully made to • Baron Meyendorff for information connected with Russia's policy and for his kindness in securing access to Russian material otherwise unobtainable; to Baron Wolff for permission to use the manuscript of the memoirs of his father, formerly Vice-Director of the Russian Ministry of Foreign Affairs; to Mr. Stephen Gaselee, C.B.E., Librarian of the British Foreign Office, for his assistance and many courtesies; to Mr. J. W. Headlam-Morley, C.B.E., Mr. G. P. Gooch, D.Litt., Mr. H. Temperley, O.B.E., Litt.D., and Miss Lillian Benson, for permission to use the proofs of the *British War Origin Documents*; to M. M Bassan for drawing the maps illustrating the present volume; to Mrs. Blanche E. C. Dugdale and Mr. H. L. Ginsberg, B.A., for their kind assistance; to Miss J. Kahan and Mr. H. Awrounin, M.B., M.R.C.P., for their kindness in relieving the writer of the drudgery of proof-reading; to the staffs of the Royal Institute of International Affairs and the British Museum for their many courtesies; and to the Publication • Fund of the University of London for the financial assistance towards the publication of the present volume, which was presented to the University of London in 1926 in a much smaller and different form for the degree of Doctor of Philosophy in the Faculty of Economics. Finally the writer is particularly grateful to Sir Frederick Whyte, K.C.S.I., LL.D., for being kind enough and interested enough in the present work to write the introduction; and to Mr. Stanley Unwin for his unfailing considerateness in facilitating the work of publication.

PHILIP JOSEPH

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INTRODUCTION

THE history of China, as a factor in world politics, begins little more than a hundred years ago. (Till the end of the eighteenth century the Chinese remained in the seclusion of their Middle Kingdom, conquered now and then by virile invaders from the steppes of Asia, and influenced in their religious thought by India, but unaware that on the other side of the world nations, as fertile in mind and greater in political power, were in the making. Nature placed the barriers of mountain, desert and ocean between the Land of Sinim and the Western World, and in those barriers are to be seen the cause of China's remoteness from other lands. Moreover, the peoples with whom she made occasional contacts during the ages were, for the most part, immobile in mind if nomadic in habit; and they brought with them very little to provoke change or progress in Chinese thought or custom. Even the Russians, who arrived on the borders of China as the first harbingers of Europe, were no exception to the rule, for, they were the least European of Europeans.

The new contact was first made when Portuguese traders arrived at the mouth of the Pearl River early in the sixteenth century, the advance guard of the "Ocean Men" who were soon to prove to China that there were other kingdoms than the Middle Kingdom, and that Europe was not to be gainsaid in her search for wealth and power overseas. Hard in the wake of Portugal came Holland and Britain; and, in the course of the next two centuries, the seafaring nations of the West came to regard the China Seas as their own. Trade was their motive; and the trade yielded profits which compensated for the difficulties encountered in its pursuit. Moreover, if the Emperor in Peking had taken the same view of foreign trade as his subjects in distant Canton, it is probable that Chinese history since 1793 would have been a tale of progress very different from that which the nineteenth century had in store for Chinese and foreigner alike. But Chien Lung, the last of the great Manchus, had other views. He was the Son of Heaven, to whom all potentates paid tribute; and when Lord Macartney came with gifts and a memorial on

the advantages of trade between Britain and China in 1793, he commended "the humble desire of King George the Third of England to partake of the benefits of our civilization"; and in consideration of the fact that the British Mission "had come a long way" he showed them "high favour and allowed them to be introduced into my presence." But he refused to accept any ambassador "accredited to my Celestial Court," and said: "If you assert that your reverence for our Celestial Dynasty fills you with a desire to acquire our civilization, our ceremonies and our code of laws differ so completely from your own that, even if your Envoy were able to acquire the rudiments of our civilization, you could not possibly transplant our manners and customs to your alien soil. . . . Our Dynasty's majestic virtue has penetrated into every country under Heaven, and kings of all nations have offered their costly tribute by land and sea. As your Ambassador can see for himself, we possess all things. I set no value on objects strange and ingenious, and have no use for your country's manufactures." So Lord Macartney returned to England, and the wheel of fate rolled on.

The aim of the Macartney Mission was to establish between England and China a system of official diplomacy by which trade relations might be regulated. European commerce had encountered all the difficulties arising from the profound differences between English custom and Chinese; and as trade increased the British Government realized that the time had come to create effective channels of political intercourse between the two Governments. For this purpose a mission, under Lord Amherst, renewed in 1816 the futile endeavour of 1793, with worse results; and, in 1834, when the monopoly of the East India Company in the China trade came to an end, Lord Napier was appointed as Political Agent in Canton to control the activities of competing merchants. It was essential to the success of his office that he should be recognized by the Chinese authorities; but every attempt he made during his brief career in South China came to nought, and he died before obtaining any recognition of his status. The collision which he was sent to avert took place within less than five years, in the war of 1839, and the die was cast. China had refused to open her gates to foreign trade; the foreigner, on his part, refused to admit the Chinese right to shut him out; and for the next half-century the Powers, with-

Great Britain leading, strove to force their way across the forbidden threshold.

The story of this process has been told elsewhere, and there is no need to repeat it here; but a clear view of the position created a hundred years ago is indispensable to a true appreciation of the subsequent history, of the relations between China and foreign Powers. The Emperor, Chien Lung, spoke truer than he knew when he said that the ceremonies and code of laws of China "differ so completely from your own that . . . you could not possibly transplant our manners and customs to your alien soil." It was this difference, in all its depth and significance, which made him resist the intrusion of foreign influence; and he could not foresee that his arrogant refusal to accept George III as an equal sovereign would lead to consequences of which we have yet to see the end. Still less could he foretell that the same dynastic exclusiveness in his successors was to provoke the despised barbarian from overseas to transplant to Chinese soil the alien manners and customs of Europe. It is idle, though tempting, to speculate on the course which Chinese history would have taken if the Manchu Dynasty had been wiser in its generation than men usually are, and we may leave it to some imaginative historian to write an essay in fancy on the theme: "If Chien Lung had taken George III as his equal." We are, to-day, concerned with the consequences of his refusal, and we shall know our problem all the better if we understand both the reason and the unreason of his action.

China had created for her people a civilization which had (and, if it had retained its true character, would still possess) its own justification. An order of society grew up, through the ages, from primitive origins to the social and moral code of Confucius, which gave the Chinese people cohesion and stability without the aid of elaborate political institutions. The social fabric rested on the foundation of the family, and loyalty to ancestral tradition was the vital civic virtue. The Confucian code placed before Chinese mankind the ideal of the gentleman; and, if the individual accepted the ideal—still more, if he could embody it in his conduct—what more could be asked? Thus the idea of law as a dynamic code of conduct, adapting itself to the changing needs of a growing society, was unknown to the Chinese, for their society was static. Law presented itself to the Chinese people in a guise quite different from the European conception. Not

only was there little change in fact to necessitate much change in law, but the sanction of social conduct was derived from a source which had no counterpart in European experience." To the European, in modern times at all events, the law is the expression of the will of Society, in which both the individual and the family are subordinate to the state or nation. To the Chinese the State is a vague, almost unknown, entity; and it has been said with truth that China is a civilization, not a nation or a state. In that civilization the family is supreme.

From this source are derived all those differences in custom, ceremony, law and justice, which so perplex our relations with the Chinese. And a dim perception of the conflict which must ensue from contact with the foreigner may have dictated the original decision to keep him at arm's length. To-day, it is too late for the Chinese to justify that decision, or to attempt to enforce it. For good or for evil we have met together, and the problem for both parties is to devise tolerable conditions for future co-operation. In devising them a knowledge of the causes which have made conditions intolerable in times past is a necessary condition of success; and the first step towards improvement is for both to confess that the heritage which comes down from the past is compact of good and evil, for which Chinese and foreigner are alike responsible. In no human conflict is right all on one side.

The political problem of China thus has its origin in a conflict of ideas, though it has since expressed itself in a conflict of interests. To the latter we may now turn before opening the pages of Dr. Joseph's interesting book. The fifty years that lie between the Treaty of Nanking (1842) and the war between China and Japan (1894) comprise, roughly, the second period in the relations between China and foreign Powers. During them the Powers, by negotiation and war, secured recognition, and more, from China. By 1876-86, the period of the Chefoo Convention, foreigners in China were firmly established in concessions and settlements of their own, and enjoyed all those legal rights and privileges which are compendiously described as extraterritoriality. And as the years passed the system of consular jurisdiction grew till it far exceeded its original scope. If any reader wishes to understand why the so-called "Unequal" Treaties rankle in Chinese minds to-day, let him read carefully the exact account of the

expansion of extraterritoriality which Dr. Joseph gives on pp. 34-5. And let him also bear in mind the argument of Chapter II, in which the author sketches the historical background of the controversy over Tariff Autonomy. These, however, are no more than introductory paragraphs to Dr. Joseph's main theme, and he himself does not claim the same attention for his first two chapters as he justly expects for the other seventeen.

Let me say a word here about Dr. Joseph's method. He approaches his subject in an objective spirit, neglecting no evidence, and leaving the story to point its own moral. In his pages the actors and the facts speak for themselves. He has carefully studied all the available documents. He is so lavish of quotation that his book is a veritable mosaic of references to the written and spoken word of the statesmen of the seven countries most closely concerned in Far Eastern diplomacy. And, in the result, he has accomplished a useful purpose in a manner which ought to win him the gratitude of many.

In nothing has he shown better judgment than in his choice of the period from the Sino-Japanese War to the Boxer Rebellion. Between 1894 and 1900 the Powers engaged in a struggle over the almost inanimate body of China, known as the Battle of the Concessions, in which more injustice was done to the Chinese than in all the hundred years before. It is a complicated story, and many who have tried to read it have concluded that all the Powers were equally deep in wrong-doing. But Dr. Joseph proves, with overwhelming documentary evidence, that the blame lies unequally; that, of the five Powers most closely concerned, Russia was the most cynical and deliberate aggressor, with France as a willing accomplice supplying money to back Russian plans, with Belgium as a convenient screen on at least one critical occasion; and Germany was abetting Russia in her Far Eastern policy in order to divert her from Europe and now hesitating as to the most profitable course for her own *Weltpolitik*. America plays throughout an inconspicuous part, Japan a rôle of increasing importance as the ultimate and determined enemy of Russia. Finally, Great Britain emerges from the tangled story with her traditional policy of the integrity of China and the Open Door seriously modified by the pressure of untoward circumstances, but also with a record of attempted fair dealing to which no other Power can lay claim.

Now, it is the duty of an Introduction to open the door for the author and to refrain from trespassing upon his chosen ground, and I have no intention of exceeding my function by anticipating Dr. Joseph's argument. What is permitted, and perhaps expected, is that the introducer should set up a finger-post here and there to mark important stages in the story.

The points on which I am inclined to lay emphasis are six: *First*, the contrast between the period prior to 1894 and the period described in this book. *Second*, the development and modification of the Open Door doctrine, which, as Dr. Joseph conclusively proves, was British doctrine and British practice long before Mr. Secretary Hay gave it his name. *Third*, the lack of policy, initiative, courage, or patriotism in the Chinese Government, which was the parent cause of most of the evils of the time. *Fourth*, the development of Russo-Japanese rivalry from 1894 onwards. *Fifth*, the proof given here that, politics being always a field for the play of interests, the permanent interests of Great Britain and China are not opposed but complementary, and that the policy of Great Britain has not only not been so inimical to Chinese rights as propagandists would have us believe, but has more than once stood between China and dismemberment. *Sixth*, that nowhere in the world has the change of international morality, which is embodied in the League of Nations, such significance as for China, if the Chinese will but recognize it.

The last of these points lies outside the scope of this book, and the first can be stated as a justification of Dr. Joseph's choice of period. He himself takes the year 1894 as the turning-point at which the character of the Chinese Question changed. And he is right in his choice. Until that year China played a part in her own destiny, and the Powers were mainly concerned to establish the ordinary rights of international intercourse. That they were compelled to do so by force was the fault of China; and the obstinate resistance offered by the Chinese Government to their legitimate claims, though it may be explained by those differences between Chinese civilization and our own, cannot be justified by any modern canon of international conduct. In the early stages the British Government endeavoured to win recognition from China by polite diplomacy, but when that instrument broke in their hands, after the failures of the Macartney and

Amherst missions, they had to take a stronger method. This they did in the appointment of Lord Napier in 1834. But their purpose was still conciliatory, if their language was firmer, and not until 1840 did they support their diplomatic plea with force. Lord Palmerston's despatch of that year, backed by the British Fleet, shows how far along the road of armed intervention the British Government had been driven by Chinese provocation since 1793. But neither in 1842 nor at any time during the next fifty years did the policy of the Treaty Powers essentially threaten the independence or integrity of China.

It is true that the always shadowy connection between China and some of the "vassal" states on her borders was broken by the Powers during those years, but throughout this process Chinese sovereignty and the territorial integrity of China proper remained intact. It is also true that the operation of extraterritoriality was a thorn in Chinese flesh; but neither foreign consular jurisdiction nor any of the other foreign privileges constituted a threat to the very existence of China. That threat only appeared towards the end of the nineteenth century; and the decisive moment at which it became real was 1894, when China and Japan went to war over Korea. Russia had, indeed, begun to encroach upon China before the Sino-Japanese War, but the process of dismemberment, which began in 1894, was due to the rise of Japan. 1894 is, then, the decisive year for three reasons: because in it the power of Japan was first revealed; because victory awakened Japanese ambition on an Imperial scale; and because, out of the new situation created in the Far East by the victory of Japan, a process was set in motion which brought China to the brink of dissolution.

To carry the tale any farther would be to trespass on Dr. Joseph's ground. I leave him to take it up, and thank him for telling it with such skill and fidelity to truth.

A. F. WHYTE

S.S. Montclare

ATLANTIC OCEAN .

April 1928

Foreign Diplomacy in China

CHAPTER I

EARLY TREATIES WITH FOREIGN POWERS

Contacts in the Middle Ages—Land route to China barred—A sea route to China—Exclusiveness of China until the middle of the nineteenth century—The breakdown of this exclusiveness by the Treaty of Nanking and subsequent treaties until 1894—Chinese-Japanese War, 1894, a turning-point in Chinese history—Conditions existing in China prior to 1842—Predominantly commercial character of treaties remedying these conditions—Treaty of Nanking, 1842, discussed—Extraordinary conditions arising out of it and subsequent treaties :

- (1) *The "Treaty Port."*—Its legal basis—Its development—Right of residence and travel in the interior.
- (2) *The "Most-favoured-nation" Clause.*—Its origin—Its blanket character—Its effect upon China's freedom of action.
- (3) *Extraterritoriality.*—Its legal basis—The difficulties it sought to meet—Articles XXI, XXIV and XXV of the American Treaty of Wanghia, 1844, considered—Article III of the Treaty of Chefoo, 1876—Establishment of a British Supreme Court in China, 1876—Establishment of an American Supreme Court in China, 1906—Altered conditions under which extraterritoriality prevails.
- (4) *The Status of Christianity.*—Its illegality—Its legal basis—The edict of 1846—The treaties of 1858 and 1860—The contest over right of residence in the interior—The net results.

CHINA had not always been isolated from the Western world. Travellers, missionaries and traders had visited China in the Middle Ages and had been well received there.(1) But with the fall of the Tartar Empire and the onrush of the Ottoman Turks the land route to China was closed. The little intercourse which had existed came to an end. In the sixteenth century piratical expeditions of Portuguese and Spaniards made their way to China by sea.(2) In the seventeenth century the British, French and Dutch also reached China.(3) It was not, however, until the last decade of the eighteenth century that efforts were first made, though unsuccessfully, to establish regular relations with China.(4)

Until approximately the middle of the nineteenth century China remained isolated, a world unto itself, little known or troubled by the nations of Europe, and still in the same state of development as at the commencement of the industrial revolution in Europe. This movement did not extend to China nor was its influence felt there. Consequently she was left behind in the forward march of civilization. She remained as she had been. She did not participate in the politics of the world, and no formal relations had been established between her Government and those of the Powers of Europe, except Russia.

In the case of the latter, the contiguity of its territory with that of the Chinese state necessitated the adjustment between the two of various matters such as the alignment of frontiers, the arrest and extradition of criminals, Russian resident ecclesiastical missions in China, and certain Russian trade missions to Peking. These were provided for in the treaties of 1689, 1727 and 1768.(5) These treaties, however, did not in any way apply to any of the other European States, nor did they form the basis for the relations which were subsequently established between them and China.

The treaty which marked the entry of China into formal relations with the Great Powers was that signed at Nanking in 1842 (6) by the representatives of the Celestial Empire and of Great Britain. It concluded the Opium War, so called because it was occasioned by a dispute over opium, and resulted in forcing opium upon a not unwilling consumer. But the real objects for which the war was fought, far more important than the sale of opium, are to be found in the terms of the treaty itself. The Treaty of Nanking opened a new era in Chinese affairs. It signalized the breakdown of China's exclusiveness, and the commencement of legal, political and economic relations between her and the "aggressive barbarians" of Europe on terms of equality. In fact it formed the basis of her relations with them; and those treaties which followed it, although in many cases like it, a conventional means of settling a conflict or a dispute, were nevertheless by their terms, but a development of the principles enunciated in this first treaty. These treaties record the attempts made by the foreign Powers to compel China to open up her vast markets to their merchants. The foreign Governments endeavoured by means of the treaties to establish an accustomed basis for their diplomatic and commercial relations with China. To this end

they attempted to secure the abolition of the limitations, restrictions and impositions which the Chinese Government had placed upon commerce and intercourse with foreigners. This continued to be the principal motive of the Powers in their negotiations with China up to the year 1894, even though there was some territorial encroachment upon the outer fringes of the Chinese Empire.

In 1894, however, China reached a turning-point in her relations with the Powers. The period of the quest for trade—1842-94—came to an end. New factors intervened which affected China's destiny. Her defeat in the Sino-Japanese War had revealed to the world her appalling helplessness against aggression and had aroused the cupidity of responsible statesmen abroad. Thereafter the Powers were engaged in rivalry for the political and economic domination of China. Trade in China was no longer their only and principal concern. A far more important concern was the political future of the Chinese State. Was China to continue to have a sovereign political existence or was she to be dismembered and absorbed by the Powers? It was a mighty question with incalculable consequences. It was not only China's integrity which was at stake. The peace of the world was involved in the solution of this question. The disposition of over four million square miles of territory (7) and of approximately one-fifth of the human race could not be overlooked by any State anxious to maintain its rank in the Society of Great Nations. The balance of power between the European States was seriously endangered.

More important, however, than the political aspect was the cultural aspect of the threatened dissolution of the Chinese Empire. It involved the cultural destiny of the human race. Though Chinese civilization has not in the past greatly influenced those peoples who were not her immediate neighbours, it was conceivable that its influence in the future might be great. The break-up of the Chinese State might have destroyed this possibility, and resulted in the breakdown of Chinese civilization and the augmentation of the Russian, French, British, Japanese and other cultural groups by the Chinese who were assimilated.

From 1894 onwards the prospect of the dissolution of the Chinese Empire has been ever present on the political horizon. More than once dismemberment seemed imminent; and, if it has been averted, it has not been due to any excellent qualities of

statesmanship in those in charge of China's Foreign Office, nor to any peculiarity of organization in the fabric of the Chinese State. It can more correctly be ascribed to the rivalries, jealousies and conflicts of interests among the Great Powers which prevented them from agreeing upon cutting up the Chinese melon. The present work will concern itself with these. But before we proceed to consider in detail the 1894-1900 period in Chinese affairs, it is perhaps advisable to indicate generally the conditions which the treaties concluded in the years 1842-94 endeavored to remedy, the essential characteristics of these treaties, and their results, for they record the gradual diminution of China's prestige and power and indicate the preferential status, the influence and the power which the foreigners had acquired and enjoyed in China at the time their respective Governments entered the contest for greater and more exclusive privileges there.

Until 1842 no regular diplomatic or economic relations existed between China and the Powers. The foreign trade of this empire, with its 413,000,000 (8) subjects, had been confined to the single port of Canton. Free unhampered trading between Chinese and foreigners was prohibited. A few chosen Chinese "hong" merchants held the monopoly of foreign trade. All transactions had to be made through them. (9) Foreigners were prohibited from residing in China and from travelling about freely. During the trading season, i.e. October-March, (10) they were allowed to come to a plot of territory at Canton "about 1,100 feet in length, with a general depth of about 700 feet," (11) where their warehouses were located. They were not permitted to leave this without special permission. With the closing of the trading season they were compelled to retire to Macao, part of an island off the coast of China. (12) Intercourse with higher officials was forbidden the foreigner. Contact with these authorities could only be obtained through the "hong" merchants. (13) Trade was subject to arbitrary and onerous charges. No fixed or public tariff existed for imports. Chinese law was unknown to the foreigner, nor did it exist in any form readily accessible to him.

Conditions such as the above the Treaty of Nanking and those that followed it were intended to terminate. The greater number of these agreements, though they resulted in the establishment of diplomatic relations and the adjustment of the conflicts or disputes.

which gave rise to them, were essentially nothing more than trade agreements.

In so far as they dealt with the establishment of normal relations between any two sovereign States, these treaties need not be considered here. There are, however, other matters arising out of them which are of an extraordinary and exceptional character. These created the vested interests of the Powers and formed the basis of their relations with China.

The foundation of all foreigners' relations with China is the Treaty of Nanking.(14) To facilitate the trade and intercourse of the foreigner in China, it abolished the monopoly of the "hong" merchants,(15) secured for Britishers and their families the right to trade and reside at other ports than Canton,(16) constituted the foreign consul the medium of communication with the authorities in place of the "hong" merchants,(17) and placed British and native officials of the same rank "on a footing of perfect equality,"(18) regulated the duties leviable on merchandise upon its importation, exportation, or movement in the interior,(19) and awarded the island of Hong-Kong in perpetuity to the British Government.(20) This treaty was soon followed by the British-Chinese Agreement of 1843,(21) which enunciated the most-favoured-nation clause,(22) and by a host of other treaties with foreign Powers.

Since no question is dealt with exhaustively by any single treaty, a clear picture of the state of affairs can only be obtained by considering the problems and practices of the foreigner and the Chinese which arise out of the whole gamut of the treaties of the period prior to 1894—namely, the "Treaty Ports," the Most-favoured-nation Clause, Extraterritoriality, the status of Christianity, the fiscal relations of the Powers with China, the Customs and the cession of territory. Each of these questions will be dealt with in the order set out.

By the Treaty of Nanking foreigners acquired the right to reside and trade at all times, not only at Canton, but also at four other ports in China.(23) Their right to do so no longer rested upon the tolerance or generosity of the Chinese. It was one guaranteed by treaty. Accordingly, the ports at which the foreigner might reside with his family and trade "without molestation or restraint" became known as "treaty ports."(24) In some of these ports, foreigners, in addition, obtained the right

to establish exclusive settlements, over which they acquired certain rights of municipal administration, as at Shanghai. In others they lived amongst the Chinese. In all fairness, however, it must be stated that while the genesis of the separate foreign settlements lay in the persistent refusal of the Chinese to permit the foreigner to reside in his "native" city,(25) the later development of the settlements, the acquisition and extension of municipal privileges and the control of the municipal government by the foreign element, was a product of the aggression of the foreigner, his desire for exclusiveness, and for a place in which to live superior to that afforded by the native cities to which he had acquired a legal right of entry.(26)

The Chinese, in time, realized the value of these treaty ports for the general prosperity of their country, and not only did these five original treaty ports increase their number by now to forty-nine,(27) but China voluntarily opened thirty-four other ports, called open ports,(28) at which foreigners might trade and reside, and in addition established twenty-six ports of call(29) at which baggage, passengers and merchandise might be landed. 27

In 1858 foreigners acquired the additional right of travelling into the interior under passport, "for pleasure or for purposes of trade."(30) But the right of residence in the interior, outside the limits of these treaty ports, was never acquired by any treaty power in this early period save for its missionaries. (This latter privilege was obtained in 1860.(31)) Indeed foreign trade was not even afforded the facilities of warehouses in the interior until 1895, when this right was conceded by China in the Treaty of Peace between Japan and China signed in 1895.(32)

This arrangement has prevailed until the present day for all the original Treaty Powers except Austria, Germany and Russia. In 1915, however, this was altered in respect of South Manchuria. The Japanese Government, by means of the now famous twenty-one demands, secured for its subjects the right to engage in business and to lease land in any part of South Manchuria.(33) This privilege immediately became open to those foreigners who enjoyed most-favoured-nation status.

The treaty provision, however, which has had the most far-reaching consequences and has formed the backbone of all concessions granted to foreigners in China is the most-favoured-nation.

clause. Acquired usually without a corresponding privilege for China, it became a blanket concession yielding to all, what was granted to one. First enunciated in the British-Chinese Supplementary Agreement of 1843,(34) it has since appeared in practically every treaty signed by China with a foreign Power. The general effect of it was to grant to the nationals of the most-favoured-nation any privilege, immunity or advantage which had been or which might be acquired by any other nation in China. Thus in practice no treaty was applicable solely to the signatories of it. By the operation of the most-favoured-nation clause every political, economic, marine, or other concession granted to any nation by treaty, arrangement or practice freely enured to all the nations assisted by this clause.(35) The result of this practice was to level the advantages which the trading nations acquired until 1894, and to create among them a community of interest for the preservation of such rights as were obtained through these treaties.

This valuable concession the Chinese had granted when their foreign relations were meagre. They only realized what disadvantages and complications they had thereby brought upon themselves when foreign States insisted upon an interpretation of the clause which enabled them to secure the same privileges as China had granted to other States, but free from the fulfilment of those conditions upon which these privileges had been made dependent.(36) They also learnt to their discomfiture, that the most-favoured-nation clause furnished grounds for endless demands and encroachments and seriously impaired China's political and commercial life instead of providing for that mere equality which must have been the earlier intention of the grantor.(36A)

The status of extraterritoriality was likewise conferred upon British subjects by the British-Chinese Supplementary Treaty of October 8, 1843.(37) Article II of this agreement annexed to the treaty the General Regulations of July 22, 1843, under which British trade was to be conducted at the five ports, and gave to these regulations the same force and value as if they had been a part of the treaty itself. A consequence of this was that henceforward civil and criminal matters incident to the presence of foreigners in China were to be regulated in the manner set out in Article XIII of the Trade Regulations; which is as follows :

"Whenever a British subject has reason to complain of a Chinese, he must first proceed to the Consulate and state his grievance. The Consul will thereupon inquire into the merits of the case, and do his utmost to arrange it amicably. In like manner, if a Chinese have reason to complain of a British subject, he shall no less listen to his complaint and endeavour to settle it in a friendly manner. . . . If, unfortunately, any disputes take place of such a nature that the Consul cannot arrange them amicably, then he shall request the assistance of a Chinese officer, that they may together examine into the merits of the case, and decide it equitably. Regarding the punishment of English criminals, the English Government will enact the laws necessary to attain that end, and the Consul will be empowered to put them into force; and regarding the punishment of Chinese criminals, these will be tried and punished by their own laws, in the way provided for by the correspondence which took place at Nanking, after the concluding of the peace." (38)

To enable the Consul to enforce the foregoing procedure, the Chinese Government extended to the British Government the following privilege, first recited in Article XIV of the Trade Regulations and re-stated as part of Article X of the British-Chinese Supplementary Treaty of 1843 :

"At each of the five ports to be opened to British merchants, one English cruiser will be stationed to enforce good order and discipline amongst the crews of merchant shipping and to support the necessary authority of the Consul over British subjects. . . ." (39)

This police provision, which recognized in principle the right of the Consul to control his subjects and to enforce order among them, grew out of the continued refusal of the British authorities to surrender British offenders to the Chinese authorities to be tried by a system of law which was unknown to them, and the principles of which offended their sense of justice. (40) In particular the British objected to the application of the principle of responsibility in criminal cases. (41) This principle occupied an important place in Chinese Criminal Law. Preventive in its aim, it attached responsibility for every crime to someone. When the real culprit could not be found, the person responsible for the good conduct of the culprit, or who could have prevented the commission of the crime, was held responsible for the criminal act. It is undoubtedly a doctrine which has much to commend it in its application to poorly policed and unorganized communities such as China. It is applied even to-day in some of the Near Eastern countries administered by those very European Govern-

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ments who objected to the application of the principle to their own nationals in China. But Great Britain would not consent to its nationals being subjected to this law.

It is not pertinent to our study to consider in theory whether foreigners desirous of trading with China ought to have submitted to the laws of China. We are concerned only with the practical results of the treaties of this first period, which established the position of the Powers in and towards China as it had crystallized in the year 1894. But in extenuation this may be said : That the practice arose at a time when it was undeniably true that the Chinese did not understand the foreigner's language nor he that of the Chinese ; that Chinese law did not make a distinction between intentional and unintentional killing, even where foreigners were concerned ; that Chinese law as such was unknown to the foreigner, and that no code or record of Chinese law readily accessible to him existed. Consequently there was much hesitation to submit in judicial matters to the jurisdiction of the Chinese.

This principle of consular control of the foreigner was extended and more exactly defined in the American Treaty of Wanghia, signed on the 3rd of July, 1844,(42) and in the French treaty of the same year.(43) By the operation of the most-favoured-nation clause,(44) this new privilege of immunity from Chinese jurisdiction became applicable to all the Treaty Powers. Extraterritoriality, as this immunity was termed, carried with it a procedure for the adjustment of disputes, controversies and crimes arising out of the presence of foreigners in China. A machinery for such adjustments was created through Articles XXI, XXIV and XXV of the American Treaty of Wanghia.(45) These provided that :

(1) Criminal matters in which Chinese were guilty towards citizens of the United States were to be dealt with by the Chinese authorities according to Chinese law.

(2) Any crime committed by a citizen of the United States in China was to be dealt with by the American authorities according to American law.

(3) Disputes among Americans were to be dealt with by the American authorities according to American law.

(4) Disputes between Americans and foreigners were to be regulated according to the treaties existing between the United

States and the particular foreign Power, "without interference on the part of China."(46)

(5) Controversies between Chinese and Americans which could not be settled amicably were to be "examined and decided conformably to justice and equity by the public officers of the two nations acting in conjunction."(47)

The procedure in this last case was modified somewhat by Article III of the British Convention of Chefoo, 1876.(48) It provided that in mixed cases, the law that was applicable was the law of the defendant's nationality, and that the court which had jurisdiction in the case was also that of the defendant, although it reserved to the plaintiff the right to have an official of his country attend and watch the proceedings. If the official was dissatisfied with the proceedings he was empowered to protest against them in detail.

The foregoing disputes and controversies were tried, therefore, in some cases by the Chinese juridical authorities ; in others by the consular authorities, who were in many instances unqualified either by training or experience to pass judgment upon the matters under consideration. The British ameliorated this condition somewhat by the establishment of a Supreme Court in 1865 (49) at Shanghai, to which an appeal lay from the British Consular Courts. In 1906 the Americans also established there a Supreme Court for China.(50)

The system outlined above is the skeleton of what constitutes extraterritoriality. Originated at a time when the number of treaty ports in China was five,(51) when the three hundred and fifty-two foreigners(52) were confined to these five ports, the system of extraterritoriality became embarrassing to the Chinese when the number of treaty ports and open ports exceeded eighty and the ports of call twenty-five,(53) when foreigners acquired the right to travel, under passport, throughout the length and breadth of the land,(54) when traders were granted the right to establish warehouses in the interior (1895),(55) when missionaries obtained the right to reside in the interior,(56) and when, in our day, the number of foreigners resident in China increased beyond three hundred and twenty-five thousand.(57) With the progress of these developments abuses crept into a system (58) born of earlier conditions. • Whilst the original object of extraterritoriality was to safeguard a handful of foreigners from the application to them

of legal principles and practices which were alien to them,(59) it was now had recourse to by many unscrupulous members of a greatly augmented body of foreigners as a cloak of immunity from "every" Chinese law,(60) whilst the foreign community as a whole abstained from the fulfilment of practically all of the obligations which devolve upon the residents of a state. They felt themselves to be in a privileged position. The Chinese courts had no jurisdiction over them, and their own consular courts had to confine themselves to applying the laws of their respective countries. The Consuls had no authority to apply the Chinese law, consequently the foreigners, who thus found themselves immune from Chinese revenue or other laws, contributed practically nothing to the Chinese Exchequer by way of direct taxation.(61) All this is still true of the nationals of the nineteen original Treaty Powers with the exception of the Russians, the Germans, the Austrians and the citizens of those States which have been carved out of former territories of the Russian and Austrian Empires. These groups are now subject to the native courts and the native law, as all aliens are in a sovereign State. The above abuse of extraterritoriality, together with others, had the effect of irritating the Chinese, who found that because extraterritoriality was a right based on treaties they required the consent of the Treaty Powers for its abolition, and that though the foreigners were removed from Chinese jurisdiction the Chinese authorities were not absolved from the responsibility of affording protection to the lives and property of the foreigners.(62)

Protected by the provisions of the Treaty of Nanking, which gave foreigners the right to reside at the five open ports of China "without molestation or restraint,"(63) and by the guarantee of extraterritoriality, the missionaries bestirred themselves to acquire the right to spread the teachings of Christianity. Prior to the signature of the Treaty of Nanking, Christianity was contrary to the law of the land,(64) and indeed such missionaries as had been in China were confined to the twenty-one-acre settlement at Canton,(65) with no right to travel into the interior.

The treaties of 1842-4 gave the foreign Powers the right to establish Christian Churches upon the soil of China.(66) They were silent, however, upon two important requisites essential for the successful propagation of Christianity there. No right to

live in the interior had been obtained nor the liberty to seek converts. And although an edict of 1844 (67) granted toleration to Christianity, it was not until 1858 (68) that China, defeated by the British and French forces, was compelled to guarantee by treaty both the toleration of Christianity and the protection of converts to it. These treaties of 1858 and the French Supplementary Treaty of 1860 (69) defined the status of Christianity and of the missionaries of the Church in China. They declared that the principles of the Christian religion taught men to do good, (70) and that missionaries were to have the right to travel into and reside in the interior, (71) and admitted the fundamental right of every Chinese to embrace the Christian religion and be protected in person, property, and the free practice of his religion. (72)

The right of residence in the interior was not, however, acquired without contest. There was a difference between the Chinese text of 1860 and that held by the French. The Chinese text contained a clause granting this right, which the Chinese maintained was surreptitiously inserted by the French. (73) It stated: "It is permitted to French missionaries to rent and purchase land in all the provinces and to erect buildings thereon at pleasure." (74) The French, as protectors of the Catholic missions abroad, insisted upon the fulfilment of this clause. Because of the unsound nature of this treaty right, over a period of thirty-nine years, the British Government consistently refused to support the claims of British Protestant missionaries to exercise a right similar to that of the French Catholics, in virtue of the most-favoured-nation clause. (74A) The American Government followed a similar course. But the Chinese authorities allowed missionaries of all nationalities to establish themselves in many parts of China. (74B) And at least the American Government was prepared to support the claim of its missionaries for most-favoured-nation treatment where others had been accorded a right of residence by usage or custom. (74C) This practice was regularized by the Sino-American Commercial Treaty of 1903, which confirmed the right of missionaries to hold property in the interior of China. (75)

The net result of these arrangements was that the missionaries were in a preferential position as compared with other foreigners. They had acquired a right of residence in the interior not open to other foreigners, where they could engage in work ancillary to their vocations, such as book-binding, printing, laundry, agri-

culture, etc., and above all they could spread the doctrines of their respective denominations, always assured not only of the protection of the Chinese State for themselves and their converts, but also of the support of the foreign Powers.)

Though the legalization of the status of the Christian Church in China has facilitated the work of the missionaries, it is recognized that it entailed many disadvantages for the missionary as well as for the convert. In the eyes of the people the former was the agent of a foreign protected religion, the latter the protégé of foreigners. This connection with the foreign protecting Powers, and the abuse which resulted from this privileged position, was responsible for more internal disorder in China than has been recorded.(76)

NOTES

1. Read *China and the West*, W. E. Soothill, for fuller account.
2. *La Chine contemporaine*, G. Dubarbier, 1926, p. 233.
3. Ibid.
4. Lord Macartney's *Embassy*, 1792. H. B. Morse, *The International Relations of the Chinese Empire*, ed. 1910, vol. i, p. 53.
5. *Treaties between the Empire of China and Foreign Powers*, W. F. Mayers, 5th ed., 1906, p. 96.
6. Ibid., p. 1.
7. *The China Year Book*, 1925-6, p. 1.
8. Ibid., p. 2—Population in 1842.
9. *Trade and Administration of China*, H. B. Morse, 3rd ed., 1921, p. 302.
10. Ibid., p. 304.
11. *The International Relations of the Chinese Empire*, H. B. Morse, ed. 1910, vol. i, p. 71.
12. Ibid., p. 74.
13. *Trade and Administration of China*, H. B. Morse, 3rd ed., 1921, p. 303.
14. *Treaties between the Empire of China and Foreign Powers*, W. F. Mayers, ed. 1906, p. 1.
15. Ibid., Art. V.
16. Ibid., Art. II.
17. Ibid.
18. Ibid., Art. XI.
19. Ibid., Art. X.
20. Ibid., Art. III.
21. Ibid., p. 5.
22. Ibid., p. 6—Treaty of the Bogue, 1843, Art. VIII.
23. Ibid., p. 1—Treaty of Nanking, Art. II.
24. Ibid.
25. *The International Relations of the Chinese Empire*, H. B. Morse, ed. 1910, vol. i, p. 377.

Art. VII. "It is accordingly determined that (at Canton, Foochow, Amoy, Ningpo and Shanghai) ground and houses, the rent or price of which

is to be fairly and equitably arranged for, according to the rates prevailing amongst the people, without exaction on either side, *shall be set apart* by the local officers in communication with the Consul. . . ." (Hertslett, vol. vi, p. 264—British-Chinese Supplementary Treaty, 1843)

Art. I. "His Majesty the Emperor of China having, on his own part, distinctly stated that when in the course of time mutual tranquillity shall have been insured, it will be safe and right to admit foreigners into the city of Canton, *and the local authorities being for the present unable to coerce the people of that city*, the plenipotentiaries on either side mutually agree that the *execution of the above measure shall be postponed to a more favourable period*, but the claim of right is by no means yielded or abandoned on the part of Her Britannic Majesty."

Art. II. "British subjects shall, in the meanwhile, enjoy full liberty and protection in the neighbourhood, on the outside of the city of Canton. . . ." (Hertslett, vol. x, p. 730—Convention of Boca Tigris, 1846, April.)

26. *The International Relations of the Chinese Empire*, vol. i, p. 347.

27. *China Year Book*, 1925-6, p. 904. The term "port" as used above refers to inland cities as well as to sea ports.

28. *Ibid.*, p. 906.

29. *Ibid.*

30. *Treaties between the Empire of China and Foreign Powers*, W. F. Mayers, 5th ed., 1906—Treaty of Tientsin, 1858, Art. IX, p. 13.

31. *Ibid.*, p. 73—Sino-French Convention of 1860, Art. VI, Chinese Text.

32. *Ibid.*, p. 183—China-Japan Treaty of Peace, 1895, Art. VI, Subsec. 3.

33. *China Year Book*, 1928, p. 391.

34. *Treaties between the Empire of China and Foreign Powers*, W. F. Mayers, 5th ed., 1906, p. 6, Art. VIII.

35. *Ibid.*, p. 92—American Treaty of Tientsin, 1858, Art. XXX.

36. *The International Relations of the Chinese Empire*, H. B. Morse, ed. 1910, vol. i, p. 416.

36A. Read *China—The Most-Favored-Nation Clause*, by T. Y. Sze, for a good detailed account of the operation of the clause.

37. *Treaties between the Empire of China and Foreign Powers*, W. F. Mayers, 5th ed., 1906, p. 6.

38. Hertslett's *Treaties*, vol. vi, p. 248.

39. *Ibid.*, p. 265.

40. *The International Relations of the Chinese Empire*, H. B. Morse, ed. 1910, vol. i, p. 110.

41. *Ibid.*, p. 114.

42. *Treaties between the Empire of China and Foreign Powers*, W. F. Mayers, 5th ed., 1906, p. 76.

43. *Ibid.*, p. 56.

44. *Ibid.*, p. 6, Art. VIII.

45. *Ibid.*, pp. 80-1.

46. *Ibid.*, p. 81, Art. XXV.

47. *Ibid.*, p. 81, Art. XXIV.

48. *Ibid.*, p. 46.

49. *China Year Book*, 1925-6, p. 608.

50. *Ibid.*, p. 609.

51. *Treaties between the Empire of China and Foreign Powers*, 5th ed., 1906, p. 1.

52. *The International Relations of the Chinese Empire*, H. B. Morse, ed. 1910, vol. i, p. 346.

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53. *China Year Book*, 1925-6, pp. 904-7.
54. *Treaties between the Empire of China and Foreign Powers*, W. F. Mayers, 5th ed., 1906, p. 13—British Treaty of Tientsin, Art. IX.
55. *Ibid.*, p. 183—China-Japan Treaty, 1895, Art. VI, Subsec. 3.
56. *Ibid.*, p. 73—Sino-French Convention of 1860, Art. VI, Chinese Text.
57. *China Year Book*, 1925-6, p. 30.
58. *Trade and Administration of China*, H. B. Morse, ed. 1921, p. 210.
59. *Ibid.*, p. 198.
60. *Ibid.*, p. 209.
61. *Ibid.*, p. 204.
62. Treaty of Nanking, 1842, Art. I.
63. *Ibid.*, Art. II. The Treaty of Nanking gave this right only to the British, but Art. VIII of the British-Chinese Supplementary Treaty of October 8, 1843, declares: "The Emperor of China having been graciously pleased to grant to all foreign countries whose subjects or citizens have hitherto traded at Canton, the privilege of resorting for purposes of trade to the other four ports of Foochow, Amoy, Ningpo and Shanghai, on the same terms as the English. . . ."
64. *The International Relations of the Chinese Empire*, H. B. Morse, ed. 1910, vol. i, p. 331.
65. *Ibid.*, p. 565.
66. Treaty of Nanking, 1842, Art. II; Treaty of the Bogue, 1843, Art. VII; Franco-Chinese Treaty of 1844, Art. XXII.
67. *The International Relations of the Chinese Empire*, H. B. Morse, ed. 1910, vol. i, p. 332; Text, p. 691.
68. American Treaty of Tientsin, 1858, Art. XXIX. W. F. Mayers, 5th ed., 1906, *Treaties between the Empire of China and Foreign Powers*, p. 92.
69. *Treaties between the Empire of China and Foreign Powers*, W. F. Mayers, 5th ed., 1906, p. 73, Art. VI.
70. *Ibid.*, U.S. Treaty of Tientsin, 1858, Art. XXIX, p. 92.
71. *Ibid.*, Sino-French Treaty, 1860, Art. VI, p. 73.
72. *Ibid.*, China-German Treaty of 1861, Art. X, p. 120.
73. *The International Relations of the Chinese Empire*, H. B. Morse, ed. 1910, vol. i, p. 616.
74. Chinese Text of Art. VI of Sino-French Treaty of 1860. *Treaties between the Empire of China and Foreign Powers*, W. F. Mayers, 5th ed., 1906, p. 73.
- 74A. Earl of Clarendon to Sir R. Alcock, British Minister at Peking, May 19, 1869—"The privileges claimed for the Roman Catholic missionaries rest on no sound foundation, but on an interpolation of words in the Chinese version alone of the French Treaty with China. You will, therefore, not allow British missionaries to suppose that by virtue of interpolation Her Majesty's Government can support their pretension to any other privilege of residence and locomotion in China than British subjects in general may enjoy." (Parliamentary Papers, No. 9, 1870, p. 4; *China—The Most-Favored-Nation Clause*, T. Y. Sze, p. 209.)
- 74B. *Foreign Rights and Interests in China*, W. W. Willoughby, vol. ii, p. 709, ed. 1925.
- 74C. *Ibid.*, p. 710.
75. *The International Relations of the Chinese Empire*, H. B. Morse, ed. 1910, vol. i, p. 616.
76. *Trade and Administration of China*, H. B. Morse, ed. 1921, p. 214.

CHAPTER II

COMMERCIAL PRIVILEGES OF THE FOREIGNER

The fiscal organization of the State—The effect of the early treaties upon it—Four financial problems of the foreigner :

(1) *A Fair and Regular tariff*.—Article II of the American Treaty of Wanghia, 1844, summarized—Effect upon China's fiscal freedom—British and French treaties of 1858—Revision of tariff.

(2) *The Internal Customs*.—Provision for standardization in Treaty of Nanking—The British-Chinese agreement of 1843—The treaties of 1858 and regulations of 1861—The standardization arrangement called the transit duty—Cases to which applicable—The French treaty of Tientsin, 1858—Handicap of Chinese merchants—Treaty of Chefoo, 1876—Cases in which the transit pass arrangement inapplicable—Preferential position of the foreign trader.

(3) *Frontier Trading*.—Russo-Chinese treaties of 1851, 1858, 1860 and 1869—Special facilities for overland trading with Russia outlined—Their exclusive character—Article XX: "Revised convention for the land trade between Russia and China, 1869"—British-Chinese frontier arrangements—Treaty of Chefoo, 1876—India-Thibet trade agreement, 1886—Sikhim-Thibet agreements, 1890 and 1893—Details of the British-Chinese 1894 agreement—Sino-French frontier arrangements—Substance of agreements of 1885, 1886 and 1887—The deleterious results of the fiscal arrangements.

(4) *Foreign Control of the Customs*.—The Taiping Rebellion, 1853—Anglo-American-French-Chinese agreement of July 29, 1854—Its poor reception—Occupation of Canton, 1858—Article X of 1858 agreement containing rules of trade—A uniform system at every port—A British assistant to the head of the Chinese Customs—The result of the indemnity provisions of the 1860 British-Chinese Convention—Appointment of Mr. Lay as Inspector-General of Customs, 1861—Its results, and that of the British-Chinese loan agreement, 1894—The Native Customs.

Territorial Acquisitions.—Hong-Kong acquired by the British—An increase in its territory, 1860—Russian acquisitions in the seventeenth century, in the Amur in 1858, in Primorsk 1860, in Ili 1871-80—Portuguese acquisition of Macao, 1862—French gains in Cochin-China, 1862—Annexation of Lower Burma by Britain—Further French annexations, 1867—Franco-Annamite treaties of 1874—Franco-Annamite Treaty of 1883—The annexation of Upper Burma by Britain in 1886—The British-French "neutral zone" agreement of December 1, 1893—Cession of territory by Britain to China, March 1, 1894—The proviso—China's neighbours—Japan creates a new situation.

ALTHOUGH the motive of the foreigner, in forcing these early treaties upon China was to facilitate trading with the Chinese,

nevertheless, a consequence of their conclusion was interference with the fiscal system of the Chinese State.

Trade in China was not organized in the same way as in foreign countries. A large part of the Chinese revenue was derived from charges levied upon commerce. These charges were generally unknown, and not fixed. This was so in the case of duties leviable on imports, exports,(1) interior trade or coast trade. The foreigners regarded these as artificial restrictions upon the free exercise of their trading rights. For the Chinese, however, the standardization and publication of these charges involved a disturbance of their fiscal system, and the development of discontent among the official class. The underlying principle governing the administration of the State was that the official in charge of the revenue-producing post, for which he had paid heavily, was entitled to make as much money out of it as he could. He was responsible for the administration of his locality, but was not liable to account for all the money he had collected. His sole obligation was to remit a fixed sum to his superior, who kept part of it for the purpose of administration and profit, and in turn remitted a fixed sum to his superior.(2) This process was continued until the Emperor received his fixed levy.

This system received its first blow with the provisions of the Treaty of Nanking. The subsequent treaties further impaired the system, leaving the Chinese without sufficient funds to carry on the affairs of their State efficiently, and with a fiscal organization unprepared to deal with the new conditions resulting from contact with the West.

There were four distinct financial problems which the foreigners desired to have solved: the import and export Customs, the internal Customs, the coast trade duty, and the frontier duties. The foreign traders might have accepted the system that prevailed. They chose not to, and we shall see how they dealt with these questions.

By their first treaty with China the British obtained "a fair and regular tariff" (3) on imports and exports. This was to be published, and was fixed at 5 per cent. *ad valorem*, (4) the duties then being converted into specific sums. A certain number of articles of import intended for the use of foreigners were exempt from duty. This arrangement, agreed upon in the heyday of free trade, was not designed originally to procure a low Customs

charge. Its real virtue for the foreigner was that it simplified a complicated and annoying series of practices.(5)

Article III of the American Treaty of Wanghia, signed in 1844,(6) states the arrangement most comprehensively, and by the operation of the most-favoured-nation clause its meaning became applicable to all the Treaty Powers. The essentials of this Article may be summarized as follows :

(1) Duties payable by Americans were to be according to the fixed tariff annexed to and forming part of the treaty.

(2) United States citizens were not liable to any higher duty than required of any nation whatever.

(3) All other fees or charges were abolished, and revenue officers guilty of exaction were to be punished according to the laws of China.

(4) The United States were to be entitled to any advantages or privileges whatever that might be conceded by China to any State in the future.

(5) Modifications in the tariff could only be made by China in consultation with the United States, and with its consent.

The foregoing principles, confirmed in the treaties later concluded, now became the basis of China's tariff. It was no longer a free tariff which China might increase or decrease at will—a right usually retained by a sovereign State. Henceforth it was a *treaty tariff*. China's right to modify it could only be exercised with the unanimous consent of all the Treaty Powers. Only once before 1894 was the tariff revised. In 1858, thanks to fluctuations in the silver market and to altered price values,(7) the Powers considered it to be to their own advantage to alter the tariff. They fixed it at specific figures, calculated on a 5 per cent. basis. And although the British and French treaties of 1858 contained provisions for the revision of the tariff every ten (8) and seven years(9) respectively, for one reason or another these figures remained unaltered until 1902, despite continued fluctuations during this period in the value of silver, which nearly always favoured the foreign traders, diminished the revenue due to China, and generally left her exchequer with less than 3 per cent. of the real value of the foreign goods imported, and of the Chinese products exported.

This standardization process was likewise extended to the internal customs of China. So long as foreigners were denied the right of travel into the interior and were confined to the five ports, the internal revenue practices of China concerned them little. By 1858, however, they had acquired the right of travel into the interior.⁽¹⁰⁾ Naturally enough, they now desired to remove the artificial limitations upon trade which they encountered in their new field of commercial activity.⁽¹¹⁾ A preliminary safeguard against these had been inserted in the Treaty of Nanking. It made provision for the determination of a transit duty at a later date.⁽¹²⁾ In 1843 a special agreement had declared that it "shall not exceed the present rates, which are upon a moderate scale."⁽¹³⁾ It was not, however, until the treaties of 1858⁽¹⁴⁾ had been concluded, and the regulations of 1861⁽¹⁵⁾ agreed upon, that this equally vague stipulation was converted into a definite and specific procedure which removed limitations upon foreign trading in the interior of China, i.e. outside the treaty ports, and enabled the foreigner to engage in commerce upon special advantageous conditions. The procedure which provided for this is summarized as follows :

All inland taxation might in certain cases be commuted by the foreign merchant upon the payment of a duty called the transit duty, equal to half the tariff duty,⁽¹⁶⁾ i.e. $2\frac{1}{2}$ per cent. Once this was paid, the goods, covered by the transit pass received upon payment of the duties, were freed from all further inland charges whatsoever. The cases to which this arrangement was applicable were as follows :

(1) Foreign imports on which the import Customs had been paid might be cleared to an inland market free of all charges upon payment of the transit duty.

(2) Inland produce brought to a port of shipment for export by a foreign merchant, if covered by the transit pass, was exempt from all further inland charges.

(3) No transit duties of any kind were leviable upon foreign imports moving up the Yangtze from Shanghai to any open port on the river.

(4) No transit duties of any kind were leviable upon native produce moving down the Yangtze to Shanghai for export.

(5) Goods free of import duties were to pay $2\frac{1}{2}$ per cent

ad valorem. This arrangement was unalterably fixed by the French Treaty of Tientsin, 1858, which declared that the transit duties (as fixed above) "ne seront susceptibles d'aucune augmentation future." (17)

These privileged conditions, when first conceded, were intended to be confined solely to foreign merchants engaged in the import and export trade. Until 1880 the Chinese traders had no legal right to the above advantages, although after 1874 they resorted to the use of foreign brokers, who lent them their names for a consideration. (18) The Chefoo Convention, signed in 1876, (19) apparently aimed to prevent this abuse (19A) and to re-affirm the privileged position of the British merchant. It limited the right of commuting internal charges by payment of the transit duty to cases where British subjects had a right of property and some interest in the native produce intended for export, and stated that in the case of imports the nationality of the person possessing the transit pass was immaterial. In 1880, however, commutation of dues by the Chinese was made possible. The transit arrangement was inapplicable in cases where the foreign imports were unprotected by a transit pass, and in all cases where native produce moved from a port of shipment unless intended for export. These were subject to all inland charges. (20)

So far-reaching were the concessions which the foreigners had acquired in the domain of foreign trade, that not only had they acquired the right to engage in the coast trade—a right usually reserved to the nationals of the State—but they were permitted to exercise this right under more advantageous conditions than the native traders. Whilst the native produce sent from one Chinese port to another paid an export duty at the port of shipment and a coast trade duty at the first port of entry, equal to half the import duty (or in the case of native goods moving up or down the Yangtze the coast trade duty alone), foreign imports upon payment of the Maritime Customs duty were declared to be protected "against all further exaction of duty by the Maritime Customs" (21) when re-exported to any port in China if accompanied by a certificate of exemption. Moreover, the coast trade duty upon native produce would be refunded if the goods were "entered at the second port as for re-exportation to a foreign market" within twelve months. (22) The Chinese exchequer was

in this way again called upon to contribute towards the development of foreign trade.

China's fiscal system was to be further complicated by a series of frontier arrangements with Russia, France and Britain. The same preference to the foreign trader is to be noticed throughout these arrangements. And although occasionally there is a semblance of a consideration for these arrangements, the determining distinction about these settlements is that they ran counter to the principle of equal privileges for foreign traders by yielding to each of these trading nations certain privileges which were in their nature exclusive, and which were more beneficial to some of them because of their differing geographical relations to China.

The first treaty that attempted in a comprehensive manner to deal with the specific regulation of frontier trade was signed in 1869 by China and Russia. Although the Russo-Chinese treaties of 1851,(23) 1858 (24) and 1860 (25) had regulated the trade of Kulja and Tarbagatai, and yielded to the Russians the valuable and exclusive right of navigating jointly with the Chinese and to the exclusion of all other nations the waters of the Amur, Ussuri and Sungari,(26) and of duty-free and unrestricted trading upon their banks,(27) it was not until 1869 that this duty-free zone was limited to thirty miles (28) on either side of the frontier, and that Russia, in addition to obtaining the right to trade free of duty in Mongolia (29), established a definite and regular procedure for trade with China.

Whilst they were subject to the general regulations governing foreign trade with China, i.e. the Maritime Customs and transit adjustments, the Russians obtained certain special facilities for overland trade.

(a) GOODS IMPORTED FROM RUSSIA,(30) by Russian merchants, by a defined route terminating at Tientsin, which were covered by a transit certificate (specifying the number of packages and the nature of the merchandise) were, upon arrival at Tientsin, subject to only two-thirds of the import duty provided for in the general tariff. But the remaining one-third had first to be supplemented if it was desired to take advantage of that tariff regulation which permitted foreign imports to be re-exported by sea to any other port in China free from "all further exactions of duty by the Maritime Customs." Further, all or part of the goods covered by such a transit certificate could, contrary to the general transit arrange-

ments, be sold at one of the points *en route*, i.e. Kalgan, subject to payment of the ordinary import duty of 5 per cent.

(b) GOODS EXPORTED TO RUSSIA. (31)

(1) *Chinese products* purchased by Russian merchants for export to Russia by the overland route were not governed by a uniform tariff regulation. The tariff varied according to the locality from which the merchandise came. (a) Chinese merchandise "brought from the interior" and intended for export by the land route to Russia was subject to the full general tariff, whether bought at Tientsin or elsewhere, but an exception was made in the case of purchases of such goods at Kalgan. If these latter purchases were intended for export to Russia they were subject to only one-half the export duty. (b) Furthermore, Russian merchants transporting Chinese produce from "any port" in China to Tientsin for export to Russia by way of the defined route were not subject to any additional duty at Tientsin; and where native goods were imported from other ports in China to Tientsin and were purchased there for conveyance by the overland route to Russia, there was likewise no duty leviable at Tientsin if the duty had been paid at the original port of shipment, so that if a duty had been paid upon the importation of any of the above goods to Tientsin it was refunded if the goods were conveyed to Russia within one year of arrival at Tientsin.

(2) *Foreign imports* (32) purchased by Russian merchants at Tientsin or at other ports, for conveyance by the land route to Russia, were subject to a half duty in addition to the import duty provided for by the general tariff.

These special concessions to the Russian trader were meant exclusively for him. Indeed, Article XX of the "Revised Convention for the Land Trade between Russia and China," signed in 1869, definitely excluded the Chinese from benefiting even indirectly from these advantages, by declaring that "Russian merchants shall not lend their protection to Chinese merchants for the conveyance of goods from one port to the other." (33)

The frontier trade arrangements embodied in China's treaties with Britain were less detailed than, and not as specific as, the procedure agreed upon with Russia. Though Britain was undoubtedly the greatest trading nation in China, she was the last Power to attempt a detailed arrangement covering her frontier

trade with China. Several treaties had been signed with reference to this, but they went no farther than declaring that conventions upon this matter would be concluded in the future. The Chefoo Convention of 1876 made provision for a convention concerning the Burma-Yunnan frontier trade,(34) the India-Thibet trade agreement of 1886 for a convention in respect of the India-Thibet frontier trade,(35) the Sikhim-Thibet agreement, 1890,(36) for one on the Sikhim-Thibet frontier trade.

In 1893 a further step was taken in this direction. The Sikhim-Thibet agreement, signed in December at Darjeeling, provided for five years' free trade between these two provinces, upon the experiences of which a tariff might subsequently be based if desired.(37) It was soon followed by another more detailed agreement, which sought to give effect to the India-Thibet agreement of 1886, providing for the conclusion of a convention regulating trade over that frontier. The essential tariff provisions of this new India-Thibet agreement, which was signed on March 1, 1894,(38) were as follows: Britain allowed the import of Chinese produce and manufactures, with the exception of salt, into Burma overland, duty free; and British manufactures and Burmese produce, with the exception of rice, exported overland to China were to be free of export duty.(39) China in return agreed to a reduction of frontier duties. Chinese exports into Burma overland were subject to a reduction of four-tenths of the conventional Chinese tariff, and British imports across the frontier were admitted at three-tenths less than the general import tariff.(40) This privilege, as well as others contained in the treaty, was, however, subject to a condition that it could "not be invoked by the subjects of either Power residing at other places where the two empires are coterminous, excepting where the same privileges prevail, and then only in return for similar concessions." (41) It was, in fact, limited to the frontier Customs station of Manwyne and Sansi, at which alone the frontier trade might be conducted.

France, who had become China's territorial neighbour in the south and south-west, as a result of the settlement of the Tongking question in 1884, immediately sought to exploit her new advantageous position by the conclusion of detailed frontier trade regulations. In 1885,(42) 1886 (43) and 1887 (44) agreements were reached upon the question of frontier trade. In substance

they provided that French imports from Tongking into the Chinese provinces of Yunnan and Kwangsi were only liable to 70 per cent of the customs imposed at the coast ports in China (i.e. 70 per cent. of $2\frac{1}{2}$ per cent), and that Chinese exports to Tongking were liable to 60 per cent. of the export duties in force at the treaty ports (i.e. 60 per cent. of 5 per cent).⁽⁴⁵⁾ In addition France received three important undertakings from China. Henceforth "foreign merchandise" might be re-exported from one frontier port to another at any time within three years without the payment of a further import duty.⁽⁴⁶⁾ Chinese produce which had paid the export and transit duty was to continue liable to a re-importation duty of one-half the export duty, when re-exported to a second frontier port.⁽⁴⁷⁾

China also granted to France an extension of the most-favoured-nation clause in regard to China's southern and south-western frontier, and undertook that "if a new Customs tariff should be established by common accord between China and a third Power, for trade by land on the south-western frontiers of the Chinese Empire, France shall obtain the application of it."⁽⁴⁸⁾

All the foregoing arrangements upon the tariff, the transit pass, the coast trade and the frontier trade, constituted the basis of the foreigners' fiscal relations with China. They had, by means of these treaties, simplified what seemed to them a hopeless and complex system. But the simplicity of the new system benefited the foreigner alone. It gave a tremendous preference to those foreigners engaged in China's trade, and for a time even to the disadvantage of the Chinese trader. And though it fixed and ascertained the amount which the Chinese exchequer ought to have received at any time, it did not concern itself with providing the Chinese exchequer with an adequate revenue. By their treaty character these fiscal arrangements restricted the growth of Chinese revenue. They made it impossible to alter the old taxes or to impose new ones to meet the increased financial needs of the State unless the unanimous consent of the Treaty Powers was first obtained—a consent which was practically impossible to procure.

Consequently, with the march of time, the financial position of the Chinese State became more precarious.

The new fiscal machinery imposed by the foreign Governments disorganized the internal fiscal organization of China. Heretofore,

the greater part of the revenues went to the provincial authorities, who remitted only part of them to Peking. Now, the revenues were paid direct to the Central Government through the Imperial Maritime Customs. This diversion of funds deprived the provincial authorities of a source of revenue(49) to which they had been accustomed to look, led to conflicts between them and the central authorities, and materially aided in undermining the position of the provincial administrations and in weakening the bonds of affiliation between them and Peking. But the gain to Peking was more apparent than real, for the standardization of charges, which was the very essence of the new system, neither provided sufficient revenue to undertake development work which had become essential after contact with the Western Powers nor furnished moneys adequate for the efficient administration of a state of the size of China.

An additional effect of these arrangements was to place the native traders at a disadvantage in competing with the foreign merchants, and to shift the burden of taxation from the foreigner on to the native trader and consumer, who received no special advantages but were required to pay all dues that were possibly leviable.

China received practically no reciprocal advantage for any of the concessions which she had made to the foreigner in this domain. Whilst other nations jealously guarded their fiscal autonomy, so as to be able to increase their revenues or to protect and encourage their native industries, China had surrendered it to the Treaty Powers at a time when she was undoubtedly ignorant of the practices of international intercourse, when the financial needs of the State were small, and when she could have hardly comprehended the significance of the limitations which these arrangements, supported by the most-favoured-nation clause, would impose upon her.

The Occidental Powers had not only limited China's fiscal autonomy by their treaties, which determined the rate of the Customs duty, the transit duty, the coast trade duty and the frontier duties, but they also contrived to bring under their influence the control and administration of the Revenue Department of the Chinese Government concerned with the collection of these duties. The Customs Department normally collected all duties leviable upon foreign trade. Its personnel was entirely Chinese. This factor, together with others, resulted in the presence of

corruption and irregular procedure in the Customs at each of the Treaty Ports, despite the fact that in principle the tariff was fixed. The foreign merchants had to cope with this factor before they could hope to trade freely. The Taiping Rebellion of 1853 gave them the opportunity of remedying, at least at Shanghai, these conditions detrimental to trade. They obtained it soon after the capture by the rebels of the "administrative city" of Shanghai, in which the Customs offices were situated.(49a) The Chinese official in charge of the Customs there attempted to establish the Customs office in the foreign settlement. The foreign consuls refused to permit it, stating that it would infringe the neutrality of the settlement which they had already declared.(50) They, the American and British consuls in particular, did, however, make several attempts to aid the Chinese Government in collecting their just dues from the foreign trader. This was soon disallowed by the home Governments on the ground that they were usurping powers which properly belonged to the Chinese Government.(51) The Chinese had also attempted to collect their dues at first upon the water-front. This proved ineffective. What seemed a more effective method was the establishment of internal Customs stations upon the roads leading from the city into the interior. The consuls objected to this new departure, contending that it was contrary to the treaty provisions.(52) Consequently the administration at Shanghai found itself unable to collect the duties leviable on foreign goods entering that port.

Dirily in need of revenue, the Government official in charge of the Customs there, as a matter of expediency, made an agreement with the British, American and French Consuls on July 29, 1854,(53) by which he hoped to obtain the duties upon the foreign trade of the Port of Shanghai. The agreement, which had reference only to Shanghai, provided for the collection of the revenue upon the appointment of a Board of Inspectors, to consist of an Englishman, a Frenchman and an American. They were to be responsible for the proper collection of dues and the publication of Customs reports. This arrangement did not apply to the other four ports where the old procedure still prevailed. Indeed, at the outset, this agreement met neither with the approval of the Chinese Government nor with that of the foreign traders. The former dismissed the official who had concluded it,(54) the latter opposed it bitterly because it gave an advantage to the other

ports.(55) It is, nevertheless, true that in its inception, the system owed its continued existence to the support given it by the foreign Governments.(56)

In 1858 the Customs at the port of Canton was occupied by the allied forces there.(57) The foreigners were now able to decide whether to use the Shanghai system in the other ports or to allow them to remain as they were and to revert to the old practices in Shanghai. They chose the former course, and accordingly Article X of the agreement of 1858, containing rules of trade, declared “. . . that one uniform system shall be enforced at every port,” and that “the high officer appointed by the Chinese Government to superintend foreign trade” was empowered of his own free will “and independently of the suggestion or nomination of any British authority, to select any British subject he may see fit to aid him in the administration of the Customs revenue, in the prevention of smuggling, in the definition of port boundaries, or in discharging the duties of harbour master ; also in the distribution of lights, buoys, beacons, and the like, the maintenance of which shall be provided for out of the tonnage dues.”(58)

This concession, by which a British subject was admitted to the internal administration of China, was still further consolidated by the events succeeding the 1858 conflict. China undertook, by a convention of 1860, to pay to Britain 8,000,000 taels as an indemnity for these occurrences. The greater part of this indemnity was to be derived from the Customs administration. One-fifth of the Customs receipts at each of the five ports was to be allocated to the payment of this sum.(59) A similar arrangement was effected by China with France.(60) For the supervision of the amount of these receipts mixed Franco-Chinese and Anglo-Chinese Commissions were to be appointed. Thereupon the Chinese consolidated the services and in 1861 appointed Mr. Lay, a British subject, as Inspector-General of the Customs, “to exercise a general supervision over all things pertaining to the Custom revenue and to foreign trade.”(61) This branch of the Chinese administration has remained under the control of an Englishman until the present day. Its greatest virtue is that it has facilitated the processes of trade by providing an honest and efficient service. It has grown in size, jurisdiction and importance. It has aided in the improvement of the harbours and waterways of China. It has ensured fulfilment by China of treaty provisions.

with regard to matters of taxation. It has supplied the Imperial Government with its greatest and most dependable source of income in place of what originally was an uncertain and irregular remittance. But the above arrangement took the administration and real control of the Customs out of the hands of the Chinese and put it into those of the foreigner. This control was increased still further after 1894, by the provisions of the loan agreements concluded by China with the foreign financiers, which provided for foreign administration of the Chinese Maritime Customs as long as its revenues remained the security for these loans.(62)

Alongside this system dealing with the foreign trade, i.e. the Maritime Customs, existed another system of Customs, concerned with the native trade and called the Native Customs. Foreign control of some of these Customs stations was acquired after 1901, but the greater number of these remained in the hands of the Chinese, duplicating the work of the foreign-controlled Chinese Maritime Customs in a less efficient and less regular manner.

In addition to the concessions outlined heretofore, China made certain territorial concessions prior to 1894 to four of the foreign nations—namely, Great Britain, Russia, France and Portugal. These concessions varied in extent, and most of them were made at the time of the ten-year Taiping Rebellion, when China was prostrate and unable to resist any aggression.

Britain was the first of these Powers to acquire any Chinese territory. By the Treaty of Nanking, Hong-Kong, a barren and practically unoccupied island, was ceded to her in perpetuity.(63) The motive for its acquisition was economic. British merchants engaged in the China trade encountered two difficulties, which this acquisition attempted to remedy. They needed a port to refit and careen their ships, and required a bonded warehouse for the China trade. The Chinese Customs officials demanded immediate payment of duties upon all goods that were landed in China. This was a hardship upon trade which was not removed by the Chinese before 1880, when they assented to the establishment of bonded warehouses.(64) In the meantime, however, Hong-Kong attempted to meet these impediments to trade. The first voluntary act of the British Government was to declare Hong-Kong to be a free port, open to the traders of every nation on a plane of equality with the British trader.

The characteristic difference between this concession and the

others is that the benefits which accrued from it were shared equally by all foreign traders, as well as by the Chinese engaged in foreign trade ; whilst those accruing from the other territorial concessions were of an exclusive nature reserved to the nationals of the grantee State. In 1860 Hong-Kong was increased in area, so as to include Kowloon. Article VI of the Treaty of Peking (1860) declared the purpose of this extension to be " the maintenance of law and order in and about the Harbour of Hong-Kong." (65)

The motive of the Russians in their territorial encroachments was not primarily economic. Russian adventurers by the middle of the seventeenth century had added to the lands of the Czar the territories between the Urals and the Sea of Okhotsk. Their activities here soon brought them into conflict with the Chinese in the neighbouring provinces. A settlement of these difficulties was attempted by the treaty of 1689, (66) which fixed a frontier between China and the new Russian territories. " The boundary followed the middle course of the River Shilka upon the divide of the Stanowoi Mountain range until the Sea of Okhotsk. Everything south of this line up to the Argun and Amur, which had been acquired already, was lost to the Russians, and with the loss of this territory the right to navigate the Amur to the sea was likewise lost." By 1727 the boundary between the River Shilka and the city of Kiakta was likewise fixed by treaty. (66A) For over two hundred years these frontiers remained as they had been agreed upon. By the middle of the nineteenth century Russia's zeal for expansion was again developed by Muravieff-Amurski. Possessed of a restless aggressiveness he commenced his advance upon the sparsely populated territories to the south of Russian possessions. By 1850 he had founded Nikolajewsk at the estuary of the Amur. With the failure of Russia in the Crimean War to obtain an outlet to the sea came the determination of Muravieff-Amurski to win for his countrymen the right to navigate the Amur, and thereby to provide an outlet to the sea. Taking advantage of the Taiping Rebellion in China to occupy the territories which he desired, he was enabled to achieve his purpose. In 1858 China signed a treaty with him whereby the territory north of the Amur, from the mouth of the Argun to the mouth of the Amur River, was recognized as Russian, and the territory to the south of the Amur as far down-stream as the

Ussuri River as Chinese. The territory between the Ussuri and the sea was held in common until 1860 when it became the Russian province of Primorsk.(66) Thus the Slav acquired a very rich and large part of Siberia from China at a time when she was enfeebled by internal disturbances and by defeat at the hands of two foreign Powers—the British and the French.(67) They were now on the borders of Korea and opposite Japan. The future of the Russian Empire was inevitably bound up with both of these States.

Under similar circumstances, when China was faced with a rising of her Mohammedan and other subjects in 1871, Russia, taking advantage of the disturbance, occupied the Province of Ili,(68) ostensibly to protect her economic interests there. She gave assurances to China that it would be restored when order was re-established therein.(69) But Russia exacted a reward for her interim guardianship. In 1880 she obtained, in addition to an indemnity of nine million roubles, a part of the province of Ili. This settlement was only reached after the Chinese had refused to ratify a previous one, whereby Russia obtained the greater part of Ili and the strategic passes dominating the remainder. To obtain it, however, China had actually to threaten Russia with war.(70) It was the first set-back Russia had encountered in the East.

In 1862 China confirmed the title of the Portuguese to their occupation of Macao, from which the Chinese officials had been expelled in 1849 when the Portuguese declared it to be a free port.(71) In return for this confirmation, the Portuguese undertook "never to alienate Macao without previous agreement with China." (72)

This year also witnessed a movement against the Chinese vassal states, Annam and Burma. By a treaty signed with Annam in 1862, France obtained Saigon, "les trois provinces complètes" in Cochinchina, the island of Pulo Condor, and an undertaking by the Annamese king that he would never cede any territory to any Power other than France.(73) One month later Britain annexed Lower Burma to balance the gains made by France in that part of the world. This process of weakening these vassal States, and of enlarging the British and French spheres, continued apace. The British had India to think of. They were not desirous of having a powerful European nation as an

Indian neighbour. ¶ The French, however, were anxious for a French-Indian empire, which might incidentally serve as a point of entry for the South China trade. By 1867 they had annexed the three western provinces of Lower Cochin-China.(74) France now controlled the Mekong River Basin. The unnavigability of the river, however, shattered her hopes of penetrating South China by way of it. For this purpose, she next sought to obtain the right of navigating the Red River in Tongking. In this she met with resistance, culminating in warfare and the conclusion of the Franco-Annamite treaties of 1874.(75)

France was granted the right of passage through the Red River, and additional ports were declared *open ports*. In return she undertook to recognize the complete independence of Annam *vis-à-vis* foreign Powers, and to guarantee the Annamese King against external aggression and internal disorder.(76)

The terms of this treaty, designed to sever the bonds of vassalage between China and Annam, were concluded before China had yet recovered sufficiently from her internal disorders to enable her to express an effective disapproval. These terms received greater and more precise development in the Franco-Annamite Treaty of 1883,(77) whereby France enlarged French Cochin-China, acquired Tongking and became the protector of Annam, assuming control of her Foreign Office, Customs and public works. The Chinese offered resistance to these changes, but in 1885 (78) they were compelled by France not only to confirm the terms of this arrangement, but also to agree to open up to trade China's southern province. China had lost a vassal state. France had acquired it. Henceforth French traders would have a *point d'appui* for the South China trade. On October 17, 1887, Cochin-China, Cambodia, Annam and Tongking were formally united and declared to be the French Colony of Indo-China.(79)

The successful encroachment of the French upon the fringes of the Chinese state, and the knowledge of their further ambitions, upon the contiguous vassal territory, which, if realized, might cut off access from India to China, led the British to annex Upper Burma in 1886.(79A) Indeed, by "the summer of 1885 the thing had gone so far that France and Burma had concluded a treaty whereby a French protectorate was prepared in the most effective way." (80) Lord Dufferin, the Viceroy of India, therefore acted with promptitude, and effected a military occupation

of the place in 1885 after the reigning king had replied to an ultimatum in an unsatisfactory manner.(81) In the agreement of annexation Britain allowed the Chinese to save their face by permitting the despatch of a decennial tributary mission to China by the highest authority in Burma.(82) In return the Chinese agreed that in all matters pertaining to authority and rule in Burma, "England shall be free to do whatever she deems fit and proper." (83)

This new development made Britain and France territorial neighbours in the Far East. To obviate "the difficulties which might arise from direct contact between them,"(84) Britain proposed the creation of a neutral zone, of about 80 kilometres, as the crow flies, in which each of the two nations would share equally the privileges and would seek no monopolies of railways, modes of transit or communications. The French agreed to this on December 1, 1893. In order to make the above arrangement possible, Britain, on March 1, 1894, ceded to China all rights which she had over Munglem and Kiang-Hung.(85) The cession of this territory was subject to one condition—namely, that China should not cede it to any Power "without previously coming to an agreement"(86) with Britain. This condition was not observed. In 1895 China ceded part of it to France,(87) after which followed a process of adjustment and re-adjustment of the balance of power in the Far East.

The Chinese State was now bounded by three great European Powers. Russian territory was contiguous for about five thousand miles, British territory between two and three thousand miles, and French territory for about seven hundred miles. It was evident that China's political future would be affected by the presence of these Powers on her borders.

Until 1894, although they had acquired some territory upon the fringes of the Chinese Empire from her vassals, these Powers had, for the most part, contented themselves with seeking from China advantages for their trade. Britain had been the prime mover in this direction. She had always taken the initiative to open up China to the trade of the world. The other Powers generally stood by and criticized; but once the advantage was procured by Britain, they laid claim to it by virtue of the most-favoured-nation clause in their treaties.

It is undoubtedly fair to say that none of these Powers seriously

contemplated any political ambitions with regard to China until 1894. China was an uncertain factor to them. She was so big that she appeared to be strong. In addition there were serious handicaps to the attainment of any such political ambitions as regards her territory. The Russian Trans-Siberian Railway had by then only reached Trans-Baikal. The population of Russia in Asia was very small—about three millions. Consequently the inadequacy of transportation facilities for troops and supplies and the lack of a proper base precluded the suggestion that any designs on China were harboured in St. Petersburg. France was located in the South of China. A serious encroachment from that direction did not appear likely. The mountainous and bare character of the Chinese territory which was contiguous to the French acted apparently as a natural protection for the Chinese state. Likewise a geographical factor operated in favour of China with regard to her British neighbour in India.

The varied international political interests of these Powers also distracted them from China. In 1894 Britain and Russia had differences in Central Asia. France and Britain had serious differences in Siam, Sierra Leone, the Niger Valley, the Congo and the Western basin of the Nile. Russia, Britain, France, Austria and Turkey were involved in the problems of the Near East. France was also occupied in planning the annexation of Madagascar.

With these problems requiring their attention, the European Chancelleries had no desire for new problems in China. They had much to do to digest their new territories in Africa and elsewhere. There were too many differences between the Powers for any of them successfully to give effect to any political ambitions against China.

One nation, however, was not so handicapped, nor interested elsewhere. It was Japan. Lying off the eastern coast of China she had long studied this country as a field for her own aggrandizement. She had already acquired the Liuchiu Islands from it in 1879, had attempted to wrest Formosa from it in 1874, and had been seeking to detach from it its vassal state, Korea. She, unlike the other Powers, had concluded that the lack of internal organization in China, the corruption of Chinese officials, and the poor defence organization of the Chinese State rendered the Chinese colossus a weakling. For three years she had quietly been

preparing to deal with this weakling. In 1894 she acted upon her conclusion with Machiavellian logic and confronted the European Powers with a new situation in world affairs

NOTES

1. *The International Relations of the Chinese Empire*, H. B. Morse, ed. 1910, vol. i, pp. 75-81. *Trade and Administration of China*, H. B. Morse, ed. 1921, p. 209.
2. *Trade and Administration of China*, H. B. Morse, ed. 1921, p. 93.
3. *Treaties between the Empire of China and Foreign Powers*, W. F. Mayers, p. 3—Treaty of Nanking, 1842, Art. X.
4. *Ibid.*, p. 15, Art. XXVI.
5. *The International Relations of the Chinese Empire*, H. B. Morse, ed. 1910, vol. i, pp. 75-81.
6. *Treaties between the Empire of China and Foreign Powers*, 5th ed., 1906, p. 76.
7. *Ibid.*, p. 15—British Treaty of Tientsin, Art. XXVI.
8. *Ibid.*, p. 15—British Treaty of Tientsin, Art. XXVII.
9. *Ibid.*, p. 67—French Treaty of Tientsin, Art. XXVII.
10. *Ibid.*, p. 13—British Treaty of Tientsin, Art. IX.
11. *Trade and Administration of China*, H. B. Morse, ed. 1921, p. 120—British Treaty of Tientsin, 1858, Art. XXVIII.
12. British Treaty of Tientsin, Art. X.
13. *Treaties between the Empire of China and Foreign Powers*, W. F. Mayers, p. 4—Declaration respecting transit duties.
14. *Ibid.*, British Treaty of Tientsin, Art. XXVIII, p. 15.
15. *Ibid.*, p. 217.
16. *Ibid.*, Regulations, 1861, Art. I, p. 217.
17. *Ibid.*, French Treaty of Tientsin, Art. XXIII, p. 65.
18. *The International Relations of the Chinese Empire*, H. B. Morse, ed. 1910, vol. ii, p. 149.
19. Art. IV of Sec. III, Convention of Chefoo, 1876. W. F. Mayers, *Treaties between the Empire of China and Foreign Powers*, 5th ed., p. 47. " . . . So far as imports are concerned, the nationality of the person possessing and carrying these is immaterial. Native produce carried from an inland centre to a port of shipment, if *bona fide* intended for shipment to a foreign port, may be, by treaty, certificated by the British subject interested, and exempted by payment of the half duty from all charges demanded upon it *en route*. If produce be not the property of a British subject, or is being carried to a port not for exportation, it is not entitled to the exemption that would be secured it by the exhibition of a Transit Duty Certificate. . . ."
- 19A. See ref. 33.
20. Regulations, 1861, *ibid.*, p. 217.
21. *Ibid.*
22. Danish Treaty, 1863, Art. XLV, *ibid.*, p. 147.
23. *Treaties between the Empire of China and Foreign Powers*, 5th ed., p. 97.
24. *Ibid.*, p. 101.
25. *Ibid.*, p. 105.
26. *Ibid.*, p. 100, Art. I, Treaty of Aigun.

27. *Treaties between the Empire of China and Foreign Powers*, 5th ed., p. 100, Art. II, Treaty of Aigun ; p. 106, Art. III, Russian Treaty, 1860.
28. *Ibid.*, p. 113, Art. I, Russian Convention for land trade between China and Russia.
29. *Ibid.*, Art. II.
30. *Ibid.*, Arts. III, IV, V and VIII.
31. *Ibid.*, Arts. XI, XIV, X and XII.
32. *Ibid.*, Art. XV.
33. *Ibid.*, Art. XX.
34. *Treaties between the Empire of China and Foreign Powers*, W. F. Mayers, 5th ed., Treaty of Chefoo, 1876, Sec. 1, subsec. 3, p. 44.
35. *Hertslett's Collection of Treaties*, vol. xvii, p. 299, Arts. III and IV.
36. *Ibid.*, vol. xviii, p. 288.
37. *Ibid.*, vol. xix, p. 161, Art. IV.
38. *Treaties with and concerning China*, J. V. A. MacMurray, vol. i, p. 1 (1894, 1).
39. *Ibid.*, Art. VIII.
40. *Ibid.*, Art. IX, for six years only.
41. *Ibid.*, Art. XVIII.
42. *Treaties between the Empire of China and Foreign Powers*, W. F. Mayers, 5th ed., p. 241, Art. VI, 1885.
43. *Ibid.*, p. 243, Arts. VI and XV, 1886.
44. *Ibid.*, p. 249, 1887.
45. *Ibid.*, p. 249, Art. III, 1887.
46. *Ibid.*, p. 245, Art. VIII, 1886.
47. *Ibid.*, p. 245, Art. IX, 1886.
48. *Ibid.*, Art. VII, 1886.
49. *The International Relations of the Chinese Empire*, H. B. Morse, ed., 1910, vol. ii, p. 148.
- 49A. *Ibid.*, vol. i, p. 458.
50. *Ibid.*, vol. ii, p. 14.
51. *Ibid.*, p. 15.
52. *Ibid.*, p. 17.
53. *Ibid.*, p. 23.
54. *Ibid.*, p. 24.
55. *Ibid.*, p. 28.
56. *Ibid.*, p. 26.
57. *Ibid.*, p. 29.
58. *Treaties between the Empire of China and Foreign Powers*, W. F. Mayers, 5th ed., p. 30.
59. *Ibid.*, p. 8, Art. III, British-Chinese Convention, 1860.
60. *Ibid.*, p. 72, Art. IV, French-Chinese Convention, 1860.
61. *The International Relations of the Chinese Empire*, H. B. Morse, ed., 1910, vol. ii, p. 33.
62. *Treaties and Agreements with and concerning China*, MacMurray, vol. i, p. 57, 1896, 2, Art. VII.
63. *Treaties between the Empire of China and Foreign Powers*, W. F. Mayers, p. 1, Art. III.
64. *Ibid.*, p. 199, Art. III, Supplementary Convention between China and Germany, 1880.
65. *Ibid.*, p. 9.
66. *Ibid.*, p. 96.
- 66A. *Ibid.* *Die Grossmächte in Ostasien*, O. Franke, p. 15.

- 66b. *Treaties between the Empire of China and Foreign Powers*, W. F. Mayers, p. 100, Art. 1, Treaty of Aigun, 1858.
67. *The International Relations of the Chinese Empire*, H. B. Morse, vol. i, p. 477.
68. *Ibid.*, vol. ii, p. 331.
69. *Ibid.*
70. *Ibid.*, p. 338.
71. *Ibid.*, vol. i, pp. 337-41.
72. *Treaties between the Empire of China and Foreign Powers*, W. F. Mayers, p. 157, Arts. II and III, Portuguese Treaty, 1862.
73. *The International Relations of the Chinese Empire*, H. B. Morse, vol. ii, p. 343.
74. *Ibid.*
75. Text in Cordier, op. cit., vol. ii, p. 268.
76. *The International Relations of the Chinese Empire*, H. B. Morse, vol. ii, p. 343.
77. *Ibid.*, vol. ii, p. 351.
78. *Ibid.*, pp. 353, 365.
79. *Der Kampf um Asien*, Hans Rohde, vol. ii, p. 17.
- 79A. Hertslett's *Collection of Treaties*, vol. xvii, p. 299.
80. *Die Grossmächte in Ostasien*, O. Franke, p. 6.
81. *Ibid.*
82. Hertslett, *Collection of Treaties*, vol. xvii, p. 299, Art. I.
83. *Ibid.*, Art. II.
84. *Ibid.*, vol. xix, pp. 232-5.
85. *Treaties and Agreements with and concerning China*, MacMurray, vol. i, p. 4, Art. V (1894, 1).
86. *Ibid.*, vol. i, p. 4, Art. V (1894, 1).
87. *Ibid.*, p. 27, Art. III (1895, 4).

CHAPTER III

THE SINO-JAPANESE WAR

"The Chinese question"—The two principles of Japan's continental political programme, territories necessary to realize it—Japan's attack upon China, 1894—The reasons for it—State of the respective fighting organizations—Pretext for the war—The Treaty of Tientsin, 1885—Despatch of Chinese troops to Korea—Suppression of the rebellion—Despatch of Japanese troops to Korea—A violation of the treaty?—Conduct of the troops of each Power—Appeal of the Korean Government to the Powers, June 24, 1894—Opinion of Mr. Sill, the American Minister at Korea—The real issue—Conciliatory attitude of China—Efforts of Britain to avert war—The American attitude—Japan's preparations for war—The stand she took—Her motive—Japan's efforts to secure neutrality of Powers—China turns to Russia—M. Hitrawo's communication at Tokio—The statement in the *Novoye Vremya*—Germany despatches warships to the Pacific—Britain's second attempt to avert war—King of Korea accepts Japanese terms subject to proviso, July 22, 1894—Japanese action—Sinking of a Chinese troop-ship, July 25, 1894—August 1, 1894, war declared—Assurances of China to the Powers—Chinese pressure—Powers maintain neutrality of Shanghai—Japanese Korea Agreement, August 26, 1894—Korea consents to Japanese reforms—Degradation of Li Hung Chang—Britain's initiative on behalf of a joint intervention of the Powers, October 6, 1894—Proposed basis of peace—China's appeal to the Powers, November 3, 1894—Attitude of the Powers—America's advice to Japan—Japan's attitude—November 22, 1894, China proposes basis of peace to Japan—The Detring Mission—The Kaiser's fear—Marshall's view—His request of Japan—Germany's policy and ambitions—Chinese delegates appointed, December 21, 1894—Their credentials rejected by Japan—Count Ito's speech, February 1, 1895—The resolution in the Japanese Diet—Uneasiness among European Powers—Russo-British conversations, February 6, 1895—Anglo-German conversations—The basis of Britain's policy—The utterances of the English Press—Russia's attitude on February 8, 1895—The protocol of conference presided over by Grand Duke Alexis—Witte's explanation—An alternative plan—German Policy, February 20, 1895—Reply to the British Government, March 1, 1895—M. de Staël's communication, March 6, 1895—Grounds for Britain's apprehension—Prince Lobanoff's view of the situation—Basis for it—His attitude towards Japanese territorial gains on Chinese mainland on March 20, 1895—China's appeal to the European Powers—Lord Kimberley's second overture to Germany—Fear of German statesmen—Their advice to Japan, March 8, 1895—Central News Agency Despatch, Tokio, March 8, 1895—Its effect—Germany's advice declined—Count Ito's explanations for it—Count Hayashi's explanations—A more probable one—The effect of the rejection upon German policy—Count Hohenlohe's memorandum of March 19,

1895—A double-edged policy—Instructions to Count Hatzfeldt—Fear of a Russo-British arrangement—Instructions to Tschirsky, March 23, 1895—Prince Lobanoff's attitude—The Origin of the Intervention—China's request of March 23, 1895—Russo-German co-operation—Recommendation to Japan, March 27, 1895—Withdrawal of Chinese claim for armistice—The prejudicial conduct of British ministers—Armistice declared—Uncertainty of Japan's answer—Effect upon British policy, April 1, 1895—Germany's communication in St. Petersburg concerning common European action—Failure to advise British Foreign Office—Dr. Franke's explanation—Probable effect upon common action with Britain.

It has already been indicated that the Chinese question first took form in the year 1894. In its essence the question was whether China was to continue to have a political existence as an independent sovereign State or whether it was to be partitioned among the Great Powers. It was precipitated by the political ambitions of the islanders of Japan, who were bent upon Empire. Their armies under Yamagata destroyed the fiction of Chinese power, which until then had restrained the European nations from pursuing an aggressive policy towards China. Unknowingly they created a situation which was bound to become a world problem, affecting the peace and commerce of the great European Powers from that day until the present. (The Balkan scramble over and the partition of Africa nearly complete, the disclosure of China's weakness by Japan served as an invitation to the colonizing powers to stake their claims in China.) Their relations with China, which until 1894 had been primarily commercial, now became predominantly political.) It is with these relations that the following pages will attempt to deal. The beginnings of this problem, the intrigues which form part of it, the motives of the Powers, and their policies will be traced, and an endeavour will be made to form an estimate of the measure of success with which each policy met.

It has already been suggested that the survival of the Chinese State has not been due in any measure to the skill of its diplomats, but rather to the rivalries of the European States and to their fear of upsetting the European Balance of Power. If more popular resistance to the aggression of the foreign Powers was not encountered, it was because of the dissimilarity in internal organization between the Western States and the Chinese State. (At the period of the Sino-Japanese war the Chinese people were not politically

minded. Patriotism in the sense of devotion to the fatherland was not a conception which had taken hold of the popular mind. The Chinese State was essentially a conglomeration of free city-states. Loyalty was local—to the city or community and to one's ancestors. The foregoing, together with the fact that in an area of 4,000,000 square miles there had been only a few hundred miles of railways and exceedingly poor roads, did not, naturally, assist in the development of a national consciousness. As long as the individual was not personally affected the encroachment of the Powers did not concern him. Had the Chinese State been assisted by the greatest asset of any State—namely, the political mindedness and patriotism of its people—the aggression of the Western Powers and Japan would undoubtedly have been more effectively resisted. But the discovery, through the Sino-Japanese War, that these qualities lay dormant in the Chinese people encouraged the Powers in their political activities in the Far East.

The Japanese had known it all along. They had long had access to the secret archives of the Chinese Foreign Office,(1) and were preparing for the most opportune time to carry out their continental political programme.(2) The two fundamental principles of this programme were the formation of a barrier off the east coast of Asia, and political and economic control of the enclave formed by it.(3) On their road to Empire they had already made territorial acquisitions. Formosa had been taken from China in 1874, only to be returned to her by the intervention and mediation of Sir Thomas Wade, the British Minister to China.(4) Sakhalin was exchanged with Russia for the Kuriles in 1875.(5) The Bonin Islands were annexed in 1876,(6) and the Liuchiu Islands were formally incorporated into the Japanese Empire in 1879.(7) Formosa and the Pescadores in the south belonging to China, Korea, China's vassal state in the centre and Sakhalin in the north belonging to Russia, were still necessary to complete the defensive barrier which they sought to set up.

China being the weaker, they attacked her first, viz. in 1894. They had learnt from the Chinese secret documents that China proposed to pick a quarrel with Japan over the Liuchiu Islands so as to regain her hegemony in the Far East. This plan had been agreed upon by the Chinese Ministers as early as 1882.(8)

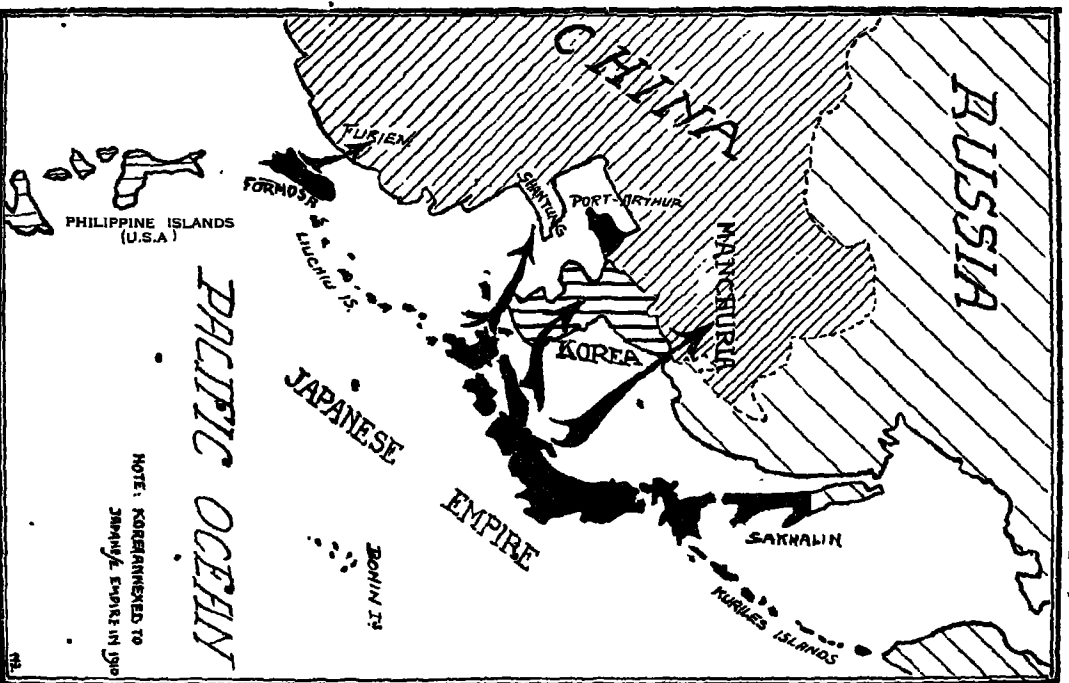
But the corruption of Chinese officialdom prevented China from making the necessary preparations for a war with Japan. The Japanese fleet and army on the other hand were ready. The failure of consecutive Cabinets to negotiate successfully the abolition of extraterritoriality made the Japanese statesmen anxious to distract their people from home affairs, and themselves eager to strike the blow before China did.(9) They therefore determined upon war with China.

The contest was bound to end successfully for Japan. She had modern efficiency in every department of war. China's army, on the other hand, was a rabble—untrained, unarmed, unpaid, unfed and uncared for ; nor did her navy prove equal to that of the Japanese. Though China had done a good deal to provoke the war she was unprepared for it and attempted to avert it. But the Japanese were bent upon it, and consequently China was compelled to fight.(9A)

The pretext for the war arose out of the Tonghak rebellion. Japanese agencies had fomented the rebellion in Korea.(10) Whereupon, the Korean king invited China to send troops to aid him to suppress the rebels.(11) Korea was a vassal state of China and such action was therefore proper. The conduct of China and Japan in this matter, however, was governed by a treaty concerning Korea, concluded in 1885 at Tientsin, which provided that, "In case of any disturbance of a grave nature occurring in Korea which necessitates the respective countries, or either of them, to send troops to Korea, it is hereby understood that they shall give, each to the other, previous notice in writing of their intention so to do, and that, after the matter is settled, they shall withdraw their troops immediately, and not further station them there."(12)

The Chinese had refused to send troops for a whole month unless they were expressly invited to do so by the King of Korea.(13) When this invitation was formally received, China sent her troops to Korea and gave assurances to Japan and Russia that the troops would be withdrawn upon the cessation of hostilities.(14) She also invited the Japanese Government to send one or two gunboats to Korea to protect Japanese subjects there.(15) Before the Chinese troops could lend any aid to the Korean Government, the rebellion was suppressed by the Koreans themselves.(16)

There was, therefore, no need of further military occupation.



JAPAN'S CONTINENTAL PROGRAMME.

The Japanese Government, however, poured vast numbers of their troops into Korea. They asserted that there had been a violation of the Treaty of Tientsin (17) by the Chinese Government, who had despatched troops to Korea on June the 3rd, but who had failed to give notice of this fact to Japan until June the 5th, the day on which their troops actually landed at Chemulpo in Korea. The Korean Government, fearing trouble, asked the Chinese troops to leave Korea. (18) They promised to do this, but arrested their movement in view of the fact that the Japanese troops continued to arrive. (19) Unlike the Chinese, who had despatched their troops to the affected areas in the south, the Japanese sent theirs to the capital, Seoul, and setting up batteries and earthworks dominated all the highways from the capital to the sea. (20) The Korean Government appealed to the Powers on June the 24th to use their good offices with the Japanese and Chinese. (21) The Chinese had already offered to withdraw simultaneously with the Japanese. The Japanese insisted that the Chinese withdraw first. (22) Indeed, the manner of Japan was suspicious enough to warrant Mr. Sill, the American Minister to Korea, informing his Government: "... Chinese are in favour of simultaneous departure. Japanese stubborn. Ulterior purpose suspected. She seems to desire war. Korean integrity menaced. . . ." (24) The British, French, Russian and American representatives sent a joint note to the two Powers—Japan and China—urging them to withdraw simultaneously. (25) These efforts were, however, unsuccessful. The Korean insurrection was no longer the issue. The Japanese now demanded guarantees that China would not again interfere in Korean affairs except as provided by treaty with Japan. (26) On the 26th of June the Japanese Minister at Seoul attempted in effect to procure a guarantee against a recurrence of such intervention by demanding of the Korean Government that it make certain radical changes in the structure of its government and in its policy. These changes were to be made upon consultation with the Japanese authorities, and until Japan was satisfied with them no Japanese troops were to be withdrawn. (27) Two days later he demanded a declaration from the Korean Government as to whether it was the tributary of China or not. The Korean Government's reply quoted its treaties: "Korea being an independent State, enjoys the same sovereign rights as does Japan," and in "both internal

administration and foreign intercourse Korea enjoys complete independence." (28)

Yet despite this aggressive attitude of the Japanese, the Chinese Government were conciliatory. They preferred a peaceful and diplomatic solution of the difficulty. To this end they sought the good offices of the British, the Russian and American Governments.(29) The Koreans, too, appealed to the Powers to assist in avoiding a conflict.(30)

The British, who more than any other Power were anxious to prevent hostilities ensuing because of their resulting ill-effects upon British trade with China, made every effort to avert an outbreak of war. On July the 6th they requested the United States "to take the initiative in uniting the other Great Powers in a joint protest at Tokio against the commencement of hostilities by Japan." (31) But the attitude of the American Government had already been communicated to the Korean Government.(32) America had no vital interest in the matter,(33) nor did she have a fixed policy for the Far East. Her interest was concentrated at home in the development of the Far West. She desired to avoid being drawn into any conflicts. Her attitude was, therefore, one of impartial neutrality. She was prepared to exert a friendly influence upon Japan, but refused to intervene forcibly with the other Powers in a joint endeavour or even in a friendly joint effort.(34) The Chinese Government likewise sought the assistance of the American Government.(35) But it failed, despite the opinion which the American Minister had submitted to his Government: "The action of Japan here is criticized as hasty and unduly bellicose. Though there was never an international quarrel with less grounds for its justification, a conflict between the forces of the two countries seems imminent." (36) The American Government gave friendly advice to the Japanese not to resort to force.(37) The British Foreign Secretary and the Russian Minister also used their utmost efforts to avoid a conflict. But it appeared extremely doubtful whether they would succeed. Japan had already withdrawn her merchant ships from Korea for transport purposes.(38) Her armies were ready. She desired war. The attitude which she adopted was that "the rebellion was due to official corruption and oppression; that Japan had asked as a guarantee of future peace that radical administrative reforms be made in Korea, and had proposed joint action to

that end with China, which offer that Government had refused ; that, disclaiming designs upon Korean territory, Japan would carry out such reforms in defiance of China. . . ." (39) She contended that "China's equivocal attitude prevented Korea from adopting needed reforms and thus 'endangered' the peace of the world." (40)

This was the explanation which the Japanese Government offered to the diplomatic world. It was undoubtedly an unwarranted interference in the domestic affairs of Korea. Her real motive, however, was to force China to abandon her suzerainty (41) over Korea and to win it for herself. Her previous conduct in Korea demonstrated this clearly. In her first Korean treaty, signed on February 27, 1876, Japan had compelled Korea to disavow Chinese sovereignty by Article I, which stated "Chosen (Korea) being an independent State, enjoys the same sovereignty as does Japan. . . ." This was Japan's first threat to China's dominant position in Korea. In 1882, as a result of a reactionary coup d'état there, Japan acquired the right to station troops at her legation in Seoul, the capital. (42) This was her second advance in Korea. Li Hung Chang met these advances by advising China to prepare for war with Japan and by issuing trade regulations for Korea, in which he asserted that Korea was the tributary of China, and by which China acquired more favourable conditions for trade than had been granted to any other Power. In addition, he arranged for the residence of a Korean envoy at Tientsin, established a line of steamers between the two countries, to which the Korean Exchequer contributed a subsidy, and appointed Herr Mollendorf to the post of Inspector of Korean Customs and member of the Korean Foreign Office. (43) The outbreak of the Franco-Chinese War in 1884, afforded Japan another opportunity to break down the increased influence of China and to augment her own. Mr. Takezoye, the Japanese Minister, immediately called upon the King of Korea and offered to remit the indemnity due to Japan for the disturbances of 1882 if Korea introduced military reforms which would eliminate Chinese influence. He also assured His Majesty that Japan would support Korea if she asserted her independence. (44) One month later Japan demanded and obtained the most-favoured-nation treatment in Korea, which gave her the same economic advantages as China had obtained in 1882. On December 4th of the same year, 1884, a plot was formed "between Japanese

officials and progressive Koreans" to seize the King and Queen of Korea and to demand from them widespread reforms as well as a declaration of independence from China.(45) But Yuan Shi-Kai, the Chinese Resident in Korea, ended all this the next day. He forced the hundred and thirty Japanese to retreat to Chemulpo. China and Japan were very close to war. Japan had been forcing her policy in Korea, because her statesmen probably believed that they could attain their end, without resort to war, whilst China was busily engaged in war with France. On January 8, 1885, Korea agreed to pay Japan an indemnity, to punish those guilty of the murder of a Japanese officer, and to rebuild the Japanese barracks and legation which had been destroyed. These negotiations were supplemented by those commenced on April 13, 1885, with China at Tientsin. If Japan intended to act arbitrarily with China, and to obtain the independence of Korea then, she had to forgo her intention, because the Franco-Chinese War ended on April 5, 1885.(46) She accordingly contented herself with the acquisition of a status in Korea, substantially equal to that enjoyed by China. In the present controversy, Japan was merely giving effect to a policy which she had, as indicated above, consistently pursued in respect of Korea.

Her statesmen had realized that if she were to be successful in this venture she required the neutrality of the Great Powers.

Before declaring war her representatives abroad sought to obtain these assurances of neutrality from them.(46A)

Russia, for many reasons her natural ally, had been sounded for some time. Japanese military men were anxious to safeguard their flank. But, due to the ignorance of the Russian Foreign Office upon Far Eastern affairs, no understanding was reached between the two Powers. (The Japanese, relying upon the favour and support which they had received from Russia at Tokio, for the abolition of extraterritoriality, counted on Russian support in this war, and though they had no assurances from her, decided that there was little risk of a Russian flank movement.)

They knew, too, that the British attitude towards the war was unfavourable. (If Britain had an alliance with China—as they feared—a war with China was impracticable.) This doubt had, therefore, first to be dispelled. The Japanese Minister at London called at Downing Street to sound the British Government as to its attitude towards the contemplated war with China. He was

informed that Britain "would most certainly refuse to tolerate any actions which infringed her own interests in China or the integrity or independence of Korea." (46B) Britain welcomed the introduction of reforms in Korea, but "she would not be able to regard with indifference any material change in the foreign regulations of Korea, nor would she acquiesce in the transfer to Japan of any of the territorial possessions of the King of Korea." (46C) They were warned that "any attempts of the Japanese to control the Peninsula would certainly lead to Russian intervention and possibly to the seizure of a Korean harbour by Russia." (46D)

The Japanese Minister concluded from the interview that no British-Chinese alliance existed, and that Britain would not forcibly intervene to prevent the war so long as Japan confined herself to the introduction of reforms in Korea and abstained from territorial acquisitions. He accordingly informed Britain that "whatever the outcome of the existing situation, Japan had no intention whatsoever of seizing any Korean territory." (46E) The secret memoirs of Count Mutsu, (47) since destroyed by the Japanese Government, disclose the fact that Japanese fears were confined to British and Russian intervention. With a reasonable belief that nothing serious was to be expected from either of them, and with the knowledge that the American protests would not be other than friendly, (48) the Japanese Government could well afford to enter upon a war the conclusion of which could only be favourable to them.

China, in despair, turned to Russia for advice. Russia was prepared to assist her diplomatically, but was unwilling to draw the sword for China. (49) M. Hitrawo, the Russian Minister at Tokio, advised the Japanese Government that in his Government's view China had explicitly fulfilled all the conditions of the Treaty of Tientsin; that China was prepared to evacuate Korea; that Japan should do the same; and that if a Japanese refusal to do so should result in a breach of the peace, Japan would be held responsible for it. (50)

Japan was in doubt as to the course Russia would follow. But the publication of a statement in the *Novoye Vremya* that if Japan went too far Russia, together with China, would declare a joint protectorate over Korea, happily assisted her in removing the doubt. The German Government declared its disapproval of

the introduction of Russia into the Korean settlement and despatched its warships to the Pacific.(51) Assured of Russian neutrality, Japan felt she could also count on British neutrality ; and on the 19th of July the Japanese Minister in London informed Lord Kimberley that "Japan would insist even by force on a satisfactory solution of the situation." (52) Britain made another attempt to avert the war. She urged the Chancelleries at Rome, Berlin, Paris and St. Petersburg to make efforts at Peking and Tokio on behalf of peace.(53) But her political relations with the European Powers were not such as to facilitate such intervention. It was for this reason that she had sought the initiative of America earlier in the month for that purpose. The American Government, however, declined to act. Friendly joint action of the Powers without the American initiative was unlikely because of political differences which existed among them. This operated in Japan's favour, and enabled her to strike the blow which threatened to bring about the dismemberment of the Chinese Empire.

On July the 22nd the King of Korea accepted the demands, which the Japanese Government had made upon him, subject to the condition that their troops evacuate immediately.(54) They declined to do this, and on the following day, at 4 a.m., Japanese soldiers entered the King's palace and seized his person. The King's father was summoned to act as Regent of Korea and a number of pro-Japanese officials were appointed to positions of great importance.(55) The Japanese had cut the cables so as to keep the outside world uninformed. On July 25th they commenced hostilities by sinking a ship flying the British flag which was transporting Chinese soldiers to Korea.(56) Japan thereby inaugurated a practice which she has since followed in every war in which she has been engaged. She commenced hostilities before declaring war. On the 1st of August, Japan formally declared war on China.(57) China circularized the Powers, pointing out the breach of international law by the Japanese,(58) seeking thereby to gain international good will.

The Chinese Government gave assurances to the other Powers that their subjects and property would receive the protection guaranteed by treaty.(59) But they soon endeavoured by pressure upon the trade of the foreigners to enlist their active assistance in the termination of the conflict. At first, despite the assurances

FOREIGN DIPLOMACY IN CHINA

h Britain had obtained from Japan that Shanghai would not be attacked, the Chinese decided to close partially the Huang-Pu River at Wusung.(60) Then Ningpo was closed to all ships as a defensive measure,(61) and later, on October 16, 1894, Foochow.(62) Other measures were equally effective in making the foreigners feel that they had an interest in terminating the war.

Towards the end of September, it appeared that Japan showed a disposition to withdraw from her promise to Britain to respect the neutrality of Shanghai; China had been violating it by operating the great Kiang-nan arsenal just beyond the suburbs of the city, and ammunition was being despatched from its wharves to Formosa. But by the combined influence of the British, American and French Governments a Japanese attack on Shanghai was averted.(63)

With the march of time it was evident that the venture of the Japanese would succeed. Their political efforts to introduce reforms in Korea were progressing satisfactorily, and they had compelled her to abrogate all her treaties with China.(64) On August the 26th the Korean Government affixed its signature to a treaty authorizing the Japanese Government to expel the Chinese forces from Korea on their behalf, and to establish the independence of Korea. The Korean Government undertook to facilitate the movement of Japanese troops for that purpose. This treaty legalized the position of Japan in Korea.(65) The Korean Government also consented to the reforms Japan proposed.(66) These reforms extended to almost every department of State. Some of them were to take effect immediately, others after six months, and still others after two years. In the first category were those dealing with internal administration, commerce, foreign affairs and public works. In the second were those concerning the revenue, the finances and the Customs. In the third were those pertaining to agriculture, roads and highways, legislation, the administration of justice, the Army and Navy, police and education. 7

Simultaneously with the conduct of negotiations with the Korean Government the Japanese continued the struggle with the Chinese forces and were everywhere successful.

In China, Li Hung Chang, who was charged with the conduct of the war, was degraded from his high rank because of Chinese

reverses. He was deprived of the three-eyed peacock feather and the yellow riding jacket—marks of imperial favour—and instructed to “give orders urging the officers in command of our forces in the various places in Korea to exert themselves, pursue and join battle with the enemy as an atonement for the errors committed.” (67)

British traders had been feeling the ill effects of the war. More than 65 per cent. of China's whole trade was British.(67A) The British Government was, therefore, anxious to bring this one-sided affair to a close. The Governments of Germany, the United States, France and Russia were asked by Great Britain on the 6th of October whether they would be prepared to participate in a joint intervention.(68) The British ambassadors indicated that the intervention contemplated would be limited to diplomatic action, and would only take place if a suitable opportunity presented itself for such a course.(69) They proposed, as a basis for peace, an indemnity to Japan for the expenses of the war and the independence of Korea to be guaranteed by the Powers.(70) The American Government declined to act upon this proposal.(71) The German Government declared it considered such action premature,(72) as it had not been requested to act by the principals to the conflict. The Russian Foreign Office favoured mediation, but made it conditional upon the previous consent of the Czar.(73) The British proposal consequently met with no success. The prolongation of the war might injure British trade, but the continental Powers were not averse to diminishing British power. And so the war continued. On November the 3rd, 1894, the Chinese Foreign Office convoked the representatives of England, France, Germany, Russia and the United States and appealed to them to use their efforts to secure peace.(74) It proposed as a basis of negotiation that suggested by Great Britain to the Powers on October the 6th.(75) The German Government declared that it “was precluded by the military situation from intervening.”(76) Russia hesitated. The British Government had already made efforts with Japan and had failed.(77) The United States declined to be a party to any united action by the Powers.(78) They did, however, offer to act as mediator, and instructed their Minister at Tokio that

“the deplorable war between Japan and China endangers no policy of the United States in Asia. Our attitude towards the belligerents is that

of an impartial and neutral, desiring the welfare of both. If the struggle continues without check to Japan's military operations on land and sea, it is not improbable that other Powers having interests in that quarter may demand a settlement not favourable to Japan's future security and well-being. . . ." (79)

Coming from so friendly a nation as the United States, this advice, which was transmitted to Japan, could not very well be ignored. Yet despite this warning the attitude which the Japanese Government adopted in its reply of November 17, 1894, was that

" . . . the universal success which has thus far during the conflict attended the arms of Japan, would seem to relieve the Imperial Government of the necessity of invoking the co-operation of friendly Powers to bring about a cessation of hostilities. The Imperial Government have no wish to press their victories beyond the limits which will guarantee to them the just and reasonable fruits of the war. Those limits cannot, however, be said to have been reached until China finds herself in a position to approach Japan directly on the subject of peace." (80)

Japan proposed that the Chinese overtures for peace should be made through the American Legation in Peking.(81) On November the 22nd, 1894, China proposed to Japan, through this channel, the independence of Korea and the payment of a war indemnity as a basis for peace.(82) Mr. Detring, special commissioner of Customs at Tientsin, was immediately sent to Japan as a special envoy from Li Hung Chang to inquire from Count Ito the terms of peace.(83) Count Ito refused to receive him or to recognize him in any way. He declared that he was not properly accredited, and so the Detring Mission had to return to China, having failed to accomplish anything.

The protraction of events in the Far East began to be felt in the European Chancelleries. The Kaiser, in particular, became nervous about the intentions of the other European Powers in respect of China. This nervousness was shared in the subsequent months by his Ministers in the Foreign Office. On November 17, 1894, William II addressed a despatch to his Chancellor, Count von Hohenlohe,(84) in which he expressed his concern over the situation likely to develop in the Pacific. He feared a Russo-British *rapprochement* based upon a free hand for Britain in Asia in return for a settlement of the Dardanelles issue favourable to Russia, or the likelihood of independent British action, resulting in the seizure of Shanghai and other strategic points. He believed

that the concentration of the squadron under Admiral Fremantle and the transport of troops from India suggested the latter course. He felt also that if this happened Russia and France would "likewise occupy important points." Therefore he instructed Count Hohenlohe that "under no circumstances may we be losers or permit ourselves to be surprised. We need, likewise, a firm point in Asia, where our trade turnover amounts to 400 millions annually." He suggested that Formosa be this point, and recommended "that we come to an agreement with Japan secretly as quickly as possible. Haste," he said, "is necessary, since, as I have secretly discovered, France is already angling for Formosa." Count Hohenlohe referred to Marschall, the German Foreign Secretary, for his views upon the situation.(85) Marschall did not adopt the alarmist position of the Kaiser then.(86) He believed there was no basis for the fear of an Anglo-Russian *rapprochement*, save a recent speech of Lord Rosebery on the friendly Anglo-Russian relations; that the presence of British ships in the Far East was explicable by the vast British interests there; that the activity of French troops was for the occupation of Madagascar and not of Formosa; that Britain regarded China as a buffer for India, and that it was extremely unlikely that Britain, who had always resisted dismemberment of China, would give the signal for dismemberment by annexing strategic points—a step which would immediately be followed by Russia and France.(86A) Marschall was evidently correct in his analysis of the political situation. However, he took precautions to make sure that he would not be caught napping. German relations with Japan were very cordial. Marschall accordingly asked Japan to keep him informed of any steps taken by the Powers towards the acquisition of territory in China.(87) He requested this information as a reward for Germany's non-intervention in the war.

Germany realized that there might be possibilities of territorial acquisitions at the conclusions of the war. She did not favour the dismemberment of China then, as her share would be small. She also knew that Britain opposed it. Her policy was, therefore, to keep a free hand and to await the development of rivalry and jealousy between Britain and Russia. The German Foreign Office, however, was anxious to be informed of what points in China they might demand if an opportune occasion presented itself. Their Minister to China on November 23, 1894,(88)

recommended to them the acquisition of Kiaochau or the Pescadores as a base for their important commercial interests in Eastern Asia. Germany had need of a coaling station in Pacific waters. Her experience in the war without a coaling base, had been a hardship for her ships. Besides these places, two others were considered by the German Ministers, namely the Island of Formosa and the Islands of Chusan. All four points, however, were rejected for various reasons. Kiaochau was rejected because of the belief that it would be unimportant unless a network of railways converged upon it. The Pescadores were disqualified because the usefulness of their harbours was doubtful, and they contained no hinterland for trade. Formosa was valueless because of the responsibility involved in subjugating its warlike inhabitants and in protecting the island in case of a conflict with other Powers desirous of it, particularly with France. The Germans, however, did want Chusan. It had a good harbour and would enable them to tap the trade of Ningpo. But they believed that the British had prior claim to that place under a secret treaty made with China at the conclusion of the Opium War.(89) The Germans were, therefore, reluctant to claim this place. With these four points eliminated Germany was in a predicament. She was unable to determine upon another suitable place which might be acquired. Germany's ambitions for a *point d'appui* in China had been roused during this conflict, but they were not to be realized until 1897, because of her statesmen's indecision upon a suitable point for occupation.

On December 21, 1894, a Chinese Imperial edict appointed Chang Ing Huan and Shao Yu-lien ambassadors "to negotiate the matter with the plenipotentiaries appointed by Japan." (90) They did not arrive in Japan until January the 30th, 1895. The Japanese were determined that China should, before the whole world, own herself defeated. They desired more eminent Chinese representatives, possessed of fuller powers, to sue for peace.(91)

On February the 1st, 1895, the exchange of credentials took place. On the following day, Count Ito rejected the Chinese credentials as defective. In his speech to the delegates he declared in effect that he could not treat with representatives whose actions might be repudiated, and questioned the *bona fides* of any Chinese delegate who was not clothed with the fullest power. In his opinion, their credentials failed to indicate the subject upon which

the Chinese representatives were to negotiate. They did not authorize them to conclude or sign anything ; they were silent upon the question of subsequent ratification ; in fact, their powers were limited to reporting to the Chinese Government what the Japanese delegates had to say. In these circumstances the Japanese Government refused to continue negotiations and informed the Chinese representatives that the insufficiency of their powers had indicated,(92) "that the Government of China is not yet solicitous for peace . . . whenever, therefore, China finds herself seriously and sincerely desirous of peace and will confide actual full powers to Chinese officials whose names and positions will serve as an assurance that the terms which they may agree to will be confirmed and carried out in good faith, Japan will be prepared to enter upon new negotiations." The Chinese representatives unsuccessfully attempted to re-open negotiations. "They protested that their full powers were in the usual form for Chinese envoys, and had been recognized by European nations in treaty negotiations ; that it was the intention of the Emperor in giving the credentials to clothe them with full powers ; and they offered to have them corrected by telegraph to suit the Japanese." (93) Count Ito, however, refused to accept their contentions. The Chinese envoys were compelled to return to their country, their mission a failure.

Japan had succeeded in humiliating China before the world. She had questioned the latter's good faith and had refused to treat with any but her foremost representatives. She was not averse to the delay involved in the peace *pourparlers*. It enabled her to consolidate her military position in Manchuria. She was winning the recognition of the world. Her people had become extremely enthusiastic for the war, and on the day before she had rejected the credentials of the Chinese delegates, her Diet passed the following resolution :

"Whereas, in the opinion of this house, the time is still distant when the objects on account of which war was proclaimed by His Majesty will be accomplished and the country's prestige established, therefore this house is prepared to grant whatever amount of appropriations may be necessary for the purposes of military expenditures, and adopts this resolution with the express intention of making known its sentiments on the subject." (94)

Japan knew that she could rely upon her army and upon the public opinion of her people. But could she count upon the support

of the European nations? The phenomenal success of the Japanese armies alarmed the European Powers. They felt uneasy about the uncertain "objects on account of which war was proclaimed." The Japanese Government had, so far, been singularly reticent about disclosing these. Russia, France and England had asked Japan on February 3, 1895, to communicate her peace terms to China. But the Japanese still refrained from doing so. (95) It was now feared that Japan planned to establish a protectorate over China by making an alliance with it or by restoring a member of the old Chinese Ming dynasty as emperor, but under Japanese protection.

On February 6, 1895, conversations were commenced in London by the British Foreign Office and M. de Staäl, the Russian Ambassador, upon the situation in the Far East. Lord Kimberley sought to ascertain the attitude of M. de Staäl's Government upon possible developments there. (96) Lord Kimberley was, however, reluctant to become alone associated with Russia and France in any European action which might become necessary in the face of the grave difficulties in the East. His reluctance and cautiousness is explicable. The United States had already declared its disinterestedness in the Sino-Japanese dispute. Her non-intervention was, therefore, certain. France, though not bound under her alliance with Russia to support her in the Far East, would probably do so. If the British Government united with these two Powers to settle the Far Eastern Question, it was conceivable that the views of France and Russia might determine the nature of the settlement. It was equally conceivable that such a settlement might be deleterious to the best interest of the British Government and its traders. To avert such a possibility Lord Kimberley turned for support to the only other power having considerable economic interests in China—Germany. He sought the co-operation of the German Government in any European concert which might become necessary in China. This became fundamental to Britain's attitude towards a European concert. She felt that she could participate in safety with the other two Powers as long as she was assured of Germany's co-operation. When, however, co-operation from Berlin became dubious British statesmen were apparently disinclined to unite with the others.

Lord Kimberley indicated to Count Hatzfeldt the peg on which

British policy hung, when he communicated to him news of his conversation with the Russian Ambassador. He said that "he by no means rejected this exchange of views about the eventualities that might arise, which might presently turn out to be a necessity, but saw a great difficulty in the fact that the compass of the Japanese demands was still an entirely unknown quantity." (97) At the same time he informed him that "it would be an occasion for sincere rejoicing in England, if the moment arrived when Germany considered that it behoved her to emerge from her reserve and to take up the cause of her great interests in the matter." He therefore volunteered to "keep Count Hatzfeldt informed of all that occurred so that Germany might be able, if need arose, to arrive at a decision in good time." (98)

The British statesmen's desire for intervention between China and Japan was in direct ratio to the scope of Japan's aims in China. Should Japanese pretensions include a protectorate of some kind over China, they favoured a united European action to thwart the realization of this plan as best calculated to serve their own as well as the general European interest. Should these fears be unwarranted, they regarded such action as unnecessary from their own view-point. Being still uncertain of Japan's true intentions, Britain made no commitments in respect of joint European action. In St. Petersburg she sought to ascertain the points upon which Russian policy was based. (99) In Berlin she sought the co-operation and support of the Kaiser's Government for such eventualities as might develop. (100) In London, the English Press cautioned the Japanese Government against any far-reaching plans in China. *The Times* in particular stressed this rather emphatically in its Editorial of February 21, 1895. It said :

"Count Ito knows that Japan must reckon with the continued existence of China, and that it can never be for her real interest either to disorganize China over-much or to inflict wounds which time and patience cannot heal. He knows, further, that were he to take a less moderate view, he would run serious risk of collision with European Powers, who also have to think of the relations to be maintained in the future between themselves and China. With these considerations present to his mind he will in all probability content himself with demands much more moderate than the more fiery and aggressive type of politician will regard as adequate." (101)

The Pall Mall Gazette expressed a similar view on the following day. It said :

"So long as Japan uses her success with moderation we have no cause of quarrel with her." (102)

Upon being informed of M. de Staäl's conversations of February 6, 1895, with Lord Kimberley, M. Chichkine of the Russian Foreign Office communicated to M. de Staäl the view of his Government. (Russia, he said, believed that nothing could be achieved by the Powers until Japan informed China of its peace terms, and then only by exercising pressure upon China to accept them if they were moderate. She had no desire to depart from the attitude of impartial neutrality, and that her very cordial relations with Japan "precluded her from pursuing a policy towards Japan which aimed to deprive her of the legitimate fruits of war." (103)) At the same time, i.e. February 8, 1895, he sent a "very secret" letter to M. de Staäl for his own information, in which he stated that Russian statesmen shared Lord Kimberley's view upon the gravity of the situation in the Far East, with its incalculable possibilities, and that in the face of the steady advance of Japan they appreciated Lord Kimberley's anxieties. He advised him that the Russian Government were prepared to exchange views with the British Government and that the former regarded the independence of Korea as necessary for its policy. (104)

The above letter was accompanied by a protocol containing the conclusions of a conference at which the Grand Duke Alexis presided. "Les conclusions ont été approuvées par sa Majesté." This document, which might have proved highly interesting in ascertaining how early the complete Russian plans concerning China were conceived, has as yet not been found in the papers of M. de Staäl. M. Witte, however, indicates in his Memoirs the subject-matter of this conference. He says: "At this conference I advocated the principle of the integrity of the Chinese Empire. . . . I suggested that we ought to permit Japan, as the victorious nation, to recover her war expenditures by imposing a more or less considerable indemnity upon China. Should Japan fail to comply with our demands, there was no other course left to us, I said, than to open active operations." (105)

There is reason to believe, however, from the de Staäl papers that the foregoing was not the complete subject-matter of the protocol submitted to M. de Staäl, and that M. Witte did not state all the conclusions reached by this conference. Indeed, there

are distinct evidences that the plan outlined by him existed only as an alternative one to that of compensation to Russia (see page 119). (106) At all events the Russian decision was not communicated to the other Powers for some time yet.

German statesmen were moved by other considerations in examining Britain's proposal for co-operation. In communicating to his Government the British proposal, Count Hatzfeldt commented upon Lord Kimberley as follows: "From his whole conduct to-day I had the impression that our participation in the negotiations of the Powers is still intensely desired here, and that if the British Government could hope for that, they would certainly not begrudge us the gain of some advantages, would, perhaps, even be of assistance to us." (107)

The German Foreign Office were quick to realize in this Britain's need for a counterpoise to Russia and France. They visualized the opportunity to attain the ambitions of their Navy department for a coaling station or naval base upon the coast of China. They had, as pointed out previously, for some time been considering the merits of several localities. Yet momentarily they decided to pursue a policy advocated by the Kaiser. He recommended "that, having regard to the conflicts between Britain and France on the one hand, and Britain and Russia on the other, Germany's policy must remain entirely free and independent, so that she might exact payment accordingly at the given moment, when England, to whom she was indispensable, asked for Germany's help, or else, if the conflict broke out without Germany's participation, herself to take what she needed." (108) This attitude is reflected in the reply which the German Government submitted to the British overture for co-operation. The reply is dated March 1, 1895, and is as follows: . . .

"For the present, we have not at stake in Eastern Asia the same interests as England, and perhaps Russia. In particular, our trade relations, for which, of course, an early re-establishment of peace remains desirable, have not up to now suffered so much in the war as to justify, for that reason alone, before public opinion, the throwing of our might into the balance, with all the incalculable consequences that might follow: yet without the bringing into play of quite considerable forces, an attempt at intervention against victorious Japan would, in our opinion, be an abortive undertaking. *Moreover, the practical danger of a collapse of the Chinese Empire seems to us to be still remote.* Nevertheless, should matters take a menacing turn in this direction, and should third

Powers in consequence endeavour to exploit the situation for the purpose of obtaining advantages for themselves, we should not hesitate to claim equivalent compensation for the disadvantages to which we should be put as a result of such changes, and strenuously to insist upon such compensation. *In such an eventuality we hope, so far as we can foresee, to stand side by side with Britain.* We therefore do not reject the idea of joint intervention outright. We are even ready, if Britain so desires, to enter into discussion of the same with her immediately. In that case, however, we must first expect from Great Britain such definite information concerning the purposes and aims of such an action as would enable us to consider whether the advantages we might expect, having regard to the various possibilities, corresponded to the sacrifices we should have to bring." (109)

Upon hearing the attitude of Count Hatzfeldt's Government, "Lord Kimberley remained reserved; he only said there was no thought of excluding Germany from the further adjustment of these questions. The (German) Ambassador did not, therefore, think it advisable (for his Government) yet to enter into a discussion of further eventualities." (110)

On the same day, i.e. March 6, 1895, M. de Staäl was also received at the Foreign Office. He communicated to Lord Kimberley that his Government regarded the independence of Korea as indispensable. He, in turn, learnt that British statesmen attached great value to the commercial stipulations which would appear in the treaty to be concluded between the belligerents, and that as yet they were not agreed upon the amount of territory which Japan should be permitted to annex. In communicating the foregoing to M. Chichkine, in a secret letter of March 6, 1895, the Russian Ambassador emphasized the fact that it appeared to him that the British Government still feared that peace between China and Japan would be followed by a Sino-Japanese alliance. He considered this would be prejudicial to its commercial as well as to its general political interests. In fact there was some ground for this fear. "Mr. Aoki said one day to Lord Kimberley that Japan did not have any intention of destroying the Celestial Empire, but on the contrary to reconstruct (*relever*) it. But it is precisely this rôle of an instructor, of a benevolent tutor, that does not suit England. I do not think it will be advantageous to our interests." (111)

Prince Lobanoff, who entered upon his duties of Russian Foreign Minister on March 11, 1895, agreed with Lord Kimberley that the general interests of European nations would be

affected if a Sino-Japanese Alliance became a reality. He, however, did not fear that there was any immediate danger of an intimate *rapprochement* between these two countries. He wrote to M. de Staäl on March 15, 1895: ". . . It is certainly scarcely possible to realize this eventuality. It is in any case distant." (112) Nevertheless he instructed him to avail himself of every opportunity to exchange views with the British Ministers. The continuance of intimate relations with Britain was desired by Russia's statesmen, apparently because it enabled them to be informed of Britain's aims in the Pacific.

The Russian Foreign Office had reason to believe that Britain's fear that a Japanese protectorate would be established in China was unwarranted. During the month of February conversations had been conducted in Tokio between M. Hitrawo, the Russian Minister, and Count Mutsu, the Japanese Foreign Minister. As a result of these, M. Hitrawo was enabled to report to his Government on February 15, 1895:

"Japan is very uneasy about rumours of an Anglo-Russian accord. Mutsu has reiterated to me assurances concerning Korea; he says that Japan has no intention to continue the war up to the point where it will cause the dismemberment of China or the downfall of the dynasty, and that Japan will carefully take into account the interests of other Powers." (113)

These conversations were renewed on the 24th of February. Count Mutsu stated then that his "Government desires, in pursuance of its own declaration to the Russian Government, to make peace on the basis of the independence of Korea, a war indemnity, cession of territory and a new trade agreement. This, however, not to be communicated to the other Great Powers." M. Hitrawo, the Russian Minister, thereupon replied, that "if the Japanese Government would make the announcement that it will in name and deed recognize the independence of Korea, his Government would advise the Chinese Government to empower its plenipotentiaries to accept the above conditions, it could even recommend to the Great Powers that they act in the same sense, since it was held in Russia that it would be in Japan's interest not to carry on the war indefinitely after her victory. . . ." (114) Count Mutsu gave the desired undertaking, asked that it be kept secret, and thanked Russia for her support in the event of Japan recognizing the independence of Korea,

"which seems to be the sole object of solicitude to the Russian Government." (115)

Possessed of these assurances, Russian statesmen could await the development of events. They knew the basis upon which Japan would fix her peace terms. They were assured that Korea would be independent. And they had no reason to believe that Japan intended to establish a protectorate over China. No Russian or general European interest was threatened.

There was, therefore, hardly any common ground for co-operation with Britain, unless it were to make certain that Korea should become independent or to serve some ulterior purpose of each Power. Indeed, as late as March 20, 1895, Prince Lobanoff apparently did not regard intervention as necessary. He told the German Ambassador, von Tschirsky, that he hoped to remain neutral, even though Japan's peace terms should include territorial gains upon the Chinese mainland. (116)

On March 3, 1895, the German Minister to the Government of China telegraphed his Foreign Office that Li Hung Chang "requests confidential intercession in Japan on behalf of moderate terms of peace; believes cannot yield continental territorial demands, threatening existence of China." (117) From London came the information to Berlin on March 5th that the Chinese Emperor had also appealed to the President of France "for support in the attainment of a just peace." (118) In addition, Lord Kimberley had declared himself to be in accord with the Russian desire for the independence of Korea, and added that, "if peace did not materialize now, the Powers would have to adopt an attitude, and he hoped Germany would not then refuse her co-operation in the matter." (119)

Japan's military gains had assumed great dimensions. She was in possession of an important stretch of Chinese territory, and as yet Britain possessed no reliable information of the extent of Japan's aims. Intervention against Japan might be necessary if, in fulfilling these, Japan endangered European interests in the Far East. Britain therefore sought again to assure herself by securing a promise of German co-operation if joint action became advisable. But the German Government feared, as before, that Britain and Russia had already agreed upon the questions of the Far East, and that she would be left out of consideration by them. By England's reserve to the German reply of March 1, 1895,

"Berlin was being strengthened in the opinion that it would be better not to open up the whole question of compensation." (120)

The German Government therefore took a step designed to prevent the question of compensation for the Powers from arising. It instructed its Minister in Tokio, on March the 6th, 1895, to "impart confidentially that the Government of His Majesty The Emperor recommends to the Japanese Government expediting peace, and moderation in its terms. Intervention requested by China of European Great Powers; several of them are decided and united upon the same. The more these will claim of China as the price of their intervention, the less will be left over for Japan; for the latter, consequently direct and reasonable settlement most advantageous in comparison. According to our reports hitherto, Japanese demands for surrender of territory on the Chinese continent would be particularly liable to provoke intervention." (121) This advice was formally communicated to the Japanese statesmen on March 8, 1895.

Simultaneously with the receipt of this warning from Germany, and as if designed to minimize the danger indicated by her and to allay the anxiety of British public opinion upon the points discussed in the editorial of the London *Times* of February 21, 1895, (121A) the Central News Agency reported an important statement emanating from Tokio and bearing the date March 8, 1895. The London *Times* published it in its issue of March 9th, thus :

"The following statement has been obtained from the highest sources, and may be taken absolutely as giving Japan's view at the present juncture. 'At no time were the prospects of peace more favourable. No fear need be entertained that the Chinese Empire is going to pieces. Were there any such indications Li Hung Chang would certainly not leave his country as envoy to Japan. . . . On the conditions of peace, it would be unwise to speak fully at present, but it may be said that in opening the whole of China to trade, Japan does not seek to obtain for herself better conditions than for any other country. The idea that a cession of territory by China might mean a renewal of hostilities at some future time is refuted by many precedents, and there is no fear but that China will be able to pay the war indemnity which Japan demands. The Mikado's Government will be willing to give China time and every facility for payment . . . ' " (122)

Six days later *The Times* cited a report from Tokio which suggested that Japan would probably ask China to cede to it the Liaotung Peninsula. (123)

Whether a statement similar to the one cited above was communicated directly to the British Government, or whether the one cited in *The Times* was confirmed by the Japanese Minister in London, there are as yet no means of ascertaining. At all events the Press statement did much to allay the fears of the British-commercial community that Japan intended to establish a protectorate in China and to exclude British trade from that territory. It denied any intention in respect of the first fear, and stated precisely that "in opening the whole of China to trade, Japan does not seek to obtain for herself better conditions than for any other country." If this were true, it removed the reason for British intervention against Japan.) The Japanese statesmen were clever enough to realize this, and they traded upon this knowledge. They declined to follow the advice which Germany had tendered them, though they politely thanked her for the friendliness which prompted her to warn Japan of the intentions of the other Powers.

Several explanations are offered for the Japanese decision not to act according to the advice of Germany. Count Ito, who was Prime Minister in Japan at the time, has stated that this communication was never brought either to his attention or to that of Count Mutsu. (124) Count Hayashi, in his Memoirs, offers another explanation. He says :

"Both the Premier, Count Ito, and the Foreign Minister, M. Mutsu, anticipated such action on the part of Russia, France and Germany, but they were quite unable to anticipate what direction intervention would take, nor could they guess to what extent it would be carried. They considered the matter and came to the conclusion that even if they were to make less stringent terms with China than those which they had in view, it would still be impossible to avoid intervention from the side of the Powers, as it was quite certain that the latter had made up their minds to control China's action, and also to deal a deadly blow at Japan. Consequently the Japanese statesmen determined to make no alteration in the terms of peace which they already had in mind, but to go as far as possible, without paying any immediate attention to the prospect of intervention by the Continental Powers." (125)

It is possible, however, that neither of the explanations cited above was the real reason for Japan's attitude. A more likely explanation for it is that she hoped that the Powers would not intervene in the peace negotiations. One cannot speak with certainty upon this point until the records of the Japanese Foreign Office clarify the question. But there is some ground for this last contention. Japan certainly had reason to believe that Russia

would not intervene against her, on the strength of the conversations we have cited previously. Mr. Aoki, the Japanese Minister in Britain, tried to persuade German statesmen of this fact on March 10, 1895, after the note of warning had been presented in Tokio. He said in effect that Japan was at one with Russia, the principal interested Power in the Far East. To assure them of this he informed them in confidence and secretly of "an exchange of views (to which we have referred on page 83 (126) that took place between the Russian Government and his own at the end of last month, whereby Japan will comply with the Russian demand for the complete independence of Korea, and Russia will, in turn, support her in the peace negotiations to procure war compensation, cession of territory and readjustment of commercial relations between Japan and China,"(127) •

In the conversations to which Mr. Aoki referred there had been no provision made prohibiting Japan from acquiring territory upon the Chinese mainland. Nor was this taken for granted, for as late as March the 20th Prince Lobanoff told the German Ambassador in St. Petersburg that he would remain neutral, even though Japan acquired continental territory.(128). Proceeding on the assumption of non-interference from Russia, it was, therefore, not unnatural, as Mr. Aoki confidentially informed the German Government, that "the Japanese military consider the surrender of Port Arthur with a portion of its hinterland as indispensable, whereas in their view the cession of an island, e.g. Formosa, was only of secondary importance."(129)

Japanese statesmen apparently hoped that Britain also would maintain her neutrality. The despatch which appeared in *The Times* of March 9, 1895, concerning Japanese aims in China, altered considerably the complexion of the whole Far Eastern Question. Once it appeared that their aims included neither the establishment of a protectorate over China nor the exclusion of British commerce from that rich market, public opinion in England underwent a marked change. It no longer regarded the Government of Britain as justified in intervening against Japan to deprive it of the legitimate fruits of war. It had, heretofore, considered intervention as justifiable and necessary to safeguard the economic and political interests of Britain and the other Powers. With the belief, however, that Japan did not intend to menace these, came the conviction that common action

with the Powers was an unjustified interference, and that such action would serve no common purpose, but on the contrary the individual ambitions of each intervening Power. Nor was British public opinion wrong in its surmise. The Russian Press had already begun to stimulate its Government to action in the Far East, and had set forth such extensive ambitions for it in China that British public opinion became very suspicious of co-operation with Russia. On March 12, 1895, the *Novoe Vremya*, a powerful and influential Russian paper, alleged that Japan was the instrument of the Western Powers who were anxious to undermine Russia's position in the Far East. It therefore proposed that Russia should "adopt the original plan of running the Amur Section of the Siberian Railway across Manchuria, which would be a much shorter, cheaper and quicker route, while it would, at the same time, checkmate the inordinate pretensions of Japan in that region." (130) A well-known naval authority urged in the columns of this paper the "indispensable necessity of a naval station in the Far East." (131) Russia was likewise urged to occupy Manchuria. But the *Birschewije Wjedomosti* went even further than any or all of these suggestions. It suggested that the Powers which lent China the money with which to pay the indemnity to Japan should establish a "financial-administrative protectorate over China," and therefore recommended that Russia guarantee this loan. (132) These plans, all of which were attempted by Russia later, could not leave British public opinion indifferent.

In fact the *Novoe Vremya* had very ably summarized the situation when it said :

"Japan has become our immediate neighbour. We have extended our frontier from the banks of the Niemen to the shores of the Pacific Ocean, and have revived the traditional belief that our irresistible advance towards the east can only be checked by the sea—it has been contended that our real Bosphorus is situated on the Pacific Ocean. But now all far-seeing observers recognize that Japan itself is the rock which may some day arrest our progress. It would seem as though Europe were well pleased at the appearance of this new Great Power. If that be the case, it is only because Europe has shrewdly discovered that Japan has become our rival. In view of this circumstance, the Siberian Railway assumes quite a new significance and importance, and in the light of the altered political situation it must take a different direction. In any case, we have delayed its construction a little too long. We are convinced that our diplomacy has a great task before it. A full acquaintance with the new situation, combined with consistent and energetic action, is im-

periously required. . . . *He who first understands the modified position of affairs, and so influences it that it takes a direction favourable to his own country, will be the master of the situation.*" (133)

Russian statesmen had evidently determined upon a course which would influence the situation to take a direction favourable to their country when they despatched twenty-one warships to the Far East—the largest fleet ever assembled there. But British public opinion also understood "the modified position of affairs," and sought to influence its Government to shape it in a direction favourable to itself.

Assured that trade and the balance of power would not be seriously affected by the Japanese success, British opinion, like that of Russia and Germany, began to view the newly created situation in the Far East from its own angle

Henceforth the interests of Britain were to be considered as of premier importance as distinct from the aims of the Continent. Britain realized that in the future, as in the past, she would have to deal with Russia in Asia. She recognized that China could no longer be regarded as an effective buffer between Russia and India. She knew that there existed in Russia a deep distrust of England. And, above all, the Russian Press had been doing its best to persuade British observers that Russia was entertaining plans in respect of China which were hardly in conformity with what was regarded as Britain's true interest there. In the face of this, it was only natural that Japanese friendship should be desired to neutralize any Russian designs upon China, and to enable Britain to exercise a freer hand elsewhere in Asia where it met Russia. This change of opinion was, perhaps, best reflected in the *St. James's Gazette* of March 18, 1895. It said:

"No doubt if Japan seeks—as she probably may some day—to break up China we must interfere. But there's not much likelihood that she will just now do anything of the sort. What she wants is to weaken China and to take such measures as will make her a first-class Power in the Pacific. How can we prevent that, even if we would? A nation of forty millions of people, so admirably situated as the Japanese, so enterprising, so able, so brave, so resolute, so capable of organization and discipline can undoubtedly become a Great Power if it wills. Better for us, surely, to recognize the fact and make our account with it. Japan, for many years to come, will do us no harm. We need not object to her naval strength in the Pacific. No doubt she would menace and alarm Russia; but that is no affair of ours. Let Japan and Russia fight it out if they please. For ourselves, if Japan acts as a counterpoise to the for-

midable Empire which is stretching one of its long arms round Northern Asia, we are no losers, and if Japan throws open the gigantic territories of China to foreign trade, we of all peoples in the world have most to gain by it, in spite of the competition of Yokohama and Tokio. Instead of making attempts to maintain a *status quo* that exists no longer, let us see that when the situation is altered we do not lose by the alteration. We want a port and naval station far up the Chinese coast, a thousand miles north of Hong-Kong, and with the consent of Japan we can get it. With that secured, and China really opened to trade, we might regard the state of affairs on the Pacific with some equanimity. Even if the Japanese gave way to the menace of force without fighting, they would bear us an undying grudge. And their resentment would be justifiable. By all the rules of international ethics, and all the traditions of history, the loser in a great war must pay heavily to the winner. If Japan chooses to ask not only for a war indemnity of fifty millions, but for the surrender of Formosa, the independence of Korea and the occupation of a slice of Chinese territory on the mainland, at any rate for a term of years, she would be doing no more than Germany did to France after 1870 or the allies to the same country after 1815." (134)

Sensible of the growing change of public opinion in Britain the London representatives of the Japanese Government could with some justification, feel that the British Government, which generally follows its public opinion, would not intervene to deprive Japan of her fruits of war. In addition the development of differences among the European Powers made intervention unlikely. It was generally believed that no intervention would take place, unless Britain and Russia were a party to such an action. But of late they had become extremely suspicious of each other's motives. "And between Britain and Russia's ally, France, a sharp journalistic and parliamentary controversy was taking place over Britain's rights in Egypt and the Nile Valley." These differences did not facilitate common action between Britain and Russia. Nor were they conducive to Anglo-French co-operation.⁴

It is, therefore, a reasonable hypothesis to believe that the Japanese Government adopted the view that no intervention would take place against it because Russia had promised to assist her, and because British public opinion was opposed to such a policy. And that even if Russia withdrew from her promise, or if British opinion altered its attitude towards Japan, intervention was still impossible unless Britain and Russia were of one accord. And this was unlikely. Accordingly Germany's warning of March 8th was put aside and she was formally thanked for her kindness on the 16th of March, 1895.

The rejection of this advice was not without its consequence. German statesmen feared that their policy of preventing territorial acquisitions by the other Powers would be thwarted if Japan were permitted to take Port Arthur. Count Hohenlohe, the German Chancellor, discussed this point of view in a memorandum submitted to the Kaiser on March 19, 1895. In his judgment it was certain that "Port Arthur in Japanese hands would spell Japanese domination of the Gulf of Chili, and with it a constant threat to the Chinese capital. It is consequently to be expected that the Chinese will resist such a cession to the utmost." (135)

He was confirmed in this belief by the conduct of the Chinese statesmen. Indeed, Prince Kung, a leading Chinese statesman, had declared very emphatically on February 28, 1895, in a Press interview, that "if Japan persisted in demanding exorbitant terms China would continue to fight." (136) Count Hohenlohe accordingly felt that a real and imminent possibility existed "that if Japan does not drop her demand for Port Arthur and then content herself with, say, Formosa, the Chinese will resume the unequal struggle. In that case there might well ensue an intervention of the Powers, notwithstanding the clash of interests among them, and with it also the development of the problem of compensation." (137) The German Chancellor desired to avoid this as far as possible. But he was also anxious to profit by any intervention which the development of events might necessitate. In view of the uncertainty of the situation he proposed to the Kaiser that Germany adopt a policy of caution. He said: "In this state of affairs, in my humble estimation, it becomes a guiding line for our policy that on the one hand we must avoid letting ourselves be drawn prematurely into an action which serves primarily the interests of others, but that, on the other hand, we must keep open to us participation in such undertakings as may lead to re-arrangements in the balance of power of the European Great Powers in Eastern Asia." (138)

In pursuance of this policy, and in order to insure for itself a voice in any intervention which might occur, the German Foreign Office instructed Count Hatzfeldt, their Ambassador in London, "to advise the Government there, for the present orally and without prejudice," that the German Government "is not *a priori* opposed to the idea of a joint intervention, but will for their part also upon any material alteration of circum-

stances in Eastern Asia, step in without hesitation and with all firmness on behalf of German interests." (139)

Germany still hoped that Britain would "meet her wishes—at any rate to a certain extent," because of Britain's need of German assistance to balance the power of Russia and France in any intervention which might yet take place, (140) and that the clamourings of German naval circles for a base in the Far East might be satisfied in this way. But she did not determine exactly the amount of compensation which she would ask for her assistance. She left it an open question. Count Hohenlohe, however, suggested, "What and how much we ought to demand for our aid can hardly be foreseen at present and will depend among other things on what the other Powers claim for themselves." (141)

The Kaiser, however, in his characteristic marginal notes, gave this a more exact definition by saying: "But we must make ourselves dear." (142)

In the meanwhile it had been rumoured that Russia and Britain had agreed upon a basis for intervention. Prince Liechtenstein, the Austro-Hungarian Ambassador in St. Petersburg, assured the German Ambassador, Tschirsky, that this was so. Though the German Government doubted the accuracy of this, by reason of the attitude of the English Press, yet they were apprehensive lest it might be true. (143) The ever-present fear of an intervention taking place from which Germany would be excluded and which would be to her disadvantage weighed heavily upon the German Foreign Office. This uneasiness stimulated their statesmen to act in such a way as to minimize the danger of their exclusion from a joint intervention of the Great Powers. They therefore instructed their Ambassador in St. Petersburg, on March 23, 1895, to "tell Lobanoff, citing your instructions, that we, too, are taking a new interest in developments in Eastern Asia, and share his view-point as it appears from your report No. 84 (March 20, 1895). Our interests there do not clash with those of Russia, and we are, therefore, prepared to enter upon an exchange of views with Russia, and eventually to negotiate jointly. . . ." His instructions also urged him to "endeavour to obtain in other quarters, too, as opportunity offers, information about the attitude of Russia and England *re* China and Japan." (144)

The Russian Foreign Minister, Prince Lobanoff, welcomed the German proposal, and agreed that the two countries had no conflict

of interests.(145) It was this gesture of the German Government which led to the creation of the "Dreibund"—the three-Power intervention in the Sino-Japanese peace negotiations. ✓ M. Cordier, the eminent French sinologue, suggests that France was responsible for it. M. Witte declared in his Memoirs that Russia was responsible for it.(146) But it would seem from the German documents that the Germans were the initiators of this particular effort for intervention. Von Brandt, the adviser to the German Government, in a pro-memoria of April the 8th, 1895, says : "The German Government was the cause of the Russian inquiry from the other Cabinets, the result of which now is the Russian proposal to indicate to the Japanese Government the consequences of the annexation of Port Arthur to Japanese relations with China and the European Powers." (147)

The German statesmen had their first opportunity for concerted action with those of Russia, when the Chinese Government requested on March 23, 1895, the assistance of their respective Governments to obtain from Japan a declaration of her peace terms before the conclusion of an armistice.(148) The Russian Government complied with the request made by China, because it did not desire to dissociate itself from that of Great Britain, which had requested it to advise Japan that it regarded the Chinese suggestion as reasonable.(149) The German Government in turn complied with China's request from a desire to become associated with the Russians. On the 27th of March, 1895, it informed its Minister in Tokio that, "in agreement with the Russian Government," it held the desire for peace terms as reasonable, and "counsels the Japanese Government in its own interests to give proof of its love of peace by granting the same." (150)

This is the first indication of a modification in Germany's policy. Though in theory it was one of balance between Russia and Britain, from this time onward for the next ten years, it leaned more and more in the direction of Russia.

The counsel to the Japanese Government had become unnecessary. The Chinese had withdrawn their claim for an armistice, due to the unfavourable conditions upon which alone it could be obtained. The peace terms would, therefore, have to be communicated in due course if peace were to be concluded. The British Minister accordingly abstained from the *démarche* which he had proposed.(151) The other Ministers made it. But the

conduct of the British Minister in abstaining from the *démarche* without notice to the other Ministers increased the distrust of England among them. Owing, however, to the supervention of unforeseen circumstances, an armistice was, as we shall see, declared to take effect on March 31, 1895. (152)

The London *Times* of the day preceding the armistice considered the importance of this event in the situation in the Far East, and expressed the cautious attitude which still existed in Britain with regard to developments in China. It said :

" . . . the more prudent Japanese statesmen have probably come to perceive that a foreign occupation of the Chinese capital might have momentous consequences with which they are not prepared to deal. No stronger proof of this could be given than the conclusion of an armistice at the present moment, when the most serious military obstacles to an advance on the capital have been successfully surmounted. . . . Nor ought we to assume hastily that the war was at an end, for we know, as yet, practically nothing as to the conditions which the victor means to impose, and *it is quite possible that these conditions may be such as cannot be accepted*. When we know what the Cabinet of Tokio demands, we shall be better able to judge whether the armistice is a genuine prelude to peace or merely a temporary suspension of hostilities. In any case, the armistice will have one good result, it will allow of the negotiations being carried far enough to let China know what the policy and aims of the Mikado and his advisers really are—a vital point on which they have hitherto been singularly reticent." (153)

The policy of caution which the British Government had been pursuing was apparently reflected in this editorial of *The Times*. It was evident that the conflict would continue if the Japanese conditions of peace were such "as cannot be accepted."

In the event of such an unequal struggle, the gains of the Japanese might assume such proportions as to compel the Powers to intervene in defence of their common interests in China. Accordingly we find that although Lord Kimberley had previously told Count Hatzfeldt that "Prince Lobanoff's words do not leave room to infer any enthusiasm for an intervention between Japan and China," (154) and had written to him privately on March 24th, "that he (Kimberley) had no great relish for any intervention because, as he told me quite confidentially, local public opinion shows little sympathy with one," (155) yet consistently with the policy which the Government was pursuing, he was well disposed towards a joint intervention of the Powers as long as the possibility

existed that the common interests of the Powers were menaced by Japan. This is manifest from the following report of Count Hatzfeldt to his Government, dated April 1, 1895 :

"Lord Kimberley has just told me that the British Ambassador in St. Petersburg reported telegraphically two days ago, that according to a statement of Prince Lobanoff, the Imperial Chargé d'Affaires has told the latter that Germany was willing, together with Russia and the other participating Powers, to take part in their action concerning China. Prince Lobanoff had expressed to the British Ambassador his satisfaction at the communication, which he supposed would now be repeated in Paris and London. Lord Kimberley added that 'he had hoped when I called upon him to-day, that I had this communication for him, of which he would be very glad.'" (156)

This communication, however, was not made to the British Government. Dr. Otto Franke, in his book *Die Grossmächte in Ostasien*, offers an explanation why it was not made. He says : "Such a special communication was never in fact made in London and Paris. Presumably it was considered superfluous in Paris, as France would hang on to Russia in any case, and as for the London Cabinet, Herr von Holstein, the moving spirit in the German Foreign Office, was just at that time particularly irritated with it on account of its unreliability." (157) Whether we agree with Dr. Franke or not upon these reasons, the fact remains that the co-operation of England with the other Powers after this became quite unlikely unless she was compelled to join in by the development of events. From the outset British statesmen sought to procure German co-operation in any intervention which might take place as a counterpoise to Russia and France. The recent conduct of the German Government in neglecting to inform British statesmen of its agreement with Russia upon intervention raised the doubt whether Germany would become the counterpoise upon which British statesmen reckoned. This view finds some confirmation in Holstein's communication to St. Petersburg that Britain would not "take action before it felt assured by means of an agreement with other Powers." (158)

NOTES

1. *Secret Memoirs of Count Hayashi*, A. M. Pooley, 1915, p. 41.
2. *Ibid.*, pp. 36, 42.
3. *Der Kampf um Asien*, Hans Rohde, vol. ii, p. 21.

4. *Americans in Eastern Asia*, Tyler Dennett, 1922, p. 443. Japan "showed every intention of remaining in possession of the eastern portion of the island."

5. *Fifty Years of New Japan*, Count Okuma, 1910, vol. i, p. 100.

6. *Contemporary Politics in the Far East*, S. Hornbeck, 1916, p. 197.

7. *Ibid.*

8. *Secret Memoirs of Count Hayashi*, pp. 41 and 307 (Summary of the Memorial of Chang-Pei Lun and the Board of Censors, 1882).

9. *Ibid.*, pp. 40-1.

9A. *U.S. Foreign Relations*, 1894, Appendix I, p. 22—Despatch 15, Mr. Sill to Mr. Uhl, June 24, 1894.

10. (1) *Secret Memoirs of Count Hayashi*, p. 37. The murder of Kimok-In at Shanghai, a Korean political refugee in Japan who had been a pawn of the Japanese Foreign Office, "was made the opportunity for the formation of a political association called the 'Anti-Korean Association,' which had for its avowed object the forcing of an active Korean policy on the Imperial (Japanese) Government. It was largely financed by semi-official institutions, and was kept in touch with the authorities by a certain Ryonosuke Okamoto, who has been well described as the stormy petrel of Korean politics. Owing to the intrigues of the 'Anti-Korean Association,' and the financial support accorded from Japan, the Tonghaks started an insurrection movement in Southern Korea towards the end of May 1894."

(2) *U.S. Foreign Relations*, 1894, Appendix I, p. 16—Mr. Heard to Mr. Gresham, May 16, 1894, concerning the Tonghaks: "The whole may be, and probably is, under the control of a political party bent on making trouble for the Government, but who this party is, and what its strength, we have as yet no knowledge."

11. *Ibid.*, p. 20—Despatch 12, Mr. Denby to Mr. Gresham, June 9, 1894.

12. *Ibid.*, p. 24—Despatch 17, Mr. Denby to Mr. Gresham, June 26, 1894.

13. *Ibid.*, p. 20—Despatch 12, Mr. Denby to Mr. Gresham, June 9, 1894.

14. *Ibid.*

15. *Ibid.*

16. *Ibid.*, p. 20—Despatch 13, Mr. Sill to Mr. Gresham, June 18, 1894 ; p. 22—Despatch 15, Mr. Sill to Mr. Uhl, June 24, 1894.

17. *Ibid.*, p. 24—Despatch 17, Mr. Denby to Mr. Gresham, June 26, 1894.

18. *Ibid.*, p. 20—Despatch 13, Mr. Sill to Mr. Gresham, June 18, 1894.

19. *Ibid.*

20. *Ibid.*, p. 22—Despatch 16, Mr. Sill to Mr. Gresham, June 25, 1894 ; p. 25—Despatch 18, Mr. Sill to Mr. Gresham, June 29, 1894.

21. *Ibid.*, p. 23—Despatch 16, Enclosure 1, Korean Minister of Foreign Affairs to Mr. Sill, June 24, 1894.

22. *Ibid.*

24. *Ibid.*, p. 22—Despatch 15, Mr. Sill to Mr. Uhl, June 24, 1894.

25. *Ibid.*, p. 23—Despatch 16, Enclosure 2, Joint Note from the Foreign Representatives at Seoul to the Imperial Chinese and Japanese Representatives.

26. *Ibid.*, p. 24—Despatch 17, Mr. Denby to Mr. Gresham, June 26, 1894.

27. *Ibid.*, p. 25—Despatch 18, Mr. Sill to Mr. Gresham, June 29, 1894, Enclosure 4, p. 27 ; p. 36—Despatch 28, Mr. Gresham to Mr. Bayard, July 20, 1894.

28. *Ibid.*, p. 28—Despatch 19, Mr. Sill to Mr. Gresham, July 2, 1894.

29. *Ibid.*, p. 30—Despatch 21, Mr. Denby to Mr. Gresham, July 6, 1894.

30. *Ibid.*, p. 29—Despatch 20, Enclosure 1, Korean Government to Mr. Ye Sung Soo, June 28, 1894.

31. *Ibid.*, p. 29—Despatch 21, Mr. Denby to Mr. Gresham, July 6, 1894.

32. *U.S. Foreign Relations*, 1894, Appendix I, p. 36—Despatch 28, Mr. Gresham to Mr. Bayard, July 20, 1894.
33. *Ibid.*, p. 76—Despatch 66, Mr. Gresham to Mr. Dun, November 6, 1894—"The deplorable war between Japan and China endangers no policy of the United States in Asia."
34. *Ibid.*, p. 36—Despatch 28, Mr. Gresham to Mr. Dun, November 6, 1894.
35. *Ibid.*
36. *Ibid.*, p. 25—Despatch 17, Mr. Denby to Mr. Gresham, June 26, 1894.
37. *Ibid.*, p. 38—Despatch 28, Mr. Gresham to Mr. Bayard, July 20, 1894.
38. *Ibid.*, p. 32—Despatch 27, Mr. Sill to Mr. Gresham, July 18, 1894.
39. *Ibid.*, p. 38—Despatch 28, Mr. Gresham to Mr. Bayard, July 20, 1894.
40. *Ibid.*
41. *Ibid.*, p. 29—Despatch 19, Mr. Sill to Mr. Gresham, July 2, 1894.
42. *Americans in Eastern Asia*, Tyler Dennett, pp. 468-70.
43. *Ibid.*, p. 471.
44. *Ibid.*, p. 478.
45. *Ibid.*, p. 479.
46. *Ibid.*, p. 480.
- 46A. *Secret Memoirs of Count Hayashi*, A. M. Pooley, 1915, p. 43.
- 46B. *Ibid.*
- 46C. *Ibid.*, p. 44.
- 46D. *Ibid.*
- 46E. *Ibid.*
47. *Ibid.*, p. 42.
48. *U.S. Foreign Relations*, p. 38—Despatch 28, Mr. Gresham to Mr. Bayard, July 20, 1894; p. 82—Despatch 81, Mr. Gresham to Mr. Denby, November 24, 1894.
49. *Secret Memoirs of Count Hayashi*, p. 46.
50. *Ibid.*, or *Fifty Years of New Japan*, Okuma, 1910, vol. i, p. 111.
51. *Ibid.*, p. 46.
52. *Ibid.*
53. *Ibid.*
54. *Ibid.*, p. 47.
55. *Ibid.*, and *U.S. Foreign Relations*, Appendix I, p. 41—Despatch 30, Mr. Sill to Mr. Gresham, July 26, 1894.
56. *U.S. Foreign Relations*, Appendix I, pp. 45-7—Mr. Von Hannekin's statement.
57. *Ibid.*, p. 50—Despatch 38, Enclosure 1, Mr. Otori to Mr. Sill, August 6, 1894.
58. *Ibid.*, p. 50—Despatch 39, Mr. Yang Yü to Mr. Gresham, September 22, 1894.
59. *Ibid.*, p. 52—Despatch 40, Mr. Yang Yü to Mr. Gresham, September 22, 1894.
60. *Ibid.*, p. 54—Despatch 43, Mr. Denby to Mr. Gresham, August 6, 1894.
61. *Ibid.*, p. 55—Despatch 44, Mr. Denby to Mr. Gresham, August 7, 1894.
62. *Ibid.*, p. 71—Despatch 60, Enclosure 1 Tsungli Yamen to Mr. Denby, October 6, 1894.
63. *Ibid.*, p. 58—Despatch 48, Mr. Denby to Mr. Gresham, September 15, 1894.
64. *Ibid.*, p. 55—Despatch 45, Enclosure 1, Kim Yün Sik to Mr. Sill, August 15, 1894.

65. *U.S. Foreign Relations*, p. 93—Despatch 94, Enclosure 1, Mr. Sill to Mr. Gresham, January 15, 1895.
66. *Ibid.*, p. 63—Despatch 54, Enclosure 1, Korea Council Reforms; p. 94—Despatch 95, Enclosure 1, Mr. Sill to Mr. Gresham, January 17, 1895.
67. *Ibid.*, p. 62—Despatch 52, Enclosure 1, Decree of Emperor of China, September 17, 1894.
- 67A. *Board of Trade Journal* (British), vol. xviii, part i, 1895—65.17 per cent. (1894).
68. *U.S. Foreign Relations*, p. 70—Despatch 56, Mr. Goschen to Mr. Gresham, October 6, 1894.
69. *Ibid.*, p. 70—Despatch 59, Mr. Goschen to Mr. Gresham, October 14, 1894.
70. *Ibid.*, p. 70—Despatch 56, Mr. Goschen to Mr. Gresham, October 6, 1894.
71. *Ibid.*, p. 70—Despatch 57, Mr. Uhl to Mr. Gresham, October 10, 1894.
72. *Die Grosse Politik der Europäischen Kabinette*, 1871-1914 (*D.G.P.*), vol. ix, p. 244—Document 2217, Marschall to Schenck zu Schweinsberg, October 14, 1894.
73. *Ibid.*
74. *U.S. Foreign Relations*, 1894, Appendix I, p. 73—Despatch 63, Mr. Denby to Mr. Gresham, November 3, 1894.
75. *Ibid.*, p. 70—Despatch 56, Mr. Goschen to Mr. Gresham, October 6, 1894.
76. *D.G.P.*, vol. ix, p. 245—Document 2218, Marschall to Hatzfeldt, November 12, 1894.
77. *U.S. Foreign Relations*, Appendix I, 1894, p. 79—Despatch 74, Mr. Dun to Mr. Gresham, November 16, 1894.
78. *Ibid.*, p. 76—Despatch 67, Mr. Gresham to Mr. Denby, November 6, 1894.
79. *Ibid.*, p. 76—Despatch 66, Mr. Gresham to Mr. Dun, November 6, 1894.
80. *Ibid.*, p. 79—Despatch 75, Note verbale, November 17, 1894.
81. *Ibid.*, p. 80—Despatch 76, Mr. Dun to Mr. Gresham, November 17, 1894.
82. *Ibid.*, p. 81—Despatch 80, Mr. Denby to Mr. Gresham, November 23, 1894.
83. *Ibid.*, p. 83—Despatch 85, Mr. Dun to Mr. Gresham, December 7, 1894.
84. *D.G.P.*, vol. ix, p. 245—Document 2219, Hohenlohe to Marschall, November 17, 1894.
85. *Ibid.*
86. *Ibid.*, p. 246—Document 2220, Marschall to Hohenlohe, November 17, 1894.
- 86A. *Ibid.*
87. *Ibid.*, p. 247.
88. *Ibid.*, p. 248—Document 2221, Schenck to Hohenlohe.
89. 1846; also *ibid.*, p. 249—Document 2222, Marschall to Hatzfeldt, February 1, 1894—Memorandum to Klehmet.
90. *U.S. Foreign Relations*, 1894, Appendix I, p. 98—Document 99, Enclosure 1, Mr. Dun to Mr. Gresham, February 4, 1895.
91. *Ibid.*, p. 97—Document 99, Mr. Dun to Mr. Gresham, February 4, 1895.
92. *Ibid.*, p. 102—Speech of Count Ito to Chinese Delegates, February 2, 1895.

93. *Diplomatic Memoirs*, J. W. Foster, vol. ii, p. 116.
94. *U.S. Foreign Relations*, Document 100, Mr. Dun to Mr. Gresham, February 5, 1895.
95. *Von Bismarck zum Weltkrieg*, Erich Brandenburg, p. 47—Documents, February 3, 6 and 9, 1895.
96. de Staäl Papers—M. de Staäl to Mr. Chichkine, February 6, 1895; *D.G.P.*, vol. ix, p. 251, Hatzfeldt to Foreign Office, February 9, 1895.
97. *D.G.P.*, vol. ix, p. 251—Document 2223, Hatzfeldt to Foreign Office, February 6, 1895.
98. *Ibid.*
99. de Staäl Papers—de Staäl to Chichkine, February 6, 1895.
100. *D.G.P.*, vol. ix, p. 251—Document 2223, Hatzfeldt to Foreign Office, February 6, 1895.
101. *London Times*, February 21, 1895.
102. *Pall Mall Gazette*, February 22, 1895.
103. de Staäl Papers—Chichkine to de Staäl, February 8, 1895.
104. *Ibid.*
105. *Memoirs of Count Witte*, Yarmolinsky, p. 83.
106. See p. 119. *D.G.P.*, vol. ix, p. 408—Document 2349, Münster to Hohenlohe, April 28, 1895.
107. *Ibid.*, p. 251—Document 2223, Hatzfeldt to Foreign Office, February 6, 1895.
108. *Ibid.*, p. 255, footnote—Document 2227, Pro Memoria of Klehmet, February 20, 1895.
109. *Ibid.*, pp. 251-2, footnote.
110. *Von Bismarck zum Weltkrieg*, Erich Brandenburg, p. 49—Hatzfeldt to Foreign Office, March 6, 1895.
111. de Staäl Papers—de Staäl to Chichkine, March 6, 1895, Secret Letter.
112. *Ibid.*, Prince Lobanoff to M. de Staäl, March 15, 1895.
113. *Ibid.*, Copy of letter from M. Hitrawo to St. Petersburg, February 15, 1895.
114. *Die Grossmächte in Ostasien*, O. Franke, p. 51.
115. *Ibid.*
116. *Von Bismarck zum Weltkrieg*, Erich Brandenburg, p. 46—Rundschreiben, Marschall's, March 10th; Tschirsky, March 20th.
117. *D.G.P.*, vol. ix, p. 252—Document 2225, Schenck to Foreign Office, March 3, 1895.
118. *Die Grossmächte in Ostasien*, O. Franke, p. 52.
119. *Ibid.*
120. *Von Bismarck zum Weltkrieg*, Erich Brandenburg, p. 49.
121. *D.G.P.*, vol. ix, p. 253—Document 2226, Marschall to Gutschmidt, March 6, 1895.
- 121A. See p. 79, ref. 101.
122. *London Times*, March 9, p. 7.
123. *Ibid.*, March 15, 1895.
124. *Die Grossmächte in Ostasien*, O. Franke, p. 57.
125. *Secret Memoirs of Count Hayashi*, pp. 73-4.
126. See pp. 82-84.
127. *D.G.P.*, vol. ix, p. 256—Document 2227, Hohenlohe to William II, March 19, 1895.
128. Brandenburg, p. 46—Rundschreiben, Marschall's, March 10th; Tschirsky, March 20th.

129. *D.G.P.*, vol. ix, p. 256—Document 2227, Hohenlohe to William II, March 19, 1895.
130. *London Times*, March 16, 1895.
131. *Ibid.*, March 29, 1895.
132. *Die Grossmächte in Ostasien*, O. Franke, p. 106.
133. *London Times*, March 1895.
134. *St. James's Gazette*, March 18, 1895.
135. *D.G.P.*, vol. ix, p. 256—Document 2227, Hohenlohe to William II, March 19, 1895.
136. *London Times*, February 28, 1895.
137. *D.G.P.*, vol. ix, p. 256—Document 2227, Hohenlohe to William II, March 19, 1895.
138. *Ibid.*
139. *Ibid.*, p. 257.
140. *Ibid.*
141. *Ibid.*
142. *Ibid.*, p. 258.
143. *Ibid.*—Document 2238, Marschall to Tschirsky, March 23, 1895.
144. *Ibid.*
145. *Ibid.*, p. 259—Document 2229, Tschirsky to Foreign Office, March 25, 1895—Document 2230, Marschall to Tschirsky, March 27, 1895.
146. *Memoirs of Count Witte*, Yarmolinsky, pp. 83-4.
147. *D.G.P.*, vol. ix, p. 265—Document 2238, Memo of Von Brandt, April 8, 1895.
148. *Ibid.*, p. 259, footnote.
149. *Ibid.*, p. 260—Document 2230, Marschall to Tschirsky, March 27, 1895.
150. *Ibid.*
151. *Die Grossmächte in Ostasien*, O. Franke, pp. 62, 63.
152. *D.G.P.*, vol. ix, p. 258, footnote.
153. *London Times*, March 30, 1895, p. 11, col. f.
154. *Die Grossmächte in Ostasien*, O. Franke, p. 59.
155. *Ibid.*
156. *Ibid.*, p. 62.
157. *Ibid.*
158. *Ibid.*, p. 72.

CHAPTER IV

THE PEACE NEGOTIATIONS

Li Hung Chang heads Chinese peace mission—Conference of Shimonoseki opens, March 21, 1895—China's proposal for an armistice—Japan's armistice terms—Li Hung Chang shot, March 24, 1895—Armistice declared—Japan's peace proposals submitted in writing, April 1, 1895—The Chinese amendments, April 9, 1895—Japan modifies her terms—The Japanese ultimatum—Ito's communication of April 13, 1895—Japan's ambitions—Britain's attitude on April 3, 1895—China's communication of April 1895—German uneasiness—Instructions to their ambassadors in London and St. Petersburg—Basis of fear—Russia's decision of March 30, 1895—St. Petersburg's attitude towards Germany's overture—London's attitude—Berlin presses London for decisive answer—Lord Kimberley's opinion upon Far Eastern situation—British Cabinet's decision, April 8, 1895—Consistency of British policy—Editorial *London Times*, April 8, 1895—Russia's proposal of April 8, 1895—Britain's attitude—Germany summons Van Brandt—Germany's motives in co-operating with Russia—British co-operation sought by Germany—British interest again aroused, April 10, 1895—France seeks Britain's co-operation, April 12, 1895—Her motive—Peace of Shimonoseki signed, April 7, 1895—Dr. Otto Franke's view of the preceding negotiations—His criticism of British policy—The weakness of his case—Britain's policy—The policies of Germany, France and Russia—Groundlessness of Dr. Franke's charge that Britain desired to Indianize China—Russian plans—M. de Staël's appreciation of Britain's policy.

CHINA, eager to put an end to the conflict, had been making every effort to resume negotiations for peace. The Empress reinstated Li Hung Chang, who was her foremost diplomat, and appointed him to head the new Chinese peace mission to Japan.(1) On March the 2nd Japan accepted his name as plenipotentiary, and Shimonoseki was fixed as the location for the Peace Conference.(2) Nineteen days later, on March the 21st, 1895, the Conference of Shimonoseki was opened.(3) The first proposal of China to the Japanese delegates was that an armistice should be declared during the negotiations.(4) China had already attempted to obtain this assurance through the Russian Government before coming to the Conference. The Russian Foreign Minister, Prince Lobanoff, had, however, declined to act on China's behalf. His explanation for this refusal was that it would constitute an

interference between the belligerents.(5) His refusal was probably due to the fact that Japan had complied with his proposed peace terms concerning Korea in the month of February.(6)

Count Ito was agreeable to the Chinese proposal for an armistice, but demanded that during the armistice the Chinese should turn over to the Japanese army for safe keeping Shan-hai-kuan, Taku and Tientsin, "with the railway connecting them, which would open Peking to the unobstructed occupation of the Japanese." (7) These were the best terms which the Japanese were prepared to offer for an armistice.(8) But China's plenipotentiaries could under no circumstances agree to terms which subsequently would have enabled the Japanese to impose upon China almost any peace conditions. Li Hung Chang consequently declined to acquiesce in them, and the war continued.(9) But three days later, on the 24th, an unexpected event occurred which obtained the armistice for the Chinese, without the objectionable conditions. Li Hung Chang was shot by a Japanese fanatic.(10) The Japanese Government, on March 27th, declared an armistice on all fronts for three weeks, save in respect of Formosa and the Pescadores.* Li Hung Chang recovered from the attack and was assisted in the negotiations by his son, Li King Fang. On April 1st, Japan presented her proposals for peace in writing to the Chinese Plenipotentiaries. She demanded : (11)

1. The recognition *by China* of the full and complete independence of Korea.
2. The cession to Japan of Formosa, the Pescadores, and the territories of Southern Manchuria "situated between the Yalu and the Leao, down to the south of the Liaotung Peninsula," Port Arthur and Talienwan to be included.
3. The payment to Japan of a war indemnity of 300 million Kuping taels in five instalments.
4. The conclusion between the two countries of a new treaty of commerce and navigation, and of a convention to regulate their frontier intercourse and trade, on the basis of China's treaties with the Western Powers.
5. Most-favoured-nation treatment for Japan.
6. The opening of seven new ports to the "trade, residence, industry and manufactures of Japanese subjects," and the right to station consuls there.
7. The right to navigate the Upper Yangtze River with steam vessels from Ichang to Chungking; the Siang River and Lake Tungting from the Yangtze River to Siangtan; the West River from

Canton to Wuchow; the Woosung River and the canal from Shanghai to Soochow and Hangchow.

8. Exemption from every kind of internal taxation upon foreign goods imported by Japanese subjects upon payment of a 2 per cent. commutation tax. Chinese goods intended for home consumption to be free of all taxation, import duty or export duty, save the coast trade duties, when conveyed in Japanese vessels.
9. The right of Japanese subjects to establish warehouses in the interior.
10. The right of Japanese subjects to engage in all kinds of industries and to import machinery.
11. All merchandise manufactured by Japanese subjects in China to be on the same footing as imported Japanese goods in respect of exemption from taxation, etc.
12. An understanding by China to remove the Woosung bar which obstructed the water approach to Shanghai.
13. Fengtienfu to be evacuated by the Japanese after payment of the first two instalments of the war indemnity; •Weihaiwei upon payment of the final indemnity. No evacuation to take place until the treaty of commerce and navigation was concluded and ratified.
14. Several other minor military matters were also dealt with.

The Chinese were given four days in which to consider these terms and to reply to them. Their reply was an objection to almost every term proposed.(12) On the 6th of April, the Japanese asked them for counter-proposals.(13) Three days later China put forward certain amendments.

Principal among these were the following : (14)

1. China and Japan to recognize Korea's independence, guarantee its neutrality and to abstain from interference in its internal affairs.
2. Cession of territory to be limited to the Pescadores and one prefecture, one sub-prefecture and two districts in the south of the Fengtien Province.
3. A war indemnity of one hundred million Kuping taels.
4. No taxation changes, but Japan to be upon the same footing as the Western Powers in that respect.
5. *Reciprocal* most-favoured-nation status.
6. Evacuation of China within one month of the *exchange of ratifications of the treaty*, apart from the temporary occupation of Weihaiwei, whence half the Japanese forces to be withdrawn upon payment of the first two instalments, and the remainder upon payment of the final instalment.

In addition China put forward the following stipulation in the event of a subsequent dispute arising out of the treaty :

7. Submission to be made to an arbitrator for the interpretation of the Treaty of Peace, Treaty of Commerce and Navigation and the Convention for frontier intercourse in the event of the failure to reach an agreement by means of the usual channels of diplomacy. (15)

The Japanese Government thereupon introduced several modifications in their own peace proposals, which on the 10th of April (16) in their modified form they declared to be final. On the following day they supplemented it by an ultimatum containing a warning that "war is progressive in its consequences as well as its operations, and that it is not to be expected that conditions of peace which Japan is now happily able to accept will be possible later on." (17)

This meant that although Japan insisted that China should recognize the independence of Korea and its neutrality, and undertake to abstain from interference in the internal affairs of that country, she refused to oblige herself to do so. She made practically no reduction in her territorial demands. She declined to give China most-favoured-nation treatment in Japan; she did not accept the Chinese proposals for evacuation nor for the appointment of an arbitrator in case of a dispute over the interpretation of their agreements; she insisted that there would be no evacuation until the ratification of the treaty of commerce and navigation.* The concession which she had made in the modified peace proposals of April 10th were a reduction of the indemnity by one-third, i.e. to 200 million taels; the adoption of easier terms of payment; the acceptance of one place instead of two for temporary occupation; a financial guarantee for the payment of the indemnity instead of a territorial one—viz. the revenues of the Maritime Customs; the suppression of the clauses regarding the commutation of internal taxation; the withdrawal of the claim for the removal of the obstruction to navigation at the mouth of the Huangpu River, the reduction of the number of new treaty ports demanded from seven to four, and a withdrawal of the claim to navigate the Siang River and Lake Tungling from the Yangtze River to Siangtan and the West River from Canton to Wuchow.†

These terms were still onerous for the Chinese. They were only permitted a single conference at which to discuss the Japanese terms, (18) and the peace agreed upon was virtually an imposed peace. The only two modifications of any importance made by

Japan were the reduction of the war indemnity and the withdrawal of the commutation of taxation clause. The Chinese plenipotentiaries received the intimation of the finality of the Japanese proposals with a protest, setting out in detail the terms which they considered derogatory to the sovereignty of an independent State.(19) They proposed to submit the reply to these proposals which their Emperor would authorize them to make. But the Japanese were determined not to allow the Chinese to prolong the negotiations. They were anxious to arrange the peace quickly so as to avoid the intervention of the Powers if that were possible. Count Ito, on the following day, April 13th, made it clear that the Japanese proposals were "no longer open to discussion." China was informed that if she did not see fit to accept them Japan would have "to disclaim all responsibility for the consequences." (20)

The peace which Japan compelled China to accept was a *Pax japonica*. Her refusal to accept the self-denial obligations in respect of Korea was an indication of her political intentions with respect to that country. Though the peace terms of the Japanese were difficult for the Chinese, they were not only consistent with their promises to Britain and Russia concerning the independence of Korea,(21) but were calculated to meet with the approval of the British Government. Japan, in spite of the comparative unimportance of her trade in China, laid claim to far-reaching commercial advantages which the British commercial community had long desired, but had so far failed to obtain. Were she to obtain them, the British would also obtain them, in virtue of their most-favoured-nation status. Indeed the British trader would probably benefit more than the Japanese themselves from the advantages resulting from demands 4, 6, 7, 8, 9, 10, 11, 12, in view of the preponderance of British trade in China.

In imposing the above terms, however, Japan had disdained to purchase the passivity of the Powers by her moderation, as advised by Germany (22) on March 8th, or to heed the opinion of John W. Foster, the American adviser to the Chinese delegation, that "Russia would not permit Japan to occupy the mainland so threateningly near to Peking, and that it was not good policy to insist upon it." (22A) She had, instead, tried to buy the Powers off at China's expense. On the morrow of her making known

her terms for the first time to the Chinese Plenipotentiaries, i.e. April 2, 1895, she made her first move in *Realpolitik*. Mr. Aoki, the Japanese Minister at Berlin, intimated to the German Government that "Japan would demand part of Manchuria and, above all, the Liaotung Peninsula with Port Arthur. The latter was to become a sort of Gibraltar for the Gulf of Pechili. Without this territory," in his view, "the independence of Korea existed only on paper. Out of consideration for the Chinese dynasty there was no thought of Mukden." (23) In preparation for this day, the Japanese Foreign Office had closely observed the methods of European diplomacy. They were conscious of the necessity of compensating other Powers for any gains they might make in China. They were, therefore, ready to offer to each of these Powers territorial compensation in China. The European nations generally compensated each other by allowing the other to acquire something over which the acquiescing Power had neither title nor control. Japan proposed to do the same in respect of China. Mr. Aoki indicated that Japan would not oppose the acquisition by Russia of a part of Manchuria for her railway, and that Britain would probably obtain Chusan, and he urged Germany to claim a possession in South-East China which he characterized "as far more valuable than all our (Germany's) colonies in Africa." (24) Whether a similar communication was made simultaneously in London, Paris and St. Petersburg there are as yet no means of ascertaining. At all events Count Hatzfeldt reported to his Government on the next day, April 3, 1895, what was the attitude of the British Government towards the situation in the Far East, in the following language: "What is regarded as the greatest danger here is not indeed the extension of Japan by territorial annexations, but the eventuality that China may become completely dependent on Japan politically, either by means of an alliance or in some other way; and that the latter (Japan) may in time represent an enormous power, if she succeeds, by introducing civilization into China, in developing the inexhaustible resources of that country and in making them suitable for her purposes. The recognition of this danger has had the natural consequence, without increasing the real sympathy for Japan, of everything being avoided that might lead to a serious and permanent misunderstanding between England and Japan." (25) M. de Staël, the Russian Ambassador, wrote a letter to Prince Lobanoff on the

same day, which substantially expressed the view contained in the foregoing report.(26) But the fears of British statesmen were soon to be allayed. On the very next day, i.e. on April 4, 1895, China informed the Powers of the scope of Japan's conditions of peace.(27)

Japan had demanded as her terms of peace, "Formosa, Liaotung up to 41° N. Lat. and up to the harbour of Niuchuang, including three hundred million taels, numerous provisions, alleged to be still unknown to the Tsungli Yamen, for commerce and the revision of treaties."(28) The Chinese considered these unduly onerous, and turned to the Great Powers, requesting "intercession armistice moderation indemnity," and they maintained that they could "cede of Liaotung at most eastern districts with Fenghwangchang." (29)

Although the German Kaiser had considered the Japanese terms eminently fair on April 2nd,(30) he and his Government now became very nervous about the situation which was likely to develop in the Far East in consequence of the Japanese peace terms. In substance they adopted the attitude which the British Government had entertained until then.

The imagination of the Kaiser conjured up the spectre of the "Yellow Peril," which was but an accentuated form of the British fear of a China-Japanese Alliance. He envisaged now in the East Asiatic struggles the prelude to the great clash of the White and the Yellow races, between Christianity and Buddhism; he already saw Yellow armies and armoured squadrons, stronger than all the European ones together, getting into motion to overrun and overthrow our old Europe.(31) He therefore came to the conclusion that Japan must be arrested in her ambitions. Marschall, the German Foreign Secretary, likewise viewed "such far-reaching (Japanese) demands not without anxiety because, in their consequences, they might also endanger the peace of Europe." (32) He seriously feared that Port Arthur in Japanese hands "would become a second Gibraltar, give Japan domination of the Gulf of Pechili, and thereby reduce China to the position of a protectorate of Japan." (33) The sudden development of these fears in German political circles stands in sharp contrast with the view held but one month previously by the German Government and expressed in the précis submitted to the British Government on March the 1st. German statesmen then held

the view that "the practical danger of a collapse of the Chinese Empire seems to us to be still remote." (34)

Now, in the full conviction of its belief, the German Government became extremely active at the capitals of the other Great Powers. Its Ambassador in St. Petersburg was instructed to discuss the situation in the East frankly but academically with Prince Lobanoff. (35) Its London Ambassador was confidentially apprised of Japan's plan to purchase Russia's passivity by allowing her to annex Manchuria and Possiet Bay, and was urged in stressing British interests to point out that the Japanese demands "will make the questions of the further existence of China, and of territorial acquisitions by the European Powers, actual, and therefore involve for those most concerned a danger of war not to be underrated." (36) It would seem, however, that underlying this fear of Japan's expansion was still another and perhaps even more important one. The anxiety lest England and Russia, by way of compensation for Japan's gains, should agree upon territorial acquisitions in China independently of Germany still troubled the German diplomats. (37) They felt it were better to postpone this question, until Germany could ensure for herself a share commensurate with her status as a Great Power. The German Foreign Office accordingly believed that it would be best for German interests "if Japan did further reduce her demands, as all claims for compensation would then disappear." (38) To this end *démarches* had, as indicated above, been made in St. Petersburg and London. There can scarcely be any doubt that even though Holstein wrote to Count Hatzfeldt on April 5th that Germany "is pursuing in this affair only the twofold object of obviating a union of the Yellow races with a Japanese spearhead, and at the same time to reduce the friction between Britain and Russia to a minimum," (39) that the ultimate object of its action was to prevent any alteration in the European balance of power, to her disadvantage.

The German point of view was appreciated by Prince Lobanoff. The Russian Government had already decided in conference, on March 30, 1895, upon the advice of Count Witte, the Russian statesman and Finance Minister, that it was in Russia's best interest that the boundaries of China should remain unaltered, and "that no Power be allowed to increase its territorial possessions at China's expense." M. Witte "insisted on the necessity of

thwarting the execution of the peace treaty between Japan and China." (40) He regarded Japan's presence upon the continent in proximity to Korea as inimical to Russia's interests there, and as a serious menace to the plans entertained by his Government and entrepreneurs for the peaceful penetration of Manchuria. Consequently the policy of Russia aimed at preserving the *status quo ante bellum* in Northern China. (41)

The statesmen of Russia proposed to achieve this by advising Japan, at first amicably and then, if need be, with the inducement of force, to desist from the occupation of Southern Manchuria on the ground that such an occupation would injure Russian interests and would be a constant menace to the peace of the Far East. (42) They planned to issue a statement to the European Powers and to China to the effect that whilst Russia desired no territory for herself, it insisted, for the protection of Russian interests, that Japan desist from the occupation of Southern Manchuria. (43) Germany's overture of April 4, 1895, therefore naturally met with a favourable reception in St. Petersburg, since it harmonized with Russia's own plans and could only assist her in realizing them.

On April 6, 1895, the Russian Ambassador continued in Berlin the conversation commenced at St. Petersburg. He informed the German Foreign Office that Prince Lobanoff "desired to learn the view of the Imperial Government on the existing situation." Baron von Marschall, the Foreign Secretary, in reply stated that "there were objections to the Japanese gains on the mainland, in particular with regard to Port Arthur, that Japan's dominion over China was thereby rendered possible. A union of the Yellow races under Japanese leadership, however, decidedly affected European interests. An exchange of views on the subject appears to be desirable." (44)

The German overture of April 4, 1895, did not meet with as immediate a response in London as it had in St. Petersburg. Although the British had consistently put forward the same point of view, before Japanese peace terms were known as the Germans advanced after they were known, British statesmen did not eagerly agree to join the German Government in any joint action now. The attitude of the British Government remained doubtful for some days. Count Hatzfeldt could only report to his Government that although Lord Kimberley shared his view that Japan's

occupation of Port Arthur would result in the establishment of a protectorate over China and endanger China's independence, yet he was not convinced that the other Powers, namely Russia and France, would consider themselves menaced in any way by a tottering China. Hatzfeldt's own impression was "that to date no sort of *entente* exists between England, France and Russia respecting either acquisitions of land or a united attitude in the matter. Should it be agreed upon to recommend moderation to Japan, and in particular to declare the acquisition of Port Arthur to be out of the question, then, so far as I can judge, this country will notstand aloof. But if St. Petersburg shows itself indifferent, it is very much to be doubted whether the British Government will take action alone. It will then be a question of agreement amongst the interested Powers." (45)

The German Government were, however, eager for a more positive attitude by the British Government. Upon receipt of a favourable reply from St. Petersburg, on April 6th, it again addressed itself to England to obtain its adherence to the common action of the other Powers to preserve the territorial integrity of China. Lord Kimberley did not formally reply to the request of the German statesmen. He, however, expressed his personal opinion that Britain was not menaced by Japan's terms, "that the cession of Liaotung will threaten Russian interests, particularly in respect of Korea," whereas "British interests are concentrated principally in and about Shanghai." He believed that the danger to the Chinese Capital could be removed if they (the Chinese) removed the Residency from Peking to the former ancient capital of the realm, Nanking." (46) Notwithstanding the expression of this personal opinion, Count Hatzfeldt reported to his Foreign Office, that "On the whole he quite agreed with me that it would be more to England's interest, too, for no Power to obtain a pretext for demanding territorial concessions, and for his part, even thought that Britain did not need or desire anything. . . . Upon my observing, however, that she would, of course, not stay behind if others after all did take such a step, he said with a smile, casting a glance at the map in front of us, that he could see on it even the not very important point which would be required here, and I hardly doubt that he meant Chusan." (47)

The German proposal for co-operation with the Powers was formally considered by the British Cabinet on April 8, 1895, and

the German and Russian Governments were informed "that Britain's interest in East Asia was not sufficiently prejudiced by the Japanese peace terms to justify an intervention, which apparently could only be executed by force." (48)

In arriving at this decision, the British Cabinet had not altered the policy it had followed until then with respect to China and Japan. The two pivots around which its policy had, and still revolved, were the magnitude of Japan's control over China and the effect of such control upon British trade in China. Japan's peace terms, in the opinion of the British Cabinet, did not justify their previous fears. They therefore removed the only reasons for a British intervention. Should the development of further events, however, reassert the conditions which justified interference between Japan and China, Britain's Cabinet would again be prepared to join a European concert.

The London *Times* of April the 8th made this unmistakably clear in an editorial which discussed the peace terms. It said: "These conditions, which have been foreseen for some time, are now supplemented by others of a character evidently calculated to conciliate the good will of Europe." The editorial stated these, and emphasized the fact that they were not intended to be exclusive, since "the Japanese Government disavow the intention of claiming any peculiar privileges for themselves or any interference with the rights guaranteed to the European Powers by treaty." Though these peace terms did not warrant any interference on the part of Britain, yet *The Times* warned Japan that a British intervention was not precluded if Japan entertained greater ambitions in respect of Chinese territory than had been disclosed already. It defined Britain's attitude thus :

"If Japan were to endeavour to occupy a large part of the mainland of China, difficulties would probably arise with several European Powers. Though this country would not be the most directly interested, it might not be possible for us to maintain an entirely neutral attitude. But the propositions of the Japanese seem to be reduced, on this point, to the demand for the occupation of the Liaotung Peninsula. It does not appear that there is any reason why this country, at any rate, should interfere to prevent the cession of this small corner of outlying Chinese territory to Japan. British interests, as far as we can see, are not in any way threatened by this stipulation, while by other parts of the agreement they may be possibly advanced. We have no title to meddle in these negotiations unless British interests are injured or imperilled." (49)

The statesmen of Russia, on the other hand, believed that the interests of their Government were imperilled by this treaty. On the same day, April 8, 1895, they took action to safeguard them. They proposed to the other Powers that they should make a communication to the Japanese Government in the following form :

"The annexation of Port Arthur by Japan would be a lasting hindrance to the re-establishment of good relations between China and Japan, and a perpetual menace to the peace of Eastern Asia." (50)

The British Government's attitude towards this proposal has been already referred to. The German Government, which was already predisposed to accept the Russian suggestion, summoned the advice of its expert, Herr von Brandt. He recommended co-operation with Russia. The reasons for this were set out in a memorandum of April 8, 1895, which follows :

"True, Russia is interested in preserving China's possessions on the mainland, primarily from political and military motives, but there can hardly be any doubt that the economic changes, which a greater dependence of China on Japan must inevitably bring in its train, will be felt by all the other Powers which have intercourse with China. For this reason alone it seems well for us to consent to the Russian proposal without reservations. But probably the political consideration is even weightier, inasmuch as our co-operation with Russia in this East Asiatic affair must have an influence not to be underrated on Russia's attitude towards us in Europe as well. Should France dissociate herself from the measure proposed by Russia, there results, *ipso facto*, a loosening of the Franco-Russian bonds, even outwardly; if she concurs, then it becomes difficult, if not impossible, for England to stand aloof whatever the ulterior motives and vacillations of the Rosebery Cabinet may be; and joint representation of foreign interests, which is so important, is then assured. In addition, an action in common with Russia holds out the possibility of obtaining from a grateful China—that she should be such must, of course, be seen to—the cession or lease—which in practice would amount to the same thing—of a place for a naval and coaling station." (51)

The foregoing view merely strengthened the attitude of the German Foreign Office upon intervention. Von Brandt had furnished it with additional reasons for continuing a policy which served primarily the interests of the German State, and only incidentally those of Russia, China and Europe. On April 8, 1895, the German Minister in Tokio was instructed to make the

declaration suggested by Russia in co-operation with the Russian Minister there.(52)

Von Brandt had a further opportunity to develop his theme in an audience with the Kaiser on April 9, 1895. He painted in vivid colours the Yellow Peril, and urged upon the Kaiser the necessity for a general European intervention without considering the individual advantages to be derived from it. He regarded Russia as the strongest safeguard against the Mongol world, and stressed the fact that it must, therefore, be assisted in building its railway through Manchuria. As a more immediate danger he foresaw the possibility of an Anglo-Japanese Alliance.(53)

William II of Germany shared von Brandt's view that it was in the best interests of Germany to assist Russia. He gave expression to his concurrence in a marginal note to von Brandt's memorandum. In this he said : " It is a question of supporting Russia in this matter for the sake of producing as great a relief of pressure as possible upon our Eastern border. . . . It is also in our interest to direct Russia to the East where her true missions lie." (54)

The Kaiser's motive for supporting Russian policy in the Far East is stated, perhaps, even more clearly in a marginal note to a despatch from Vienna, dated April the 7th, in which von Eulenberg, his Ambassador there, informed him that Count Osten Sacken had stated that if Germany preserved the peace, Russia would guarantee peace upon Germany's frontier.(55) In this marginal note the Kaiser, impressed by this news, said : " Russia, if openly supported by us, will also treat our wishes justly. England herself will, at best, only try to exploit us and will leave us in the lurch at the last moment. The promise with reference to guaranteeing our Eastern frontier, if we keep the peace, is of great value, and our gratitude for this is best expressed by the united approach in the Orient ! " (56)

But German statesmen feared that their objects would not be achieved. It became doubtful whether the intervention would take place. Their Ambassador in Paris reported that M. Hanotaux " must reserve decision on a step by the three Powers without England." Thereupon Holstein of the German Foreign Office again sought to secure the co-operation of Great Britain, and pointed out to her Ministers the danger of isolation.(58) But British statesmen adhered to their decision not to intervene.

But upon being informed on April 10, 1895, by the Chinese chargé d'affaires that China had refused to accept the Japanese peace terms, Lord Kimberley again became well disposed towards intervention with the other Powers. The continuation of the war became a reasonable possibility, and "a new situation would thus arise which might lead here to a modified outlook and other decisions. He therefore urgently desired to continue unchanged the friendly exchanges of views with the other Powers concerned in particular with us (viz. the Germans)." (59) The Chinese, however, soon agreed to the Japanese terms of peace.* This again allayed the fears of British statesmen that the prolongation of the war might result in new and greater Japanese successes, which might necessitate intervention. Accordingly they again declined to associate themselves with the other Powers in a common action which could only serve rival interests and no specifically British purpose.

On April 12, 1895, the French Cabinet agreed to the proposal of the Russian Government for intervention against Japan. M. Hanotaux at the same time declared his readiness to intervene with Russia and Germany, even though England abstained from the joint action of the Powers.(60) His Ambassador in London, nevertheless, urged upon the statesmen of Britain the responsibility they were assuming in separating their country from the other Powers.(61) The Ministers of France were anxious for Britain's adherence to the intervention to be able to appease the public opinion of France, which was reluctant to join hands with Germany upon the twenty-fifth anniversary of the loss of Alsace-Lorraine unless it were in a general European intervention. Another reason is, perhaps, to be found in a contemporary article of the *Figaro*, which stated that if Britain did not intervene she would "open up the markets of the Rising Sun (Japan), whilst France will be alienated." (62) France's Ambassador was unsuccessful in London. The British decision not to intervene remained unaltered. For several days Prince Lobanoff hesitated with his plans. It was rumoured that Britain had an alliance with Japan.(63) He was still uncertain about Britain's course. On April 17, 1895, the Treaty of Shimonoseki was signed by the Chinese and Japanese Plenipotentiaries. China agreed to the modified Japanese terms in their entirety. The diplomats of Japan had succeeded in furthering the prestige, power and

ambitions of their country. They were, however, soon to be confronted with a new situation arising out of the peace terms—the intervention of the Powers.

Dr. Otto Franke, the German authority upon the Far East,¹¹ has taken a different view of the negotiations which preceded the intervention of the three Powers than is recorded above. In his zeal to justify the policy pursued by German statesmen at the time he has sought to give their policy a tinge of altruism and to attribute ulterior motives to Britain for not having joined the intervention of the other Powers. After referring to the personal utterances of Lord Kimberley, mentioned above on page 110, without, however, including that part of it in which Lord Kimberley agrees that Britain's best interests would be attained if no Power were allowed to make any annexations,⁽⁶⁴⁾ he states his case thus :

"These statements of the English statesman, with their 'yes' and 'but,' show, on the one hand, the utter helplessness of the leading Minister, on the other hand, however, they allow such a deep insight into the plans of other political circles of England that Lord Kimberley would certainly not have made them had he known their scope. A transference of the Chinese Metropolis to the south of the Yangtze, whose estuary was to be dominated by the essentially English Shanghai and by a strong English naval base on Chusan Island, and a cession of the north to the Japanese, such was the aim of those unofficial politicians who understood more about the business than Lord Kimberley did. Then there was the new protective wall against Russia which was necessary, and the Central Government of the rest of China, dominated by English naval guns, such is under English protection and influence; the Indianization of decaying China would begin. We listen here to the same voices which in Peking were urging the continuation of the struggle to weaken Japan, the ceding of the north and the transference of the capital to the interior. There were then political personalities in England who were less assuming in their claims than the Cabinet, and the touching modesty with which Lord Kimberley called 'the not very important point, which would be acquired here,' England's only demand, may have had a good effect on all who did not understand more of East Asiatic matters than he himself. What was the desire of Russia for an ice-free harbour on the coast of Korea compared with these gigantic plans!"

Dr. Franke also enters into a criticism of the manner in which British statesmen conducted their policy while the Intervention Question was before the Powers. He says :

"Fear of Russia and fear of Japan, a strengthening of the Russian position and a strengthening of the United 'Yellow race,' these were the

poles between which the policy of Lord Rosebery vacillated. And the inner unsteadiness was manifest in the half-measures hitherto adopted and in the fretful regard for the opinion of others. Instead of taking a lead in the matter as England could and ought to have done, she never emerged from this eternal hesitation and deliberation, and in the end shut her eyes and did nothing. It is not to be wondered at, then, that a growing mistrust against England's attitude arose in Russia during March, which grew particularly strong at the end of the month, because of the very bad impression the London Cabinet made in handling the armistice question. We have repeatedly seen what great efforts St. Petersburg made to remain together with England, though the motives might have been largely due to its own unpreparedness. And with the apprehension, and desires of the Czar and Prince Lobanoff, there can hardly be a doubt that had there been in England a powerful leadership, Russia would have submitted to this leadership and would not have gone further in the East than would suit England, in spite of all the pressure of the Asiatic Department and its following. But the nearer they approached the time for action, the more ambiguous became the attitude of the London Government, and the more unpromising a united policy." (65)

Dr. Franke has not, however, supported either his first or his second contention with irrefutable evidence. To prove his thesis he has had to resort to various devices. He has under-quoted in cases where a more complete quotation would have destroyed his opinion or given to the event in question a different interpretation.(66) He has read into newspaper reports a meaning quite different from that to be gained from their clear and unambiguous context.(67) He has given to newspaper reports or rumours the force and value of diplomatic decisions without submitting any diplomatic documents to confirm such an interpretation,(68) and without being able to point to the subsequent conduct of the Governments as evidence of previous decisions. He has attributed to Russia a policy which he gives no valid reason for believing to be the policy she in fact pursued.(69) He has cited those parts of diplomatic documents which substantiate his views and has omitted to cite those parts which break down his contentions.(70) Under these circumstances he has succeeded in building up an imaginary case against Britain. But, at the same time, he has demonstrated that he has completely failed to comprehend British policy of the period which he has characterized as vacillating.

There was both logic and consistency in the policy which the British Government adopted towards the intervention question,

from the time when it was first proposed until it actually took place towards the end of April. In the early days of the dispute between China and Japan it had proposed intervention to prevent the war, intervention to stop the war, and intervention to make peace. Its motive then was to safeguard its trade. The effect of the war upon British trade with China was feared. The other Powers were not affected considerably, they therefore declined to join Britain. British trade did not, however, suffer as a result of the war. But a new danger to their trade now appeared. Their statesmen were apprehensive lest the new Japanese victories would result in the establishment of a Japanese protectorate over China, from which British trade as well as that of other Powers would be excluded. From February onwards this danger loomed up larger and larger. (Whenever it appeared, imminent the British Government favoured joint intervention.) Whenever the danger became remote it became indisposed to intervention. This is borne out by the statement of British policy developed in the preceding pages as well as by the fact that although it had declared itself against intervention, yet it was considering intervention as late as April 23, 1895, when it appeared that the war would continue because the Chinese were considering refusing to ratify the Treaty of Shimonoseki. (71) The continuation of the struggle might very easily confront the British Government with a *fait accompli*—the control by Japan of a large part of Chinese territory—the very danger it feared for its trade. It was a similar motive which prompted the British Government to advise Japan to yield to the pressure of the three Powers. Britain desired to see the war ended, the treaty ratified and with it the uncertainties incident to war removed. There seems to be no hesitation, vacillation or ambiguity in such a policy.

From the case which Dr. Franke has developed, one infers that Britain did not keep faith with the other Powers by declining to intervene against Japan. (There is no evidence to substantiate this view. Although Britain had exchanged views with the Powers upon the question, no definite commitments were made by her statesmen in favour of intervention. Nor was there any ambiguity about her position. The British Press had made Britain's attitude clear and British statesmen were equally clear in communicating their views to the other statesmen. Even before the peace terms were known, in February (see pages 78-80), (72) in

March (see pages 82, 87, 89),(73) and as late as April 3rd,(74) they stressed only two points as fundamental to their policy—namely, the degree of control which Japan should obtain over China and its effect upon the trade of the West with China. Indeed, Count Hatzfeldt emphasizes this rather strongly in his letter of April 3, 1895, to his Foreign Office, in which he says: "What is regarded as the greatest danger here is not, indeed, the extensions of Japan by territorial annexations, but the eventuality that China may become completely dependent on Japan politically, either by means of an alliance or in some other way," etc.(75) The British Government did not consider that Japan's peace terms impaired the trading opportunities or other rights which the Powers in China possessed. It did not, therefore, regard the common interests of the Powers in any way menaced, nor did it regard its own interests as endangered by them. For its own part intervention became unnecessary. If others desired to intervene to serve their own purposes, it was a matter for individual and not joint action. Nevertheless, it signified that it would not oppose the other Powers in such an intervention.(76) There does not, therefore, seem to be any reason why Britain should have intervened. ¶ When the interests of the other Powers coincided with those of Great Britain there was a basis for common action. When they did not there could be no justification for a united action.¶ Nor does there seem to be any reason why Britain, more than any other Power, should have been guided in its policy by a higher law than self-interest. ¶ The assumption that diplomatic action is based upon anything but considerations of self-interest (even when altruistic), near or remote, is fantastic. ¶

Each Power had from the very beginning been considering only its own interests, and sought to obtain the support of other Powers for its individual policy. On March 1st, Germany did not regard the danger of a Japanese protectorate as an immediate one.(77) She therefore declined to pledge her support to Britain. With the progress of time she developed a policy, and to give effect to it sought the adherence of the other Powers. ¶ Her most important reasons for favouring an intervention against Japan were that she hoped, thereby, to prevent the other Powers from making territorial gains in China to the disadvantage of Germany (who at the time had no navy to ensure her a fair share therein), to ease the military pressure of Russia upon her Eastern frontier, to loosen the Russo-

French bond and to obtain a coaling station from a thankful China. With these objects Britain had nothing in common. And as Germany had felt on March 1st, she now felt that the Japanese danger was a remote one. Intervention by Britain could only serve Germany's policy without any compensatory advantage for Britain.

In a similar degree Russia was pursuing no general European interest. She was pursuing a purely Russian end. She did not regard Britain's fear of a Japanese protectorate seriously. She had at no time been ready to intervene with Britain as Dr. Franke would have us believe. The de Staäl papers clearly establish this point. The Russian Foreign Minister, Prince Lobanoff, was anxious for intimate contact with British statesmen so as to be informed of their views and so as to secure the Russian objective : the independence of Korea. There is no evidence of a desire on the part of Russia for joint intervention. Indeed, as late as April 8th Lord Kimberley told Count Hatzfeldt that he doubted whether Prince Lobanoff would do anything against Japan. (79)

In the face of the gigantic plans which were unfolded by Russia in the Far East, it is extremely difficult to agree with Dr. Franke that Russia would have abandoned her policy there to suit Britain. There certainly is no single fact to substantiate this view. And there at least is evidence that Russia, whilst intervening to maintain the *status quo* in China, was prepared to consider an alternative policy of compensation for Japanese gains. This is disclosed in a "very confidential" letter from Prince Lobanoff to M. de Staäl, the London Ambassador, dated April 25, 1895. It reads thus :

"His Majesty the Emperor has taken the resolution to maintain the present territorial *status quo* on the Chinese continent—and it is only if we are compelled by circumstances that we shall content ourselves with an indemnification (*dédommagement*). The last solution of the present crisis is not excluded from our plans, but it goes without saying that it will not be divulged prematurely."

The Russian Ambassador in Paris intimated to Count Munster what this last solution would be. He said "it was his opinion that Russia will not immediately enter into hostilities. If the Japanese retain the peninsula of Liaotung up to the 110°, then Russia would enter Korea and occupy it as far as Port Lazareff, which they must have." (79A)

In intervening against Japan, Russian statesmen were seeking to secure the independence of Korea "in name as in fact." (80) The presence of Japan in the peninsula of Liaotung undoubtedly menaced this independence, as it also would menace the trans-Siberian railway which Russia was constructing. Intervention against Japan would safeguard Russian interests undoubtedly. But here also Britain had nothing in common with Russia, and there was likewise no reason for it to intervene.

Though French public opinion was not whole-heartedly in favour of intervention, the French Government were compelled to intervene to prove to Russia the value of the Russo-French Alliance. Otherwise Franco-Russian relations would be weakened, and the efforts of Count Hohenlohe, the German Chancellor, for a closer relationship with Russia might prove to be successful. With these objectives Britain also had nothing in common nor did they furnish any reason for British intervention.

The British Government, like that of the other Powers, followed a purely British policy from the very beginning of the Intervention Question. It sought their support whenever it felt that there was an identity of interest between itself and the other Powers. Its prime interest in China was trade. It was opposed to any dismemberment of China, or to any large part of it passing under foreign control. It held a virtual trade monopoly there, and felt that such action could only result in a limitation of its market there. It consistently refused to countenance the establishment of a Japanese protectorate over China. Its Press warned Japan against it. British statesmen attempted to secure the action of the Powers against such an eventuality. They informed the Powers that they would not oppose their intervention, and they in fact made themselves a party to such intervention by advising Japan to yield to the demands of the three Powers. (81) In the face of a United Europe, Japan was compelled to submit. Britain's entire conduct contradicts Dr. Franke's suggestion that Britain desired to set up a Japanese bulwark against Russia by permitting it to acquire Chinese territory at China's expense. Had Dr. Franke cited the following statement of Count Hatzfeldt's, which forms an integral part of the quotation Dr. Franke uses on page 70 to make his case against Britain, he would have been representing the case more accurately than he has done. Count Hatzfeldt said, "On the whole Lord Kimberley was

entirely in agreement with me, that it would also be better for the interests of England if none of the Powers received a pretext to demand territorial concessions, and was even of the opinion that England, for her part, neither required nor desired anything." (82) And had he not ignored the following statement made by Lord Kimberley to Count Hatzfeldt on April 8, 1895, he would have gone far to undermine his charge that Britain desired to bring about the Indianization of China by the occupation of Chusan. Lord Kimberley "gave his views as to the intentions on Chusan, which were ascribed to England, observing that England already possessed more than she could digest, and that he did not regard such an acquisition as desirable." (83)

In sharp contrast with Dr. Franke's opinion of British policy, and its straightforwardness, stands that of M. de Staël, the Russian Ambassador, who conducted the intervention negotiations with Britain. He says, in a letter written to Prince Lobanoff on May 15, 1895 :

"To be fair we must admit that the policy of England has been prudent and correct. England has followed openly, and without ambiguities, a line of conduct which her interest and public opinion seemed to indicate.

"One could not blame her. . . .

"By isolating herself from the other Powers England has, herself, relinquished all benefits which she might have derived from the present situation. . . . The British Cabinet has allowed combinations to be formed in the Far East which may become troublesome in the other parts of the world. . . ." (84)

NOTES

1. *U.S. Foreign Relations*, 1894, Appendix I, p. 103—Despatch 102, Mr. Denby to Mr. Gresham, February 19, 1895.

2. *Ibid.*, p. 106—Despatch 105, Mr. Denby to Mr. Gresham, March 2, 1895.

3. *China-Japan War*, Vladimir, p. 324.

4. *Diplomatic Memoirs*, J. W. Foster, vol. ii, p. 129.

5. *D.G.P.*, vol. ix, p. 258, footnote—Document 2228.

6. *Ibid.*, p. 256—Document 2227, Hohenlohe to William II, March 19, 1895.

7. *Diplomatic Memoirs*, J. W. Foster, vol. ii, p. 129.

8. *Ibid.*

9. *Ibid.*

10. *China-Japan War*, Vladimir, p. 325.

11. *Ibid.*, Appendix K, p. 405.

12. *Ibid.*, p. 411.

13. *China-Japan War*, Vladimir, Appendix K, p. 422.
14. *Ibid.*, p. 424.
15. *Ibid.*, p. 427.
16. *Ibid.*, p. 428.
17. *Ibid.*, p. 433.
18. *Ibid.*, p. 434.
19. *Ibid.*
20. *Ibid.*, p. 437.
21. See p. 70, ref. 46E, and p. 83, ref. 114
22. *D.G.P.*, vol. ix, p. 253—Document 2226, Marschall to Gutschmidt, March 6, 1895.
- 22A. *Diplomatic Memoirs*, John W. Foster, vol. ii, p. 153.
23. *D.G.P.*, vol. ix, p. 260—Document 2231, Memo by Mühlberg, Rec. Sec. Foreign Office, April 2, 1895.
24. *Ibid.*
25. *Die Grossmächte in Ostasien*, O. Franke, p. 64.
26. de Staäl Papers.
27. *D.G.P.*, vol. ix, p. 261—Document 2232, Marschall to Tschirsky, April 4, 1895.
28. *Ibid.*
29. *Ibid.*
30. *Von Bismarck zum Weltkrieg*, E. Brandenburg, p. 51.
31. *Ibid.*
32. *D.G.P.*, vol. ix, p. 261—Document 2232, Marschall to Tschirsky, April 4, 1895.
33. *Ibid.*
34. *Ibid.*, p. 82, ref. 109.
35. *D.G.P.*, vol. ix, p. 261—Document 2232, Marschall to Tschirsky, April 4, 1895.
36. *Ibid.*, p. 262—Document 2233, Marschall to Hatzfeldt, April 4, 1895.
37. *Ibid.*—Documents 2233, 2234, April 4, 1895; *Von Bismarck zum Weltkrieg*, E. Brandenburg, p. 50.
38. *D.G.P.*, vol. ix, p. 263—Document 2235, Marschall to Hatzfeldt.
39. *Von Bismarck zum Weltkrieg*, p. 50; *Die Grossmächte in Ostasien*, p. 72.
40. *Memoirs of Count Witte*, p. 83.
41. *Ibid.*, p. 84.
42. *Ibid.*
43. *Ibid.*
44. *Die Grossmächte in Ostasien*, p. 65.
45. *D.G.P.*, vol. ix, p. 262—Document 2234, April 4, 1895.
46. *Ibid.*, p. 264—Document 2236, Hatzfeldt to Foreign Office.
47. *Ibid.*
48. *Ibid.*—Document 2239.
49. *London Times*, April 8, 1895, p. 9, *col. c-d*.
50. *D.G.P.*, vol. ix—Document 2237.
51. *Ibid.*—Document 2240.
52. *Von Bismarck zum Weltkrieg*, p. 51.
53. *Ibid.*, p. 52.
54. *D.G.P.*, vol. ix—Document 2240, footnote.
55. *Ibid.*, p. 349—Document 2313, Eulenberg to Hohenlohe.
56. *Ibid.*, p. 351, footnote—Document 2313.
57. *Die Grossmächte in Ostasien*, p. 75.
58. *Ibid.*

59. *Die Grossmächte in Ostasien*, p. 78.
60. *Ibid.*, p. 76 ; *D.G.P.*, vol. ix, p. 269—Document 2242.
61. *Ibid.*, p. 268—Document 2242.
62. *Memoirs of Count Hayashi*, p. 52.
63. De Staäl Papers—Lobanoff to de Staäl, April 25, 1895.
64. See p. 110, refs. 46, 47.
65. *Die Grossmächte in Ostasien*, p. 68.
66. *Ibid.*, p. 66, compare with *Pall Mall Gazette*, February 22, 1895 ; pp. 67, 68, compare with *St. James's Gazette*, March 18, 1895 ; p. 70, compare with p. 110, ref. 47 ; p. 80, compare with *Daily Chronicle*, April 23rd, and *Standard*, April 29, 1895.
67. *Ibid.*, p. 67, compare with *London Times*, March 15, 1895.
68. *Ibid.*, p. 66, *Pall Mall Gazette*, February 22, 1895 ; p. 67, p. 41.
69. *Ibid.*, p. 68.
70. *Ibid.*, p. 70, compare with p. 110, ref. 47.
71. *D.G.P.*, vol. ix, p. 273—Document 2248, Hatzfeldt to Foreign Office, April 22, 1895 ; p. 273—Document 2249, Hatzfeldt to Foreign Office, April 23, 1895.
72. See pp. 78–80.
73. See pp. 82, 87, 89.
74. See pp. 106–7.
75. See p. 106 for full text.
76. *Von Bismarck zum Weltkrieg*, E. Brandenburg, p. 52—Hatzfeldt, April 9, 10, 20 and 22, 1895 ; *D.G.P.*, vol. ix, p. 273—Document 2248, Hatzfeldt to Foreign Office, April 22, 1895.
77. See pp. 81, 82.
79. *Die Grossmächte in Ostasien*, O. Franke, p. 73.
- 79A. *D.G.P.*, vol. ix, p. 408—Document 2349, Münster to Hohenlohe, April 28, 1895.
80. *Die Grossmächte in Ostasien*, O. Franke, p. 51.
81. de Staäl Papers.
82. *D.G.P.*, vol. ix, p. 264—Document 2236, Hatzfeldt to Foreign Office, April 6, 1895.
83. *Ibid.*, p. 267—Document 2239, Hatzfeldt to Foreign Office, April 8, 1895.
84. de Staäl Papers, Original in French.

CHAPTER V

THE INTERVENTION OF THE EAST ASIATIC DREIBUND

The Russian proposal in Berlin and Paris, April 17, 1895—Instructions to the French and German Ministers in Tokio—Britain's attitude towards the Dreibund—Its probable effects—The *démarche* of the Dreibund, April 23, 1895—Gutschmid's memorandum—Japan's resentment—Her position—Japan's counter-proposal, May 1, 1895—The attitude of the Powers—Mr. Aoki's proposal in Berlin—Japan's decision, May 5, 1895—Her communication to the Powers—Attitude of China—Proclamation of the Emperor of Japan—Prince Lobanoff's proposals, May 8, 1895—German Government's attitude—Activity of Chinese Minister in Paris—The view of the German Government—Its communication of May 11th with Prince Lobanoff—The view of the Russian Government—Prince Lobanoff's suggestions—His draft instructions—The Japanese note of June 7, 1895—Attitude of the Russian and German Governments towards it.

JAPAN had formulated the terms of the Treaty of Shimonoseki. These were not, however, to be the only terms which would govern her relations with China. Other Powers thought that they were sufficiently interested in the affairs of the Far East to determine, in some measure, the conditions of peace between the two belligerents. Japan had not officially communicated her terms of peace to the other chancelleries, but their main principles were generally known and were unsatisfactory to some of them. On the very day on which the Peace Treaty had been signed, on April the 17th, Prince Lobanoff took the initiative to upset it.(1) In this he was actuated primarily by considerations of Russian (2) and not of Chinese interests. Only in so far as these two were identical would China benefit by his action.

The Russian Government, aware of Britain's intention to abstain from any intervention, now proposed at Paris and Berlin that the three Governments, Russia, France and Germany, should make a friendly *démarche* to the Government of Japan, advising it to refrain from taking possession of the Chinese mainland.(3) It was the view of the Russian Government that the presence of Japan on the Liaotung Peninsula,

"would mean a constant threat to the capital of China, and at the same time would render illusory the independence of Korea; and that it

constitutes accordingly a permanent obstacle in the way of peace in the Far East." (4)

Russia intimated that if Japan refused to accept this advice, it was part of her plan that the three Powers should undertake sea operations to isolate the Japanese troops on the Chinese mainland by cutting off every means of communication with their mother country.(5)

As indicated above, the French and German Governments were anxious to join with Russia in an intervention because of the effect it would have upon their respective relations with her in Europe.(6) They accordingly instructed their Ministers in Tokio to concert with the Russia Minister there in a joint friendly *démarche* to the Japanese Government in the sense proposed by Prince Lobanoff.(7) In the interim between the 17th and the day of the *démarche*, the British Government sought Russia's aid to get Japan to declare officially to the Foreign Offices of the Powers the text of the peace treaty of Shimonoseki.(8) Britain apparently still desired to assure herself that no clause of the treaty provided for a China-Japanese Alliance. Russia declined to act upon the British suggestion, and again invited the latter's adherence to the proposed plan of intervention.(9) The British Government did not see fit to accept the invitation. They were not, however, opposed to the object of the intervention. Its purpose was consistent with British policy. Lord Kimberley told the German Ambassador on the 22nd of April, 1898, in the course of a conversation, that "of course Great Britain will not oppose the other Powers." (10) Her non-co-operation with the Dreibund undoubtedly assisted the Japanese diplomats in ultimately retaining some of the gains which they had wrung from the Chinese Government. At the same time her non-opposition, and her advice to the Japanese Government to submit to the demands of the Dreibund, was doubtless as great a factor in preserving this territory for China as the active *démarche* of the three Powers, for so long as Europe was united in its purpose the Japanese statesmen would be compelled to bow to the inevitable.

On the 23rd of April the three Powers—France, Russia and Germany—made their *démarche* to the Japanese Government.(11) The three Ministers had been sent identical instructions.(12) The German Minister, however, was instructed to suggest to Japan a conference to deal with the matter if Japanese statesmen thought

they could, thereby, avoid an injury to their pride.(13) Japan declined the proposal, but the "friendly advice" of the three Ministers was not identical. Gutschmidt, the German envoy, who was not well disposed towards the Japanese, evidently exceeded his instructions. He prepared a written memorandum in which he used violent language, threatening Japan with warfare, a term not used by the two others, unless she complied with the recommendations of the three Powers.(14) Gutschmidt was telegraphically instructed by his Government to say that "Japan must yield, as struggle against these three Powers was hopeless,"(15) and it would seem that he did not comprehend that this sentence was intended "solely to guide his speech" (16) and not to be transmitted verbatim in writing to the Japanese Government. The Japanese Government resented the attitude of Germany at the time, and indeed according to Viscount Hayashi the German Minister later orally withdrew his threat of war.(17) It was not, however, until 1907 that the German Government learned the full extent to which Japan had been offended, when a special investigation of the instructions sent to Gutschmidt at the time was ordered. A commentary on his action is found in Bülow's words at the time of the investigation: "I recollect Gutschmidt as a very sensitive and rather incompetent agent." (18)

The *démarche* of the Dreibund was a defeat for Japan's first attempt at *Realpolitik*. She had failed to obtain the approval of the Powers for her continental ambitions by the offer of territorial compensation. She learned that territorial aggrandizement and the political interest of a nation are not always identical. She could now hope to see the Peace of Shimonoseki enforced only if she was prepared to oppose the programme of the Dreibund. This she would have been unable to do under any circumstances. She was exhausted by the campaign on the continent, her financial resources as well as supply of war material were more or less drained, her fleet, after eight months at sea, was unable to cope with the superior naval forces of the Coalition, her army on the continent was exposed to the risk of being cut off, and Formosa was in revolt.(19) Indeed, Count Katsura, several years later, told Mumm, the German Minister, that "Japan would not have been able to swallow Kwantung and Formosa at that time without serious injury." (20)

On May the 1st Japan made a counter-proposal to the Dreibund.

She declared her willingness, after the honour and dignity of Japan had been satisfied by the exchange of ratifications of the peace treaty of Shimonoseki, (21) to make an additional Act to the treaty to the following effect :

1. Japan to renounce the definite possession of the Peninsula of Fengtien, except the province of King-chow (the southern portion with Port Arthur), on condition of coming to an agreement with China about an adequate compensation.
2. The Japanese Government to have the right to occupy the named territory during the whole time of the fulfilment of these obligations imposed upon China. (22)

The Powers, however, were not in accord with Japan's counter-proposal. They insisted upon a complete renunciation by her of her acquisition of continental territory. In Berlin Mr. Aoki proposed to the German Government that Japan be compensated elsewhere for abandoning the Liaotung Peninsula. (23) But the Government of the Kaiser adhered to its decision of no continental acquisition. "Viscount Aoki observed, without being asked, that, so far as he knew, to-day's *démarche* of Japan had been made only to Germany and not in St. Petersburg or in Paris." (24) It is quite likely, however, that similar offers were made in Paris and St. Petersburg and met with a like fate. On the 5th of May Japan decided to renounce the Peninsula of Liaotung, and informed the Powers to that effect. She, however, asked that ratifications be exchanged before the territory was restored, that the military occupation continue until the execution of the various clauses of the treaty, and that a supplementary indemnity be paid to Japan for the retrocession of the Liaotung Peninsula. These conditions she proposed should be entered into by the Powers with Japan as well as by China with Japan. (25)

China refused at first to agree to the ratification until all the negotiations were completed. (26) Count Cassini had been actively exerting his influence with the Tsungli Yamen to induce them to reject the treaty. (26A) Upon assurances from the Powers, however, that the Japanese promises would be fulfilled, China ratified the treaty on May 8, 1895. (27) Two days later the Emperor of Japan informed his people by a proclamation of the intervention of the three Powers and of the Japanese decision to abide by their advice. "Out of regard for peace" Japan had decided to retrocede to China the Peninsula of Liaotung. The proclama-

tion said, "it is not our wish to cause suffering to our people, or to impede the progress of the national destiny by embroiling the Empire in new complications and thereby imperilling and retarding the restoration of peace." Japan would proceed "to negotiate with the Chinese Government respecting all arrangements for the return of the Peninsular districts." (28)

In fact, however, the Chinese Government and the Japanese Government had very little to do with the "arrangements for the return of the Peninsular districts." The next phase of this question was largely confined to the three Powers. They determined the conditions which China and Japan accepted.

On the very day on which the Chinese Government ratified the Treaty of Shimonoseki, May 8, 1895,(29) Prince Lobanoff for the first time suggested a draft of Regulations to govern the Japanese evacuation of Chinese territory and the payment of the indemnity.(30) He also proposed, what was evidently the suggestion of M. Hanotaux, that Japan should not be allowed to cede the Pescadores to any other Power, nor to menace European shipping by making of it another Gibraltar.(31) France claimed that so far the intervention of the three Powers had benefited Russia alone. She desired, on her part, the neutralization of the Pescadores.(32)

Germany was opposed to this latter proposal of Prince Lobanoff. She maintained that this was an alteration of the basis of the original programme for intervention. It had been confined to the disallowance of annexations upon the continent, and its motive was to safeguard the Chinese capital and to prevent a disturbance of the political balance of power. The Pescadores question was not a continental matter, nor was its motive the same as that of the original programme. *Its motive was commercial.*(33) She feared that the introduction of this question would, because of its commercial character, give Britain a right to be heard,(34) and that Japan, by the introduction of a new claim, might be enabled to withdraw from her acquiescence in the three-power *démarche*.(35) She therefore strenuously resisted the Russian suggestion.

This attitude of the German Government was consistent. Germany had participated in the intervention, as pointed out before, to avert the possibility of territorial acquisitions by the Powers. She therefore declined to countenance anything which might endanger the settlement which Japan had already accepted

unconditionally, or which might result in the convocation of a congress,(36) where an agreement upon territorial acquisitions might be arrived at among the Powers. Public opinion in Japan was very excited, and the radical military party in Japan was displeased with the terms of the peace.(37) A new claim upon Japan might well result in Japan declining to abide by the original advice of the Powers.(38) The second contingency might arise if Britain should become a party to the negotiations.(39) The German Government accordingly proposed that no new claim should be made until the first question was disposed of. When that could no longer be prejudiced the matter of the Pescadores might be raised.(40)

In the meantime, Chinese diplomats were active in Paris. The Chinese Minister there sought to reach an agreement with the French Government which would prevent Japan from annexing Formosa.(41) The object of this bit of intrigue probably was to involve Japan in a war with France. The German Government was aware of this negotiation.(42) It realized that Japan would not submit to France without war, because of internal conditions in Japan, and that in all probability France would demand Formosa as war compensation.(43) Spain, like France, was dissatisfied with the island settlement.(44) She also desired to extend her insular possessions. But the German Government was opposed to any plans for French or Spanish acquisitions. Germany favoured Japan's retention of the newly acquired insular possessions, since it was in the interests of peace, and it would prevent the development of the question of territorial acquisitions.(45) She accordingly urged Prince Lobanoff, on May 11th, to adhere to the original programme of the Dreibund,(46) and she pointed out the necessity of seeing that Japan did not make illusory her consent to evacuate the Liaotung Peninsula by requesting an exaggerated indemnity or by fixing indefinite dates for evacuation.(47) In her view the exercise of control in the execution of the renunciation agreement was within the scope of the original programme.(48) She also proposed an exchange of secret notes among the Powers as an additional guarantee of its fulfilment.(49)

The Russian Government adopted the view of the German Government. It, too, was opposed to the introduction of new claims.(50) In the opinion of the Czar, Russia was then unable

to fight the Japanese.(52) Prince Lobanoff was also anxious to avoid the participation of England because of the injurious effect that it would have upon the prestige of the three Powers.(53) But he was intent upon safeguarding shipping in the Straits of Formosa.(54) He believed that this could be done by including an interpretation clause in the arrangements which were to be consummated. He desired guarantees from Japan for the liberty of navigation in the Straits.(54A) He suggested that France be allowed to take the initiative in obtaining these guarantees. If she succeeded, the French Government, whose position was weak at home, would be strengthened thereby. If France failed, then the Powers could content themselves with a general declaration.(55) Germany consented to a French initiative ; she, however, preferred a general simultaneous *démarche* of the three Powers on the Pescadores (55A) question and a general undertaking concerning it as best calculated to achieve the end of the Dreibund.(56) However, France declined to take the initiative in the matter.(57) Lobanoff therefore suggested draft instructions for the guidance of the three Ministers in Tokio. They were to the following effect :

1. That whilst Japan was entitled to a war indemnity from a strictly juridical point of view, she was not entitled to an indemnity from China for retroceding Liaotung unconditionally to the three Powers. If Japan insisted upon it, then to reduce the amount to a moderate figure.
2. The determination of a date of evacuation as soon as possible.
3. The establishment in principle of absolute liberty of passage through the Straits of Formosa and a concentrated effort to obtain guarantees from Japan. Failing to obtain these, to content themselves with a general declaration.
4. This matter to form the subject of an exchange of notes between the three Powers and Japan.(58)

These proposals were agreed to by the German and French Governments and they instructed their Ministers accordingly.(59)

On June the 7th, the Japanese Government asked for agreement among the Powers on the following points before the exchange of notes :

1. That the substance of the discussion remain secret.
2. That the Powers support the execution of the agreement, if such an agreement be concluded, for the evacuation of the Liaotung Peninsula and for the payment of an indemnity.

3. These conditions of the agreement should include (a) the destruction of fortifications at Port Arthur, (b) the maintenance of Japanese graves, (c) a guarantee against reprisals against Chinese compromised in the war.
4. A written undertaking by the three Powers upon these points.(60)

The German Government favoured most of these because it believed that an acceptance of them would be conducive to a settlement of the question.(61) The Russian Government, on the other hand, declined to consider them as involving an interference in the internal affairs of China.(62) And there the matter rested.

NOTES

1. *D.G.P.*, vol. ix, p. 269—Despatch 2243, Tschirsky to Auswärtige Amt, April 17, 1895.
2. *Ibid.*
3. *Ibid.*
4. *Ibid.*, p. 270—Document 2224, Marschall to Gutschmidt, April 17, 1895.
5. *Ibid.*, p. 269—Despatch 2243, Tschirsky to Auswärtige Amt, April 17, 1895.
6. *Ibid.*, p. 266—Document 2238, Memo of Von Brandt, April 8, 1895; and Document 2240, April 9, 1895.
7. *Ibid.*, p. 270—Despatch 2244, Marschall to Gutschmidt, April 17, 1895; p. 271—Despatch 2247, Tschirsky to Auswärtige Amt, April 20, 1895.
8. *Ibid.*, p. 271—Despatch 2247, Tschirsky to Auswärtige Amt, April 20, 1895.
9. *Ibid.*
10. *Ibid.*, p. 272—Despatch 2248, Hatzfeldt to Auswärtige Amt, April 22, 1895.
11. *Ibid.*, p. 274—Despatch 2251, Gutschmidt to Auswärtige Amt, April 23, 1895.
12. *Ibid.*, p. 270—Despatch 2244, Marschall to Gutschmidt, April 17, 1895; p. 274—Despatch 2251, Gutschmidt to Auswärtige Amt, April 23, 1895.
13. *Ibid.*, p. 270—Despatch 2245, Marschall to Gutschmidt, April 17, 1895.
14. *Ibid.*, p. 278—Document 2252, Gutschmidt to Hohenlohe, April 24, 1895; p. 332—Document 2307, Mumm to Bülow, June 13, 1907.
15. *Ibid.*, p. 270—Document 2245, Marschall to Gutschmidt April 17, 1895.
16. *Ibid.*, p. 279, footnote—Annex of Document 2252, Gutschmidt to Hohenlohe, April 24, 1895.
17. *Ibid.*, p. 279, footnote—Annex of Document 2252; p. 330—Document 2307, Mumm to Bülow, June 13, 1907; *Memoirs of Count Hayashi*, p. 79.
18. *Ibid.*, p. 333, footnote—Document 2307, Mumm to Bülow, June 13, 1907.
19. *The Far Eastern Question*, Sir Valentine Chirol, 1896, p. 150.
20. *D.G.P.*, vol. ix, p. 332—Document 2307, Mumm to Hohenlohe, June 13, 1907.
21. *Ibid.*, p. 282—Document 2258, Memo of Marschall, May 1, 1895.
22. *Ibid.*

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23. *D.G.P.*, vol. ix, p. 282—Document 2258, Memo of Marschall, May 1, 1895.
24. *Ibid.*
25. *Ma Mission en Chine*, A. Gerard, pp. 47-8.
26. *D.G.P.*, vol. ix, p. 286—Document 2263, Marschall to Schenck, May 6, 1895.
- 26A. *Diplomatic Memoirs*, John W. Foster, pp. 148, 151.
27. *D.G.P.*, vol. ix, p. 286—Document 2263; *Ma Mission en Chine*, A. Gerard, p. 48.
28. *Treaties with and Concerning China*, MacMurray, p. 52 (1895, 10, May 19, 1895).
29. *Ibid.*, p. 22, footnote.
30. *D.G.P.*, vol. ix, p. 286—Document 2264, Radolin to Auswärtige Amt, May 8, 1895.
31. *Ibid.*
32. *Ibid.*, p. 284—Document 2260, Marschall to Hatzfeldt, May 4, 1895.
33. *Ibid.*, p. 291—Document 2268, Memo of Marschall, May 11, 1895.
34. *Ibid.*
35. *Ibid.*
36. *Ibid.*, p. 293—Document 2269, Marschall to Hatzfeldt, May 11, 1895;
- p. 291—Document 2268, Memo of Marschall, May 11, 1895.
37. *Ibid.*, p. 291—Document 2268, Memo of Marschall, May 11, 1895.
38. *Ibid.*
39. *Ibid.*
40. *Ibid.*
41. *Ibid.*, p. 289—Document 2267, Marschall to Radolin, May 11, 1895.
43. *Ibid.*
44. *Ibid.*
45. *Ibid.*, p. 292—Document 2269, Marschall to Hatzfeldt, May 11, 1895.
46. *Ibid.*
47. *Ibid.*, p. 290—Document 2268, Memo of Marschall, May 11, 1895.
48. *Ibid.*
49. *Ibid.*
50. *Ibid.*
51. *Ibid.*, p. 293—Document 2270, Radolin to Foreign Office, May 12, 1895.
52. *Ibid.*, p. 292—Document 2269, Marschall to Hatzfeldt, May 11, 1895.
53. *Ibid.*, p. 293—Document 2270, Radolin to Auswärtige Amt, May 12, 1895.
54. *Ibid.*
- 54A. *Ibid.*
55. *Ibid.*, p. 296—Document 2272, Radolin to Auswärtige Amt, May 17, 1895.
- 55A. *Ibid.*, p. 298—Document 2273, Marschall to Radolin, May 20, 1895.
56. *Ibid.*
57. *Ibid.*, p. 300—Document 2274, Radolin to Auswärtige Amt, May 23, 1895.
58. *Ibid.*
59. *Ibid.*—Document 2275, Marschall to Gutschmidt, May 23, 1895.
60. *Ibid.*, p. 301—Document 2277, Gutschmidt to Auswärtige Amt, June 7, 1895.
61. *Ibid.*, p. 304—Document 2281, Rotenhan, June 29, 1895.
62. *Ibid.*, p. 304, footnote—Document 2281, June 27, 1895.

CHAPTER VI

THE FIRST INDEMNITY LOAN: A CLEFT IN THE DREIBUND

Russo-French loan to China—German resentment—Russian and French explanations—A new factor in Far Eastern politics—Conditions of the loan—Article IV Russo-Chinese agreement, July 1895—Results of the loan arrangement—Inconsistency with the Dreibund programme—Instructions to the German Minister at Tokio—German policy stated, July 6, 1895—Telegram to German Minister at Tokio, June 12, 1895—Japan's inquiry of Germany—Japan's *aide mémoire*, July 19, 1895—Lobanoff's view—The view of the German Government—A deadlock reached, August 9, 1895—The Kaiser's compromise figure—A new obstacle—Negotiations resumed—The demands of September 11, 1895—Japan accepts—The exchange of notes—Extent of Japan's success—Break-up of China delayed—Britain's objectives—America's attitude—Germany's purposes—The Russian and French successes—Instructions to the Russian Ambassadors in the Balkans—Results for China.

On the same day, June 7th, the German Foreign Office learned that the Russians in combination with the French had agreed to make a loan to the Chinese Government to enable it to pay the indemnity to Japan.⁽¹⁾ This was a direct contravention of the understanding which existed between the three Powers—Germany, France and Russia. M. Witte, the Russian Finance Minister, had promised Germany that her financiers would participate in any financial assistance given by the group to the Chinese Government.⁽²⁾ This new arrangement excluded Germany from such participation. The German Government thereupon joined Britain "in warning the Tsungli Yamen of the risk involved in accepting a loan guaranteed by Russia," and pressed it to accept a loan from an Anglo-German syndicate.^(2A) Nevertheless, the Russians succeeded in making the loan. The German Government expressed its displeasure to the Russians, who attempted to explain their singular and disloyal action by stating "that Russia was compelled to do this because France was unwilling to make it with German participation, therefore the whole loan was questionable if Russia would not take the initiative."⁽³⁾ M. Hanotaux, of France, on the other hand, informed the German representative, Von Schoen, on August the 30th,

1895, that he had refrained from influencing the bankers in the conclusion of the 400-million-franc loan.(4) These two statements contradict each other. It is difficult to state definitely which of them contains the truth. Russia, however, had certainly not kept faith with Germany.

✓ The more reasonable explanation is that Russian and French plans necessitated the exclusion of Germany from this joint enterprise. The consummation of this loan resulted in the introduction of a new factor in the politics of the Far East. It was the formation of a Russo-French political-financial combination there. Henceforward, the plans of Russian diplomacy in China were to be assisted by French finance. French finance in return was to be assisted there by Russian political influence.(5) This was in some measure the basis of their relationship in Europe—French finance aided Russia whilst Russian diplomacy aided France. The two Powers now planned together to bring China under their political and financial domination. This was the essence of M. Witte's plan of peaceful penetration. He believed that thereby he might be able to avoid a disturbance of the balance of power, and to absorb China unnoticed. The loan was formally concluded on July the 6th, 1895.(6) The French banks supplied 250,000,000 gold francs, and the Russian banks 150,000,000 gold francs.(7) The revenues of the Maritime Customs were to secure the repayment of the principal and interest.(8) In addition Russia undertook to guarantee the repayment of the loan in the event of China failing to do so.(9) For this guarantee Russia exacted certain political privileges. French finance had supplied the greater part of the loan,(10) yet the political advantages were granted to Russia alone. By Article III of the Russo-Chinese Agreement of July 1895,(11) China undertook to furnish not the banks, but "the Russian Government, with additional security" in the event of default in payment, and "the manner of such additional security will be made the subject of a special agreement to be established between the two Governments by their plenipotentiaries at Peking."(12) As a financial arrangement no objection could be taken to additional security being given to one who guaranteed to pay the debt of a defaulting debtor. But it is evident that these terms were vague enough to include more than financial security. In fact they might well have involved political consequences.

Article IV of this Agreement definitely conceded to Russia a political advantage for making the loan. It said, "in consideration of this loan the Chinese Government declares its resolution not to grant to any foreign Power any right or privilege under any name whatsoever concerning the supervision or administration of the revenues of the Chinese Empire. But in case the Chinese Government should grant to any Power rights of this character, it is understood that from the mere fact of their being so granted they should be extended to the Russian Government." (13) The result of this arrangement was that Russia had increased her prestige and influence at Peking. She had earned the gratitude of the Chinese. She had ignored the proposal made by Britain to the Governments of France, Russia and Germany for "a scheme by which all parties concerned might be satisfied." (13A) She had thereby prevented an increase of British influence in China. She had excluded Germany from participating in a project the purpose of which was exclusively Franco-Russian. She had extended her political interests in China by acquiring an interest in the disposition of the revenues of the Maritime Customs for the duration of the loan—thirty-six years (14)—and by obtaining a guarantee from China that no other Power would obtain supervision or control of any of China's revenues unless Russia was a party to such control. She had not, however, as was feared, acquired any power to interfere with the Chinese Maritime Customs, unless China failed to meet her obligations punctually. M. Witte admitted that he had hoped that this contingency might occur. (14A) For the moment Russia's great success was that, together with France, she had launched a programme for their own aggrandizement at the expense of China. As stated before, the object of this programme was to bring China under their political and financial domination. Though China was not immediately threatened by it, it undoubtedly menaced her future. It was incompatible with the ostensible object of the Dreibund intervention—namely, the maintenance of the territorial *status quo* of the Chinese State. (15) It differed only in method from the dismemberment programme which the Dreibund programme sought to avert. It proposed to bring about the political absorption of China peaceably by the use of finance. This was the policy which these two Powers were to pursue towards China in the coming years.

No sooner had the German Government learned of the proposed Franco-Russian loan to the Chinese Government than they advised their Minister in Tokio that "under these circumstances we cannot advise Japan to consent to the evacuation of the occupied territories before this question is cleared up." This information is to be considered confidential. I would also request that you should not, perhaps under the pretext of illness, take part in the negotiations until the receipt of further instructions to follow shortly." (16)

On the 6th of July the loan was formally concluded, whereupon the German Government formulated a definite policy in respect of it, and the negotiations concerning the evacuation of Chinese territory by Japan. This policy is set out most clearly in a despatch of July 6th to their Ambassador, Prince Radolin, in St. Petersburg.

"The latest news received here does not leave any doubt that the Russo-French loan to China has been consummated, and *we shall have to consider this fact in future.* It does not seem advisable to us to show our concern over this now—and with regard to Russia we will do much better if we *overlook for the time being this move of M. Witte's*—treat its results on a purely financial basis, and allow *no alteration to take place* in our political relations *with Russia.* Consequently we shall not treat this one-sided move of Russia in the field of finance as a pretext for revoking our political promises which are valid up to the evacuation by Japan of the Chinese mainland. On the other hand, we shall not be able, judging by experience, to avoid strictly limiting ourselves to the promised help. We shall not demand from Japan the evacuation of the occupied territories before China pays part of the war indemnity and assures payment of the rest. At the same time we claim for ourselves the right to decide whether the offered securities may be considered satisfactory to Japan or not." (17)

By the 12th of June the German Minister at Tokio was informed of the immediate course of his Government by a telegram to the following effect :

"The Russo-Chinese loan of £16,000,000 consummated. This fact demands a more careful handling of the question of evacuation. Japan should not be required to evacuate occupied territory before she receives part of the war indemnity and the rest is at least secured.

"I ask Your Excellency to maintain this point of view upon the resumption of negotiations, which you are now authorized to continue. Should your colleagues favour a speedier evacuation you are to endeavour in the most effective way to make our point of view—for which Japan will

evince a perfect understanding—prevail. In any case you are to adhere to it.” (18)

Henceforth the Japanese received strong support from the German Government for the fulfilment of their demands. In fact one consequence of the Franco-Russian loan was that the German Government virtually became the sponsor of Japan's claims as against the Russo-French group. The Dreibund were no longer one.

The German Government were afforded an opportunity of supporting Japan on the 19th of July. On that day the Japanese had presented each of the three Powers—Germany, France and Russia—with an *aide-mémoire* setting out the conditions upon which they were prepared to renounce their claim to the Liaotung Peninsula. In substance these conditions were as follows :

1. That Japan should be granted an additional indemnity of fifty million taels for renouncing the Liaotung Peninsula.
2. That Japan should withdraw her troops to this side of the frontier of the Peninsula of Kingchow, after she had received the fifty million taels, and the first part of the war indemnity.
3. That Japan should withdraw from the whole peninsula after she had received the second instalment of the war indemnity, and there had been an exchange of ratifications of the contemplated China-Japanese treaty of commerce and navigation.
4. Japan declared her readiness to recognize the channel of Formosa as an open sea route, lying outside her exclusive use and control, and to bind herself not to cede either the Pescadores or Formosa to any other Power. (19)

A controversy of some bitterness arose between the German and the Russian Governments as to the reasonableness of these demands. The Japanese were no party to it. Prince Lobanoff did not think that the Japanese conditions were reasonable. In his view the demand for fifty million taels was an “exorbitant” claim, (20) which China was unable to pay. Japan, he said, was trying to “suck China dry.” She never expected to get more than half the sum for which she asked. She was an Oriental nation, and therefore in negotiations with her bargaining about a price was both usual and inevitable. (21) The German Government, on the other hand, took the view that the sum demanded for so great and important a province was just and modest. They were anxious to meet the Japanese demands so as to secure a settlement of the question. (22) The Russian Government was

informed of the German Government's view upon this matter on August 2, 1895, as may be seen from the text :

"Least of all can the Government regard the sum of fifty million taels demanded by Japan as too high.

"Liaotung being one of the most important strategical points, the possession of the same would have enabled Japan to threaten at any moment the city of Peking. In abandoning it Japan has deprived herself of her most valuable fruit of victory. In the circumstances the above figure seems so modest that the Imperial Government is of opinion that it would be inopportune to protest against this demand, which the Japanese Government has made principally to appease public opinion at home.

"In requiring of Japan the retrocession of Liaotung the three Powers were agreed to concede to that Empire the right to exact as compensation a supplement to the war indemnity as fixed by the Treaty of Shimonoseki.

"The fifty million taels, therefore, simply constitute an increase of the war indemnity. . . ." (23)

But Prince Lobanoff remained firm in his view that twenty-five million taels was the maximum that China could pay. Furthermore, he declined to accept the proposal of the Japanese Government that the evacuation be made dependent upon the conclusion of a trade agreement as that might prolong the occupation of the territory. He favoured fixing dates for the evacuation independently of indemnity payments, the amount of which he contended could be determined later. (24)

The German Government were prepared to accept the Russian contention that the evacuation should be made independent of the conclusion of the trade agreement, but refused to dissociate the evacuation question from that of the indemnity. (25) It was Japan's only security. On the 9th of August the German Ambassador at St. Petersburg wrote to Prince Lobanoff :

"I really do not see how an agreement on the indemnity can be reached, since you inditrate to me a sum which we regard as inadequate. It seems to me impossible to fix a term without being agreed on the indemnity. It is a vicious circle from which I see no way out. However, I shall refer the matter to my Government without delay." (26)

Ten days later, however, the Kaiser, desirous of appeasing Russia, and anxious to avoid an independent Russo-French action, put forward a compromise figure for the evacuation of Liaotung. He suggested the sum of thirty million taels, which was acceptable to the Russian Government. (27) A new obstacle now presented

itself. Russia demanded that Japan should evacuate the Liaotung Peninsula upon receiving payment of the thirty million taels.(28) Germany supported Japan, who desired to remain in occupation until after payment of both the thirty million taels, and the first two instalments of the war indemnity.(29) So keen was the disagreement between the two Powers, that on August 24th Prince Lobanoff told the German Ambassador, "with some bitterness," that "he sees no way to an understanding if we insist upon our point of view."(30) But one week later the Russian Government requested Germany to resume negotiations at Tokio.(31) They agreed to do so on questions upon which agreement had been reached, and to see whether the Japanese would insist upon their demands in the matters still in dispute.(32) Having learned that France had decided to support Russia upon the amount of indemnity if Japan made no concession, the German Government, to avoid an independent action of these Powers, again acquiesced in their attitude, and decided to support Russia on the question if need be.(33) So sharp had been the controversy between the Russian and German Governments throughout the negotiations, that when the latter finally decided to agree with the former's point of view, they found it necessary to declare "that we never had any intention of being more Japanese than the Japanese, and should be glad if the Russians' expectations that Japan will of her own free will abandon the condition of payment of the first two instalments of the war indemnity before complete evacuation should be confirmed." (34) On September 11th the three Powers united in a *démarche* to the Japanese Government advising it to evacuate the Liaotung Peninsula upon receiving the thirty million taels.(35) In the following month, on October 7th, the Japanese Government accepted this condition.(36)

The substance of the Powers' demands, together with the Japanese undertaking of July 19th,(37) were embodied in a formal exchange of notes between Japan and the Powers on October 18th and 19th.(38) By these Japan declared :

(a) "That the Imperial Government recognizes the Formosa Channel as constituting a great maritime route of the nations, and that this channel is consequently outside of its exclusive control or possession. The Imperial Government engages not to cede the Islands of Formosa or the Pescadores to any Power.

(b) "That the Imperial Government has resolved, firstly, to reduce

the amount of the compensatory indemnity for the retrocession of the FENG TIEN Peninsula to thirty million taels; secondly, not to make the conclusion of the Trade and Navigation Treaty with China a condition precedent to the evacuation of the said peninsula, but to effect the said evacuation within the term of three months, as from the date of payment in full by China of the said indemnity of thirty million taels."

The close of these negotiations determined the final basis of the China-Japanese peace. Through the intervention of the Powers, China was enabled to maintain the continental integrity of her State, and to obtain the evacuation of her territory by Japanese troops more speedily than she had agreed to in the month of April.(39)

A survey of the preceding period shows that despite the reverse which Japanese diplomacy suffered through the intervention of the three Powers, Japan had been eminently successful in her imperialistic venture. She had picked a quarrel with China so as to be able to strike her when the latter was unprepared for hostilities. She had not been prevented from following this course by the Powers, and she had imposed her own peace upon the Chinese Government, except for the modifications in the peace treaty. She had acquired, as a result of this Treaty, new territories and many important commercial privileges which were embodied in their final form in a convention signed in 1896.(40) She had compelled China to renounce her suzerainty of Korea, and had laid the basis for the future absorption of Korea by herself. She had increased her prestige and position in world affairs. She had demonstrated the prowess of her army and navy. She was the first Oriental nation to acquire a most-favoured-nation status in China,(41) and the enjoyment of extra-territoriality there for her citizens.

But despite these successes Japan had failed to realize a principal object for which she had waged war. She had failed to secure a foothold upon the continent by means of which her diplomats and militarists had hoped to avert a Russian military menace to Japan, and to provide for the future territorial expansion of their country. She had failed to secure for this programme the approval of the Powers even on a *quid pro quo* basis. Moreover, she had been compelled to reveal her ambitions to them. In her eagerness to fulfil her continental territorial aspirations Japan had, however, created a new international problem of great dimensions

—the Problem of China. By defeating China she had demonstrated to the world that State's weakness and inability to resist aggression. By suggesting her dismemberment to the Powers she had roused their cupidity. Though the dismemberment did not occur then, that time marks the origin of the Chinese Question.

The break-up of China which the Japanese had proposed had been delayed simply because the Powers were unprepared for it. Chinese arms or diplomacy had done nothing to prevent the possible dissolution of their State. Henceforth its future existence depended upon the policies and power of other States than China. Henceforth the character of China's relations with foreign States was changed from a commercial one to one that was predominately political. And in some cases new policies were formed by the Powers.

British diplomats had attempted to avert the war, to stop it by intervention, and to bring about peace.(42) Britain desired no change in the *status quo* because it was not, nor has it been ever since, in her commercial interest to threaten the integrity of the Chinese State. Though her efforts prior to the conclusion of hostilities had failed, it is noteworthy that she had always taken the initiative on China's behalf, and, indeed, the final peace was based upon the conditions of peace which Britain had suggested in October 1894. She did not oppose the intervention by the other Powers because the object of it, the territorial integrity of China, was consistent with her own policy. It was for the same reason that she had co-operated with the intervening Powers in advising Japan to yield to their demands. Although she had refrained from the intervention, her own policy was fulfilled. In addition, however, Britain gained the friendship of Japan. But by not participating in the intervention she had permitted new forces to come into being in the Far East which were soon to threaten China's political existence. She had allowed the formation of a European continental coalition which might oppose Britain in other parts of the world. And she had permitted herself to become isolated in the affairs of the Far East—France, Russia and Germany were united in the Dreibund, and the United States was pursuing no active policy there.

The German Government did not achieve all that it had hoped for from joining in the intervention. It had two distinct groups

of objects which it desired to attain. The first group was connected with its new foreign policy of becoming a world Power, which its industrialists and expansionists were urging upon it. The second group, based upon strategic considerations, was associated with Germany's geographical position in Europe between France and Russia. Under the first category came the desire not to be prevented from sharing in the dismemberment of China, and the ambition to acquire a *point d'appui* in China for the distribution of German manufactures, and for the purchase of raw materials. Under the second category came the desire to win the friendship of Russia, to divert Russia's attention to the Far East, to ease the pressure upon Germany's eastern frontier, to loosen the Russo-French bond, and perhaps to form a continental coalition for subsequent purposes elsewhere. Japan's friendship could hardly serve Germany in the attainment of the first group of objects, or of the second group. It therefore mattered little to her if Japan's enmity were momentarily incurred. And, moreover, the opportunity offered considerable gains to German diplomacy at the expense of very little risk. Baron von Marschall points this out in a letter to Count Hatzfeldt dated April 12, 1895. He says, "If there had been much risk involved we would have given the matter greater consideration." (43) It was logical for Germany to join with Russia in the intervention. Only in this way could most of her aims be realized. She accepted the Russian view that the territorial integrity of China had to be maintained because she feared that her claims would be ignored if a dismemberment of China took place then. She, unlike Britain, France and Russia, had no territorial contiguity with China, and no fleet large enough to uphold her claim to a fair portion of the Chinese inheritance in the event of the Chinese State breaking up. In so far as she averted the dismemberment of China at this stage, and in so far as the Czar of Russia's assurances in favour of a German *point d'appui* in East Asia had any value, Germany had achieved the objects of the first group. But German statesmen had been compelled to concede much to achieve their programme. They were less successful with their second group than with their first. They had undoubtedly momentarily gained the friendship of Russia. (44) They had, in fact, received an assurance that as long as Germany held the peace, Russia would guarantee peace upon her eastern

frontier.(44A) And they had succeeded in diverting Russia to the Far East. But the hope for a European continental coalition was soon shattered, and the desire to weaken the Russo-French ties ended in complete failure. The intervention had served to strengthen the friendship of Russia and France by the opportunity which it provided for their joint financial operations in the Far East, and for the plans which they elaborated together with respect to China.

In the course of the intervention the strength of the Russo-French alliance had been tested, and its value became evident. Russian diplomats could claim for themselves every important success. They had intervened not because they desired in principle to preserve the Chinese State, but because they desired to keep Japan off the mainland, where she might threaten Russian plans. In this they had succeeded, and had compelled Japan to accept their terms. They had organized a Russo-French financial political bloc whose purpose was to bring China under their domination. The following years reveal the purpose of this bloc more clearly. They had succeeded in persuading the Chinese that China must look to Russia for help against Japan. The war resulted in Russia shifting her political axis from the Balkans to the Far East. Until 1908 she generally stood aloof from all European engagements. Baron Rosen points out in his memoirs that the Russian Ambassadors in the Balkans in March 1895 were instructed not to become involved in the affairs of the Balkans.(45) Henceforth Russia and France were to be one in China.

It is commonly supposed that the action of Germany at Kiaochau in 1897 was the signal for the dismemberment of China. This is hardly in keeping with the facts. The forces of dismemberment commenced work at the conclusion of the China-Japanese War. The Russian-French combination, and the Imperial Japanese group, were the initiators of this programme. Japan realized at once that the aims and ambitions of Russia were similar to her own, and for the next eight years she sought unsuccessfully to make Russia realize this also. It took the Russo-Japanese War to convince Russia that they were natural allies. It was these two Powers who introduced the "Chinese question" into the Chancelleries of Europe.

The effects of the war and the peace were humiliating to

China. She had been defeated by her "contemptible" neighbour. She had had a peace imposed upon her by an Oriental State. She had lost her last vassal state except Mongolia and Thibet. She had to concede wide commercial privileges to Japan. She had been saddled with a large indemnity.(46) She had lost the respect of the world. Her armies and navy had not won a single victory. Her statesmen were discredited. She realized, however, that she could no longer remain isolated in world affairs. She turned to Russia for assistance in her external relations. The defeat also brought to some Chinese the realization of their country's weakness and need for reform. It was the beginning of the modern reform movement in China.

The China question had just presented itself. China was yet to face new problems. Henceforward the forces of dismemberment were to vie with those opposed to it.

NOTES

1. *D.G.P.*, vol. ix, p. 301—Document 2276, Marschall to Gutschmidt, June 7, 1895.
2. *Ibid.*, p. 312—Document 2290, Radolin to Hohenlohe, August 9, 1895.
- 2A. *British War Origin Documents*, vol. i, Memo of J. A. C. Tilley, Appendix, p. 322, January 5, 1905.
3. *D.G.P.*, vol. ix, p. 313—Document 2290, Radolin to Hohenlohe, August 9, 1895.
4. *Ibid.*, p. 321—Document 2297, Von Schoen to Auswärtige Amt, August 30, 1895.
5. *Memoirs of Count Witte*, Yarmolinsky, p. 85.
6. *Treaties with and concerning China*, MacMurray, p. 35—Contract for Chinese 4 per cent. Gold Loan of 1895 (1895, 6).
7. *Ibid.*, Art. XV, p. 39.
8. *Ibid.*, Art. IX, p. 37.
9. *Ibid.*
10. *Ibid.*, Art XV, p. 39.
11. *Treaties with and concerning China*, MacMurray, p. 40—Protocol of exchange of declarations concerning the Chinese 4 per cent. Gold Loan of 1895, July 6, 1895 (1895, 7).
12. *Ibid.*, p. 41.
13. *Ibid.*
- 13A. *British War Origin Documents*, vol. i, p. 1—Document 1, Appendix, Memo of J. A. C. Tilley, January 14, 1905.
14. *Treaties with and concerning China*, MacMurray, p. 36—Contract for Chinese 4 per cent. Gold Loan of 1895, Art. IV (1895, 6).
- 14A. *British War Origin Documents*, vol. i, p. 1—Document 1, Memo of J. A. C. Tilley, January 14, 1905.
15. *Memoirs of Count Witte*, Yarmolinsky, p. 84.

16. *D.G.P.*, vol. ix, p. 301—Document 2276, Marschall to Gutschmidt, June 7, 1895.
17. *Ibid.*, pp. 305–6—Document 2283, Roteuhau to Radolin, July 6, 1895. (*Italics are my own.*)
18. *Ibid.*, p. 303—Document 2280, Marschall to Gutschmidt, June 12, 1895.
19. *Ibid.*, p. 306—Document 2284, Gutschmidt to Auswärtige Amt, July 19, 1895.
20. *Ibid.*, p. 307—Document 2285, Memo of Rotenhan, July 24, 1895.
21. *Ibid.*, p. 310—Document 2289, Radolin to Auswärtige Amt, August 9, 1895.
22. *Ibid.*, p. 307—Document 2285, Memo of Rotenhan, July 24, 1895.
23. *Ibid.*, p. 309—Document 2287, Memo of Rotenhan, August 2, 1895.
24. *Ibid.*, p. 310—Document 2289, Radolin to Auswärtige Amt, August 9, 1895.
25. *Ibid.*, p. 314—Document 2290, Radolin to Hohenlohe, August 9, 1895.
26. *Ibid.*
27. *Ibid.*, p. 395—Document 2293, Marschall to Radolin, August 19, 1895.
28. *Ibid.*, p. 318—Document 2294, Annex Lobanoff to Tscharykow, August 22, 1895.
29. *Ibid.*, p. 317—Document 2294, Memo of Marschall, August 22, 1895.
30. *Ibid.*, p. 319—Document 2295, Radolin to Auswärtige Amt, August 24, 1895.
31. *Ibid.*, p. 321—Document 2298, Marschall to Hohenlohe, August 31, 1895.
32. *Ibid.*
33. *Ibid.*, p. 322—Document 2299, Hohenlohe to Marschall, September 1, 1895.
34. *Ibid.*, p. 324—Document 2301, Marschall to Radolin, September 4, 1895.
35. *Ibid.*—Document 2302, Gutschmidt to Auswärtige Amt, September 11, 1895.
36. *Ibid.*, p. 325—Document 2304, Gutschmidt to Auswärtige Amt, October 7, 1895.
37. See p. 137, ref. 19.
38. *D.G.P.*, vol. ix, pp. 327, 328—Annex to Document 2305, October 18, 1895.
39. See p. 102, refs. 11 *et seq.*
40. See Text, *Treaties with and concerning China*, MacMurray, vol. i, p. 68, July 21, 1896 (1896, 4).
41. See p. 102, ref. 11, Art. V.
42. See p. 67, ref. 31 ; p. 73, ref. 70 ; p. 71, ref. 53.
43. *Von Bismarck zum Weltkrieg*, E. Brandenburg, p. 54. Not in *D.G.P.*
44. *Ibid.*, p. 60.
- 44A. *D.G.P.*, vol. ix, p. 348—Eulenberg to Hohenlohe, April 7, 1895.
45. *Forty Years of Diplomacy*, Baron R. Rosen, vol. i, p. 109.
46. *Treaties with and Concerning China*, MacMurray, vol. i, p. 19, Art. IV, p. 51, Art. II.

CHAPTER VII

THE RUSSO-FRENCH PROGRAMME

The Russo-French plan—Two Franco-Chinese conventions—Britain's protest—China's efforts—Franco-Russian pressure—A railway from Langson to Longtcheou—Point of view of the Chinese Government—Its reply—French fears—The French counter-proposal—China assents—The importance of the concession—Kent's opinion—The Courcel-Salisbury Agreement, 1896—Witte's suggestion—A new financial combination—China approaches France and Russia—Loan at 94—Its two purposes—Two clauses of the loan—Their implications—"Finance and railways"—The Russo-Chinese Bank founded—Its charter—The extension of the Trans-Siberian railway—Russian intentions, 1895—The *London Times*, October 25, 1895—Opinion of the continental Press—"In Asia there is room for us all"—Mr. Balfour's Bristol speech, February 3, 1896—His motives—The Kaiser's letter of April 26, 1895, to the Czar—Russia's position—The Russian demand for the Chinese Eastern Railway—Cassini's assurances—Li Hung Chang met at Port Said by President Russo-Chinese Bank—Li arrives in Moscow—The proposal of the Czar—Witte's argument with Li—Proposal referred to China—His motive—The Russo-Chinese Treaty of Alliance, May 1896—Li Ching Mai's explanation—Article V of the Alliance—Li leaves Russia—Railway contract concluded, September 8, 1896—Alliance inoperative during Russo-Japanese War—The terms of the railway contract in detail—Russian financial control of the railway—"Right of administration of its lands"—"The preservation of law and order"—A reduced tariff—Minor privileges—Reversionary rights to the railway—mineral rights—Witte's statement—Construction work begun, 1897.

THE importance of the foregoing events is that they mark a change in the attitude of the Powers towards China. Most of these, as a result of the war, altered their policies towards that country, and laid the foundations of that state of affairs which for the next thirty years was to threaten the peace of the world. This period saw their respective policies defined and brought into conflict, and a new problem created for the Chancelleries of Europe : the China problem.

✓ The Russian and French diplomats immediately began to unfold the plan of penetrating China which they had elaborated together. The French were to encroach upon China from the south ; the Russians from the north. Together they would hold her in a vice.

During the course of the Chinese negotiations for the Franco-Russian loan, with which the Chinese proposed to pay the Japanese war indemnity, the French had actively pressed certain claims upon the Chinese Foreign Office. China agreed to accept them and to embody them in two conventions. By the first convention the Sino-Annamese frontier was delimited, giving to France some Chinese territory.(1) By the second convention China agreed :

1. To open to trade and residence three new treaty ports upon the Sino-Annamese frontier.
2. To allow certain reductions of the Customs tariff.
3. In "the exploitation of its mines in the provinces of Yunnan, Kwangsi and Kwangtung," to "call upon, in the first instance, French manufacturers and engineers."
4. To continue "on Chinese territory either those" railways "already in existence or those projected in Annam . . . after mutual agreement, and under conditions to be defined. . . ." (2)

The British Government objected to the first convention before China had signed it. It maintained that it was contrary to the treaties which it had with China,(3) and that China had ceded to France certain territories which Britain had by Article V of the British-Chinese Treaty of March 1, 1894, ceded to China subject to the sole proviso "that His Majesty, the Emperor of China, shall not, without previously coming to an agreement with Her Britannic Majesty, cede either Munglem or Kiang Hung, or any portion thereof, to any other nation." (4) The Chinese, nevertheless, signed the convention. The British Government renewed its protest, and exercised pressure upon the Tsungli Yamen.(5) Not having yet ratified the pact the Chinese diplomats sought to extricate themselves from the embarrassing position in which they found themselves.(6) But in his memoirs, entitled *Ma Mission en Chine*, M. Gerard, the French Minister, explains how he forced the Chinese Government's hand.*

"I indicated to them especially that, if the undertakings assumed towards us by the Chinese Government were not carried out as from now and without delay, the French Government, for its part, could not allow the execution of the clauses of the four-hundred-million franc loan agreed upon for China for the liberation of her territory. My Russian colleague had received from Prince

Lobanoff an order to support my declaration." (7) The Russian Minister called upon the Tsungli Yamen and confirmed this.(8) Under such pressure China was compelled to ratify the Convention or to forgo the loan. She chose to do the former, and to settle with Britain later for her breach of an international agreement.(9)

Having disposed of this difficulty, the French Minister addressed himself to the execution of the second convention. On the 9th of September, 1895,(10) whilst the Dreibund were still negotiating with Japan regarding the terms upon which she was to evacuate the Liaotung Peninsula, the French Minister asked of China a concession *du type absolu*, by which the "Compagnie de Fives Lille" were to become the proprietors of and might construct at their cost and risk and exploit for an indefinite period a line from Langson and Dongdang to Longtcheou, "with the right of transferring the concession to another French company or to the administration, likewise French, which would be charged with the exploitation of the India-China line abutting upon the Chinese frontier." (11) If granted this demand would in effect have given to France the right to construct a railway into the south of China, which would remain under French Governmental control for an unlimited period, and over which China would have no right of control.

The Chinese Government recognized that the demand constituted a menace to the territorial integrity of the State, especially since it would give France readier access to territories to which the access of the Chinese themselves was difficult because of poor communications. It refused to grant the concession, declaring that it was unprepared for frontier lines until it had constructed the internal lines; that it had no plan yet for a Chinese network of railways, and that branch lines could not be undertaken until the main lines were planned; that the demand endangered Chinese sovereignty, and above all that Article V of the second Convention, upon which the French based their claim, fixed neither the conditions nor the date at which China must grant the concession. China proposed to defer this date.(12) The more responsible of the men in Chinese public life had realized the need of their country for better communications during the China-Japanese War. In the whole of China there was only one railway—from the Tongshan Mines to Lutai, and then to

Tientsin, with a northern extension to Shahouso.(12A) But Chinese officialdom, headed by Chang Chi-tung, one of the Viceroys, was anxious to avoid foreign ownership of the railway lines. It desired them to be Chinese owned, so that the security of the Empire might not be endangered.

✓ The Chinese Government accordingly informed the French Minister that China herself, with the aid of the French company, would undertake the construction of the railway desired by France.(13) This undertaking, if faithfully carried out, ought to have satisfied the French Government. If the objectives of French diplomacy were purely commercial, they would have been attained by the construction of the line by the Chinese Government. But France evidently desired a measure of control over the railway. M. Gerard, who handled the negotiations, explains in his Memoirs that France's objections to this Chinese plan were due to the fear that China had made such a proposal "to reduce to a strict minimum the assistance of the company." (14)

✓ Towards the end of December 1895 (15) France made a counter proposal: she asked that the concession be given to a French company "for the account of and in trust for China." For a time China held back. Ultimately, on the 20th of March, 1896, an Imperial decree approved of the concession, and on the 31st of March, 1896, the French Government was formally advised that its demand had been conceded.(16) But the Chinese proposed to substitute for the contract *un simple cahier des charges*, and to remove all further discussions on the question from Peking to Longtcheou.(17) This new proposal the French declined to accept, and China again yielded. ✓ Thus the first railway concession to be granted in China was won by the French. ✓

This railway, which when constructed would not traverse much Chinese territory, had special significance. China had been penetrated by a foreign railway, and the precedent of a railway concession to foreigners was established. It was believed that once the railway was constructed and operating, extensions of it might be obtained to penetrate the Chinese dominions still farther. The concession which the company obtained was for the construction and exploitation of the railway, upon the account and risk of China, "during a period of thirty-six years, and subject to being prolonged and renewed." (18) The latter part of this phrase indicates that France had in substance secured the con-

cession which she originally sought, viz. control of a railway in South China for an indefinite period. This was her first step towards a railway policy, which P. H. Kent in his book on *Railway Enterprise in China* characterizes as "a means to an end: an incident in a larger policy which can only be described as in intention a policy of colonization." (19)

The French Government had in effect been laying the foundations for a French sphere in the Chinese Provinces of Yunnan, Kwangsi and Kwangtung, which would become a valuable addition to its Indo-Chinese Empire. The treaty it had just concluded with the Chinese Government enabled it to do so. By means of it France was permitted to open trading posts for Franco-Chinese trade, to extend telegraphic lines from French territory into Chinese territory, to extend its own railways on to Chinese soil, and to exercise preferential mining rights in the provinces of Yunnan, Kwangsi and Kwangtung. British statesmen, with their traditions of Empire behind them, knew well that exclusive economic domination was the invariable forerunner of political absorption. "Nor have the organs of French colonial expansion and others of a more responsible character hesitated to describe the Tonking Convention (20) with China as only an instalment of the policy which is designed to carry the French tricolour up the valley of the Mekong into Yunnan and Szechuan, and ultimately to drive in a French wedge between British Burma (21) and the valley of the Yangtze-kiang, the national stronghold of British influence in China. The French advance from the south would thus meet the Russian advance from the north, and between the two England would be finally squeezed out." (22) We have had occasion previously to refer to this French policy which if realized would have erected a French barrier to the British Indian approach to China, and threatened Britain's position in India. There were two directions from which Britain was threatened. One was Siam, the other was the Chinese Provinces of Yunnan and Szechuan. To safeguard her interests Britain proposed to France what in effect amounted to a neutralization of Siam and the Chinese border provinces which separated Burma from the Yangtze Valley, and into which French aspirations for expansion extended. This was in substance achieved by the conclusion of a general agreement between France and Britain upon

January 15, 1896, known as the Salisbury-Courcel Agreement, which dealt with matters pertaining to Siam, Lower Nigeria, Tunis, Yunnan and Szechuan. They agreed in respect of Siam that neither France nor Great Britain "will, without the consent of the other, in any case, or under any pretext, advance their armed forces into the region which is comprised in the basins of the Petcha Bouri, Meiklong, Menam, and Bang Pa Kong (Petriou) Rivers, and their respective tributaries, together with the extent of coast from Muong Bang Tapan to Muong Pase, the basins of the rivers on which these two places are situated, and the basins of the other rivers, the estuaries of which are included in that coast; and including also the territory lying to the north of the basin of the Menam, and situated between the Anglo-Siamese frontier, the Mekong River, and the eastern watershed of the Me Ing. They further engage not to acquire within this region any special privilege or advantage which shall not be enjoyed in common with or equally open to Great Britain and France, and their Nationals and dependents. . . ." (22A).

And in respect of Yunnan and Szechuan they agreed that "all commercial and other privileges and advantages" which had been conceded to them in the provinces of Yunnan and Szechuan in virtue of their conventions of March 1, 1894, and June 20, 1895, or which might in the future be granted to them there, should, "as far as rests with them, be extended and rendered common to both Powers, and to their Nationals and dependents." (22B) Both Powers undertook to use their influence and good offices with China for this purpose. (23) This arrangement apparently adjusted Anglo-French differences in the East in exchange for a settlement of conflicting claims in Africa. But it did not succeed in checking the advance of French Imperialism in the Chinese provinces abutting upon India, as we shall see later.

This method of co-operation, where no Power sought exclusive privileges, but was willing to share them equally with the other Powers on a reciprocal basis, and which had long prevailed in the early days of the Western Powers' intercourse with China, was not to continue much longer.

Already signs of discord were not wanting. Britain and Germany (24) and the United States (24A) had been excluded from the foreign loan with which China was to pay the first instalment of the China-Japanese War indemnity. But the Yamen had

given the first two Powers to understand that she would avail herself of their offer for the next loan to be taken to meet the Japanese indemnity payment of May 1896.(25) The French and Russian Ministers, however, were pressing the claims of their financial interests to be allowed to float the loan.(26) M. Witte, in the early part of January 1896, suggested that the financial interests of Berlin, Paris, St. Petersburg, and Amsterdam undertake the loan.(27) But the banks of Paris did not show any great enthusiasm for his proposal.(28) A crisis had developed there due to political clouds in the Near East and senseless speculation in gold-mines, and they were compelled to be less free with their money.(28A) In the meantime negotiations ensued between Berlin and London which resulted in a new financial combination—a syndicate of the Deutsch-Asiatische Bank and the Hong-Kong and Shanghai Bank.(29) This financial group, unlike the French-Russian group, were not controlled by the political departments of their respective Governments, although they did, in fact at times assist the policies of their Governments. They proposed to share their concessions in China. Together they sought to obtain the second Japanese indemnity loan. In the first loan, the Germans had been dealt with unfairly by the Russo-French group. It was therefore only natural for them to have united with the only other financial Power—Britain. As regards the British, they were anxious to prevent the Russo-French group increasing its power and influence at Peking by becoming the creditors of the Chinese Government in this new loan. Their financial interests accordingly welcomed the support of the German element.

But in the midst of the negotiations the Chinese, sensible of the desire of each group to obtain the loan, and anxious to exploit their differences for their own advantage, approached the French and Russian Ministers on February 8th with regard to the loan.(30)

The competitive interests of the two groups were forthwith called into play. The result was that despite the fact that she was a defeated country, and that her revenues had just been pledged for a previous loan, China obtained the issue of the loan at the rather high figure of 94.(31) In order to outbid the French, whose last offer was 90,(32) the British-German group raised the issue price from 89½ to 94.(33) The loan was not, perhaps, financially very profitable to the Anglo-German group,

but it served two purposes. It was designed to prevent Russia and France from increasing their financial control of Chinese revenues ; and in particular it obviated the control of the Chinese Customs passing into the hands of the Gallic-Slav group.(33A)

The terms of the first Franco-Russian loan to China, as pointed out previously, had provided that there could be no control or supervision of Chinese revenues unless Russia was a party to that control.(34) During the negotiations for the second loan, France and Russia demanded and obtained greater representation in the Maritime Customs Service of China.(35) These facts rather suggested a Russo-French plan of gradually acquiring the control of this revenue system and, as we shall see later, of excluding British influence and control from the Chinese fiscal system by demanding a Russian or French Inspector-General instead of a British one for the Chinese Customs Administration. Two minor clauses of this loan agreement attempted to avert a Russo-French control ; to this extent this financial agreement was also of a political nature. These clauses provided that the loan would be for thirty-six years ; (36) that "during the term of thirty-six years the amortization shall not be increased, nor the loan converted nor redeemed by the Chinese Government," (37) and that "the administration of the Imperial Maritime Customs of China shall continue as at present constituted, during the currency of this loan."(38)

In effect, therefore, this agreement was a counterpoise to the undertaking given by China to Russia, in respect of the first loan. It provided that for thirty-six years from the conclusion of the loan the administration of the Customs system would remain as then constituted. Any attempt at a change which would involve the introduction of Russian or French control of the Maritime Customs would henceforth involve a breach of a legal undertaking with British and German financial interests, and would give their Governments a right to intervene on their behalf in upholding the letter of the agreement.

Although the Russian plans for penetrating China from the north had been evolved at the same time as those of the French concerning the south of China, the pace of the Russian Government was much slower and more cautious than that of the French. The first step which the Russian statesmen proposed to take was greater than that taken by France. They therefore watched the

progress of the French case carefully, and worked out in full the details of their programme before making any demands upon China.(39) French finance was privy to the Russian plan, which had been formulated by M. Witte, the Russian Finance Minister.(40) M. Witte hoped through it to transform into a reality the vague and "unreasoned desire" of his Emperor "to seize Far Eastern lands." (41) He proposed doing this by the peaceful penetration of China. Finance and railways were to be his instruments of conquest. But Russia had not enough financial resources to undertake such an enterprise alone. French finance was therefore invited to share the responsibility. When the French banks undertook to negotiate the Franco-Russian four-hundred-million franc loan of 1895 they had arranged for Russo-French financial and political co-operation in the Far East.(42) As a consequence of this arrangement M. Witte founded the Russo-Chinese Bank, in which the French financiers were the chief shareholders.(43) The charter of the bank was granted by the Czar on December 10 1895, to the "Manager of Affairs of the Committee of the Siberian Railway." The powers conferred upon the Russo-Chinese Bank were so extensive as to enable the bank not only to transact its ordinary banking business, but also to perform some of the most important financial operations of the Chinese Government.

By its charter the Russo-Chinese Bank was empowered to undertake "the collection of duties in the Empire of China, and the transactions relating to the State Treasury of the respective place, the coinage, with the authorization of the Chinese Government, of the country's money, the payment of interest on loans concluded by the Chinese Government, the acquisition of concessions for the construction of railways within the boundaries of China, and the establishment of telegraph lines." (44) These comprehensive powers, if exercised, would enable the Bank to function as the financial arm of the Chinese Government, and aid Russia and France to realize their financial political plans with respect to China. It is, therefore, not surprising that Baron Rosen, a Russian Far Eastern diplomat, has characterized the bank as "a hybrid political-financial institution which in reality was but a slightly disguised branch of the Russian Treasury." (45)

Having arranged to finance his plan, M. Witte proceeded farther. The Trans-Siberian Railway had reached Trans-

baikalia. Three plans for its extension had been put forward.(47) One to follow the bend of the Amur River and then on to Vladivostock, one from Kiakhta to Peking, and one through Northern Manchuria. The first suggestion had the disadvantage of being a long, difficult route from the engineering point of view. The second route would probably meet with opposition from the Powers. The third route shortened the distance to Vladivostock by several hundred miles, and enabled M. Witte to realize his plan of the peaceful conquest of Northern China.

His agents in the latter part of the year 1895 undertook to survey the last-mentioned route, and to prepare the necessary data with which to support the Russian demands(48) Evidence of Russian intentions at this time are furnished by the following remarks of M. Gerard, the French Minister in Peking, at the time :

“ In the first months following the intervention of the three Powers, and the conclusion of the Chinese loan guaranteed by Russia, Prince Lobanoff limited himself to establishing and consolidating his influences, to studying the means whereby either on Manchu territory or on the seas which wash China, Russia could be best circumstanted for preserving the Middle Kingdom against new dangers. It is thus that he came to express the desire to be able upon occasion to shelter the Russian fleets in the Chinese harbours, particularly at Kiaochau. It is thus that it happened that he had studied by the engineers of the Ministry of Communications the plans which would permit whether on the border of Manchuria or, if need be, through Manchuria itself, of the speediest and most profitable construction of the Trans-Siberian Railway. In this way, finally, he allowed M. Witte, Minister of Finance, to prepare through the creation of the Russo-Chinese Bank the future instrument of all this policy. But for the time being no demand was addressed to China. *The plan of a beneficent policy of tutelage for China was to be uncovered only a little later.*” (49)

The Hong-Kong correspondent of the London *Times* first intimated the Russian plans to the world in a despatch to his paper on October 25, 1895. He said that the Russian Government were to obtain from China the right to construct and work, under Russian management and administration, certain railways connecting Vladivostock and Port Arthur by way of Tsitsihar, with certain commercial advantages to which the most-favoured-nation clause would not be applicable. China was to have the option to repurchase the railway in twenty years, at a price to be

fixed hereafter. Russia, he stated, was also to acquire the right of anchorage for her fleet at Port Arthur.(50)

The significance of such plans, if true, was quickly appreciated by the astute observers on the staff of the London *Times*. In an editorial of the 25th October, 1895, in which the Hong-Kong despatch was considered, they pointed out to Russia the danger of pursuing the policy reported. The editorial stated that Russia

"cannot possibly imagine that the other Great Powers having interests in the Far East can view with indifference an enterprise which would constitute a destruction of the existing balance of power, almost unparalleled in its audacity. The reservation to China of the right to buy the railway after twenty years, at a price to be arranged hereafter, is a jest almost too cynical to find a place in any serious diplomatic transaction. It is obvious that with Russian fleets in the harbour of Port Arthur, and a railway connecting that place with the great Siberian trunk line, Manchuria would practically become a Russian province, the Chinese capital itself would be in Russia's grip, and every Power in any degree interested in Chinese affairs would have to effect a fundamental revision of the arrangements by which its position and commercial interests are at present secured. Russian statesmen are so well aware of the magnitude of the changes involved in such movements as are now reported that they could not carry them out unless they had definitely resolved to abandon the cautious and pacific policy of the last reign and to plunge into vast and dangerous activities." (51)

The Russian Government, however, immediately denied the rumour.(52) But it profited by becoming informed of the reaction of public opinion in the various countries towards the reported Russian plans.(53) France asserted Russia's right to a *point d'appui* in China, since Britain had one in Hong-Kong. In Germany, some of the papers asserted that Germany ought also to seize a *point d'appui*, others that Germany must refuse to pull England's chestnuts out of the fire for her, and still others that Germany must exact a price for her support in the newly created situation. The *Times* undoubtedly expressed the public opinion of England. Yet several weeks later, on November 9, 1895, speaking at the Guildhall, Lord Salisbury commented upon the report in *The Times* as follows :

"Depend upon it, whatever may happen in that region, be it in the way of war or in the way of commerce, we are equal to any competition which may be proposed to us. We may look on with absolute equanimity at the action of any persons, if such there be, who think that they can

exclude us from any part of that fertile and commercial region, or who imagine that if we are admitted they can beat us in the markets of the world. I should be sorry that we felt any undue sensitiveness in that matter. I cannot forget the great words of Lord Beaconsfield—'in Asia there is room for us all.' "

"British citizens," he said, "might pursue their purposes in China without interfering or having need to fear the efforts of anybody, be they who they may, who propose themselves as our competitors in that struggle." (54)

It is evident that Lord Salisbury did not comprehend the extent of Russian aims, when he said that Britain could "look on with absolute equanimity" at the action of anyone who sought to exclude her from a portion of the world's territories or markets. It was probably safe to make the foregoing utterance after Russia had denied the report. (55) But the British Government went even farther than merely stating that "in Asia there is room for us all." It concluded, as stated previously, the Salisbury-Courcel Agreement on January 15, 1896, (56) on this basis. Mr. Balfour, speaking at Bristol on February 3, 1896, stated his readiness to treat with Russia in the Far East upon the same principle. He said in part :

"I for my part frankly state that, so far, for example, from regarding with fear and jealousy a commercial outlet for Russia in the Pacific Ocean which should not be ice-bound half the year, I should welcome such a result as a distinct advance in this far distant region, and I am convinced not merely that Russia would gain by it, that the world generally would gain by it, but that British commerce and enterprise would be the gainers. Let us lay to heart this doctrine that what is good for one is not necessarily bad for the other—surely Asia and Africa are large enough for all of us." (58)

The foregoing merely demonstrated that British statesmen failed to appreciate the rapidity with which events were moving in that distant region. The days of co-operation were over. Russia had its own purposes to serve. The motives which prompted Mr. Balfour to make such a declaration may have been several. Firstly, Britain's international position at that moment was bad. Ill-feeling existed between England and Germany because of the "Kruger telegram" of January of that year, and there was tension between Britain and America because of the Venezuela dispute. Secondly, the Armenian question was

also in the forefront of the British Cabinet's concerns, and in it they desired the co-operation of the Russian Government." Mr. Balfour's speech may therefore have been intended as a friendly gesture to Russia in return for Russian support. Russia's ambitions for an ice-free port had long been known, and Mr. Balfour declared that Britain would not regard it with fear or jealousy. His utterance was quite in conformity with the British policy "that in Asia there is room for us all." (59) Undoubtedly by the construction of railways and the opening of an ice-free port, "British commerce and enterprise would be the gainers," (60) and this may have been a third, and perhaps even the principal, motive for making the statement.

Russian diplomats now knew that as long as they kept the appearance of their enterprise within the limits of Mr. Balfour's utterance—namely, commercial limits—they would not meet with British opposition.

From the German side, moreover, they had assurances that were unequivocal. William II, in a letter written to the Czar on April 26, 1895, had said :

"For that is clearly the great task of the future for Russia to cultivate the Asian continent and to defend Europe from the inroads of the great Yellow race. *In this you will always find me on your side ready to help you as best I can.* You have well understood that call of Providence, and have quickly grasped the moment; it is of immense political and historical value and much good will come of it. I shall with interest await the further development of our action and *hope that, just as I will gladly help you settle the question of eventual annexations of portions of territory for Russia,* you will kindly see that Germany may also be able to acquire a port somewhere where it does not *gêne* you." (61)

The Czar in his reply characterized the Kaiser's desire for a *point d'appui* in Asia as *selbstverständlich*, (62) and in September 1895 he reiterated to Count Hohenlohe at St. Petersburg that he had written to His Majesty in the spring of the year that "he will have absolutely no objection if your Majesty will make a territorial acquisition in Eastern Asia." (62A) Though the sentiments expressed above were those of the Kaiser, they were evidently shared by the German Foreign Office. This is made unmistakably clear by the negotiations which later ensued between Germany and Russia concerning Kiaochau.

Germany, like Russia, desired a naval base in China. As soon

as it was assured by participation in the Dreibund that it would not be excluded from a territorial settlement in China, the Kaiser, as is clear from the above letter, commenced to barter with the Czar for his support in obtaining a *point d'appui* there. The policy of Germany had undergone no fundamental change. It favoured the territorial integrity of China as long as there was a danger of an Anglo-Russian territorial understanding which took no account of Germany's ambitions. It was not, however, opposed to an equitable Russo-German territorial understanding, as we shall see later. Unlike British statesmen who were opposed to a dismemberment of China, the Kaiser was prepared to "help" the Czar "settle the question of eventual annexations of portions of territory for Russia" in return for his support of German territorial aims.

With such positive assurances from the head of the German State, Russian statesmen knew that they had nothing to fear from the direction of Germany in the fulfilment of their plans. Accordingly, with this definite encouragement to proceed with her plans in China, with Britain, too, not altogether unfavourably disposed towards her, and in any case unable to hope for American support then because of the differences existing between those two countries,(63) and certain of the support of her ally, France, Russia proceeded to unfold her plans in China.

The Russian envoy at Peking had been following very carefully the French negotiations with China for the Langson-Longtcheou Railway.(64) Russian plans were being worked out in detail for the descent upon China from the north. In February of 1896 the technical investigations for the construction of the railway were completed and sent from Peking to St. Petersburg.(65) It was not, however, until the 18th of April that "for the first time" Count Cassini formally "broached to the Chinese Princes and Ministers the subject of the passage of the Trans-Siberian Railway line through Manchu territory." (66) This demand was only made after Russia had witnessed the successful negotiation by France for a railway concession in the south of China.(67) What China had granted to one Power she could not very well refuse to another. Russia, unlike France, did not base her request upon any treaty provisions. She alleged as a reason for it economic and military requirements. She stated that she required a shorter and less costly route for her Trans-Siberian line,

and that not only would China's commercial interests be served by this railway, but also her military interests.(68) If Russia were to come to China's defence she required a ready and easy access to her territories. Profiting by the experiences of the French in their Langson-Longtcheou Railway concession, Count Cassini endeavoured to reassure the Chinese statesmen that Chinese sovereignty would be respected.(69) To this end he said that "the section of the line passing through Manchu territory would be constructed and exploited not by the Russian Government, but by a commercial association concerning the constitution of which the two Governments would have to come to an agreement." (70) We shall soon see how far this obligation was fulfilled.

The effect which the demand had upon the Chinese Foreign Office was reported by Count Cassini to his French colleague thus : "The Prince and Ministers had been at first stirred and smitten with a stupor by the proposal, for them so serious and so novel, which had been submitted to them." (71) Nevertheless the Chinese took the proposal under their consideration.(72) At about the same time Li Hung Chang, who had been despatched by his sovereign to attend the Coronation of the Czar Nicolas II, arrived at Port Said. He was met there by Prince Ouchtomsky, President of the Russo-Chinese Bank.(73) Prince Ouchtomsky accompanied Li Hung Chang to Moscow, and undoubtedly used his influence upon Li to obtain his endorsement of the project sponsored by the Russian Government and Bank. Henceforth the negotiations were to be with Li in Moscow, and not in Peking.

Li remained in Russia from April till June of 1896.(74) In that period were concluded two agreements whose consequences have made themselves felt in the politics of the Far East until the present day.

To ensure the certainty of obtaining the concession for his railway through Manchuria, the Czar proposed to Li a Treaty of Alliance between Russia and China, directed against their common enemy, Japan.(75) He pointed out to him, however, that to ensure the execution of this treaty it was essential that Russia should be afforded facilities for transporting troops to the probable area of war, in the event of further Japanese aggression, viz. Manchuria. M. Witte in his Memoirs also discloses

the argument which he used with Li Hung Chang. He says :

"I assured him, that having proclaimed the principle of China's territorial integrity, we intended to adhere to it in the future ; but, to be able to uphold this principle, I argued that we must be in a position, in case of emergency, to render China armed assistance. Such aid we would not be able to render her until both European Russia and Vladivostock were connected with China by rail, our armed forces being concentrated in European Russia." (76) *

Li was not empowered to conclude any treaties with any Power. The matter was therefore referred to China for the Emperor's approval.(77)

It would be extremely difficult to fathom the depths of that Oriental mind to discover the motives which induced him to conclude the treaty with Russia. It has been suggested that Li was bribed.(78) And even Baron A. de Wolff, the former Vice-Director of the Russian Foreign Office, supports this view. In his unpublished Memoirs he says : "The treaty settling this question was concluded at Moscow in 1896, at the time of the Coronation, with Li Hung Chang, the great man of China, who returned to Peking with the treaty signed, and two million roubles in his pocket. Conscience in the East has its price."(79) But M. Witte, who conducted these negotiations himself, and who therefore was best placed to know the truth, denies this charge. And in view of the fact that he has not hesitated to admit having bribed Li on another occasion (80) it would seem that M. Witte's denial may be accepted as the true version of the negotiations. Li, conscious of the Japanese danger, may have proposed first to deal with Japan with the assistance of Russia, and then to try his fortunes with Russia. An alternative explanation is that as between Russia and Japan he considered the former to be the lesser evil. He may possibly have honestly believed M. Witte that Russia's intentions were to preserve the integrity of the Chinese State. If this were so, Li had sadly miscalculated ; for Russian intentions lived and died with the Minister who was in power. There was no such thing as continuity in Russian policy, nor any co-ordination between the various departments of the Government.(81) Responsibility was only to the sovereign. Consequently the War Department might be doing something inconsistent with the intentions of the Foreign Office, as, indeed,

often actually occurred. A strong monarch might, perhaps, have co-ordinated the activities of the different departments, and given consistency and continuity to the efforts of the Government. But Nicolas was a weak monarch, subject to the influence of his Ministers. Changing Ministers meant changing Russian methods and intentions, as we shall see later. If Li, therefore, accepted Witte's assurances as *bona fide* and concluded the treaty on that basis, he had failed to reckon with this factor of the peculiar internal organization of the Russian State.

In May 1896, Li Hung Chang concluded the Treaty of Alliance with Russia. A summary of its text was for the first time made public officially by representatives of the Chinese State at the Washington Conference for the Limitation of Armaments at the twenty-fifth meeting of the Committee on Far Eastern Affairs.

It follows :

"Article I. The High Contracting Parties engage to support each other reciprocally by all the land and sea forces at any aggression directed by Japan against Russian territory in Eastern Asia, China or Korea.

"Article II. No treaty of peace with an adverse party can be concluded by either of them without the consent of the other.

"Article III. During military operations all Chinese ports shall be open to Russian vessels.

"Article IV. The Chinese Government consents to the construction of a railway across the provinces of Amur and Kirin in the direction of Vladivostok. The construction and exploitation of this railway shall be accorded to the Russo-Chinese Bank. The contract shall be concluded between the Chinese Minister at St. Petersburg and the Russo-Chinese Bank.

"Article V. In time of war Russia shall have free use of the railway for transport and provisioning of her troops. In time of peace Russia shall have the same right for the transit of her troops and provisions.

"Article VI. The present treaty shall come into force from the day on which the contract stipulated in Article IV shall have been confirmed. It shall have force for fifteen years." (82)

Unofficially, Li Ching Mai, Chinese Minister at the Court of St. James and the son of Li Hung Chang, disclosed the terms of this agreement in an article which appeared in the *Daily Telegraph* as early as February 15, 1910. (83) In presenting them he discussed the motives which had induced Li Hung Chang to conclude the pact. His story tends to confirm the opinion that his father had been misled by the Russians so that he honestly believed that the fixed and unalterable policy of Russia in the East

was the "integrity of China," and that this policy constituted the identity of interests of the two States. He says, "It ultimately appealed to Li Hung Chang, who asked whether a real alliance was forthcoming. The Russian Government gave an affirmative answer, and clinched the matter." The defensive alliance then was the peg on which China's statesman hung the subject. "'We will give you the use of our territory to build the railway on, and we will also confer special rights of management on the railway company, but only as integral parts of a comprehensive treaty of defence. The railway concession shall be the corollary of the defensive alliance, and we shall mete it out ungrudgingly. We allow you the use of our land, you guarantee us the integrity of our Empire.' That was the compact, and in that compact is included China's motive for the concession." (84)

Li Hung Chang, in his communications to his Government, treated the railway as the price to be paid for the alliance.(85) China had offered to build the line with Chinese money; as she also proposed to France in connection with the French railway in the south. But M. Witte declined this proposal. The Russians insisted upon the acceptance of their own proposal, otherwise they threatened a withdrawal of their offer.(86) Li accepted. China had yet to find out that her ablest statesman had been duped by the Russians, who under cover of the alliance proceeded further with their plans in China, despite the fact that Article IV of the Treaty of Alliance contained the clause that "... the junction of this railway with the Russian railway shall not serve as a pretext for any encroachment on Chinese territory, nor for any infringement of the rights of sovereignty of His Majesty the Emperor of China. . . ." (87) This latter clause appears in Li Ching Mai's version of the treaty.

In preparing this alliance the Russians had been careful to stipulate in Article VI (88) that the defensive Treaty of Alliance would not come into force until the railway contract specified in Article IV was confirmed by the Emperor of China. Negotiations were immediately entered into at St. Petersburg between Li Hung Chang and the Russo-Chinese Bank to determine the conditions upon which the concession would be granted. Li left Russia in June, and the Chinese Minister at St. Petersburg concluded the negotiations on September 8, 1896.(89) Russia acquired the railway contract. The defensive

alliance was therefore operative from that day onwards for fifteen years. Despite that fact the alliance was inoperative during the Russo-Japanese War of 1904-5. The reason for this may have been the demand of the Powers that all China, save the area in which the contending forces of Russia and Japan were located, be neutralized,(90) or possibly the realization by China that Russia had in the preceding years not fulfilled her share of the responsibilities under the Russo-Chinese Agreement.

The character of the arrangements embodied in the Railway Contract was very comprehensive. The Chinese Government entrusted the construction and operation of the railway line between the City of Chita and the Russian South Ussuri Railway to the Russo-Chinese Bank (91)—an institution in which half of the capital was French,(92) and which was subject to the control of the Russian Minister of Finance. In fact, "in addition to a banking department, it has a political side to which the former is said to be subordinated." (93) The Chinese Government was to pay five million taels to the Russo-Chinese Bank, and was to "participate in proportion to this payment in the profit and losses of the bank on conditions" to be "set forth in a special contract." (94) In fact this payment was never made by the Chinese Government.(94A) Even if it had been, the contract provided that upon completion of the railway the Railway Company would pay the Chinese Government five million taels,(95) so that the investment of the Chinese Government was evidently intended to be nil. The Russo-Chinese Bank undertook to "establish for the construction and operation of this railway, a company" to be named "the Chinese Eastern Railway." (96) This was intended to meet the Chinese objections to a railway owned by the Russian Government.(97) A perusal of the terms of the Agreement, however, would indicate that the Russian Government in effect achieved its end. "The Chinese Government" transferred "to the Company the complete and exclusive right to operate the line on its own account and risk, so that the Chinese Government" would "in no case be responsible for any deficit whatsoever of the Company" during the construction of the railway, and for eighty years after its completion.(98) "The statutes of this Company" had to "be in conformity with Russian usages in regard to railways." (99) These were drawn up by M. Witte the chief promoter, and

formulated by the Russo-Chinese Bank. "The shares of the Company could be acquired only by Chinese or Russian subjects." (100) The President of the Company was to be named by the Chinese Government. His duties were primarily supervisory. He was "to see . . . to the scrupulous fulfilment of the obligations of the Bank and the Railway Company towards the Chinese Government." He was also responsible for examining the accounts between the Bank and the Chinese Government, and for the relations between the Bank, the Railway Company, and the central and local Chinese authorities. (101) The management of the Company was entrusted to nine members elected by the shareholders. (102) The Chairman of the Board was to be chosen by the Chinese Government, the Vice-Chairman by the members of the Board. (103) The duties of the Vice-Chairman were sufficiently different to indicate where the real power lay. The Vice-Chairman was to interest himself exclusively in the management of the Company. The Russian Government retained the right to superintend the progress and development of the work during the construction and exploitation of the line. The Russian Finance Minister had the right to ratify the nomination of the Vice-Chairman, chief engineer, and all other officials. In this way his department had effective control of the railway. The gauge of the line was to be Russian. (106) The possession of the line was to be retained by the Company for eighty years. (107) The traffic on the line had to be in conformity "with the degree of traffic on the Russian railway lines adjoining the Chinese line." (108) Trains of all descriptions had to be received from the Russian lines. (109) A telegraph line had to be maintained along the whole extent of the railway which would be connected with the Russian lines. (110) The Russian railways retained the right to advise the Chinese Eastern Railway that its technical organisation was insufficient for the development of its traffic. (111) Upon receipt of this notice the Company was obliged to proceed to augment its services. "In the event of a difference of opinion arising between the above-mentioned railways, the Chinese Eastern Railway shall submit to the decision of the Russian Minister of Finance. If the means at the command of the Chinese Eastern Railway prove insufficient for carrying out the necessary work of its development, the Board of Management of the railway may at all times apply to the Russian Minister of

Finance for pecuniary assistance on the part of the Russian Government.”(112) Maximum tariffs for passengers, goods and telegrams were to be established by the Company in agreement with the Russian Government for the complete term of the concession, and within these limits by the Board of Management in agreement with the Russian Minister of Finance.(113) They were not to be raised without the consent of the Russian Government during the whole term of the concession.(114) The Russian Government, however, gave a guarantee, “in regard to the revenue of the line for covering working expenses as well as for effecting the obligatory payment on the bonds.”(115) The latter, however, could not be issued without the sanction of the Russian Minister of Finance, and the Russian Government reserved to “itself the right of appropriating the bond loan at a price” to “be determined between the Company and the Bank.”(116) The Company was bound to keep moneys received for the payment of these bonds “under the special supervision of the Russian Ministry of Finance,” or “in interest-bearing securities purchased with the money” by the special “permission of the Russian Minister of Finance.”(117) Further control of the finances of the Company was ensured by providing that the reserve capital had to “be kept in Russian State interest-bearing securities, or in railway bonds guaranteed by the Russian Government.”(118) The Russian Government was to have a lien on these for the payment of any debts that might be due to it at the expiration of the term of possession of the railway by the Company.(119) In view of the fact that the share capital was fixed at 5,000,000 roubles,(120) and the actual cost of construction was approximately 350,000,000 roubles,(120A) the importance of these last financial provisions and the control which they gave to the Russian Government is evident.

Two other important privileges were granted the Company, which were later to result in much embarrassment for China, namely, the provisions by which “the Company will have the absolute and exclusive right of administration of its lands,”(121) and “the preservation of law and order on the lands assigned to the railway and its appurtenances shall be confided to police agents appointed by the Company.”(122)

By virtue of this railway agreement Russia also acquired the right to one-third reduction on the Chinese import and export

tariff for goods entering China or leaving China by way of the Chinese Eastern Railway,(123) as well as a one-third reduction upon the transit duties.(124) She acquired the right to have her post transported without cost(125)—a right reserved to China also.(126) The Company was charged with the responsibility of transporting Russian troops and war material without cost, and Chinese land and sea forces at half-price.(128) This was the ostensible *raison d'être* for the construction of the railway. China, however, retained the reversionary rights to the railway. At the end of eighty years the line would pass "free of charge" to the Chinese Government,(129) China might also, if she so desired, at the end of thirty-six years repurchase the line "upon repaying in full all the capital involved, as well as all the debts contracted for this line, plus accrued interest." (130) In such an event the Russian Government still retained the right to most of the provisions set out above, in particular those relating to the adequacy of traffic upon the lines, the type of trains which must be received, telegraphic connections, the joint determination of passenger, goods, and telegraphic tariffs, posts, etc., until the original term of eighty years had expired.(131)

The foregoing terms of the railway agreement prove the preponderating Russian influence in the enterprise. If in theory the Company was to be an independent Company, in fact it was practically a Russian Government enterprise. In addition to the right to construct the railway, the Company was given the right to acquire and exploit mines and other enterprises in China.(132) Thus the Russian Government had succeeded in launching its programme for the peaceful penetration of China from the north. Not only did it acquire mineral rights, but by virtue of this railway agreement it had acquired the right to administer sections of Chinese territory, the legal right to despatch its troops through the Chinese territory, and under cover of the provision concerning police protection for the railway, its troops occupied Chinese territory, under the name of "railway guards." The Russians had succeeded in obtaining on a much larger scale what their French allies had obtained in the south (133) the virtual control of a railway through Chinese territory for an indefinite period. It is true that the Chinese had the right of redeeming the line after thirty-six years. But the Russians never believed that China would be in a position to exercise this right. M. Witte,

the man responsible for the project, in his Memoirs gives us an indication of Russia's intentions in the matter. He says, "The terms of the railroad concession granted by China were very favourable for Russia. The agreement provided for China's right to redeem the road at the expiration of thirty-six years, but the terms of the redemption were so burdensome that it was highly improbable that the Chinese Government would ever attempt to effect the redemption. ~~It~~ It was calculated that should the Chinese Government wish to redeem the road at the beginning of the thirty-seventh year, it would have to pay the corporation according to the terms of the concession, a sum not less than seven hundred million roubles." (134) 2

It is interesting to observe that the existence of this Russo-Chinese Treaty and the railway contract has been suspected by the English Press and frequently referred to as the Cassini Convention. But the Russian Government have at all times denied the existence of such a convention. Indeed, even its ally France was only informed of the essential provisions of the railway contract because of French financial participation in the Russo-Chinese Bank, and then with the caution of reserve and secrecy. (135)

Thus, under cover of the defensive alliance, which they themselves were soon to break, the Russian Government acquired a valuable strategic railway in China, which they were able to construct through the assistance of the Franco-Russian financial group interested in the Russo-Chinese Bank. ~~By~~ By means of this railway Russia entered into an imperialistic venture to bring Northern China under her control. China had ceded to her a strip of territory along the whole length of the 1,081 miles of the railway, (136) virtually surrendering to the Company her rights of sovereignty over that area. 2

✓ In the spring of 1897 Russia commenced to build the railway, (137) poured colonists and railway gangs into the railway territory, opened mines, erected towns—Harbin being the first—set up flour-mills and other enterprises, and proceeded apace with the peaceful conquest of Manchuria. ~~China~~ China acquiesced in and facilitated all these activities. She believed that they were all being expedited in order to enable Russia to fulfil her obligations under their Treaty of Alliance—the first that China had ever concluded with a Western Power. 2

NOTES

1. *Treaties with and concerning China*, MacMurray, vol. i, p. 26—France and China, June 20, 1895 (1895, 4).
2. *Ibid.*, pp. 28, 29 and 30—France and China, June 20, 1895, Arts. II, III, IV, V (1895, 5).
3. *Ma Mission en Chine*, A. Gerard.
4. *Treaties with and concerning China*, MacMurray, p. 4—Great Britain and China, March 1, 1894, Art. V (1894, 1).
5. *Ma Mission en Chine*, A. Gerard, pp. 64, 65, 75.
6. *Ibid.*, p. 75.
7. *Ibid.*, p. 76.
8. *Ibid.*
9. See p. 181, ref. 37.
10. *Ma Mission en Chine*, A. Gerard, p. 129.
11. *Ibid.*, p. 130.
12. *Ibid.*, p. 131.
- 12A. *China Year Book*, 1925, p. 325.
13. *Ma Mission en Chine*, p. 131.
14. *Ibid.*, p. 132.
15. *Ibid.*
16. *Ibid.*
17. *Ibid.*, p. 133.
18. *Ibid.*
19. *Railway Enterprise in China*, P. H. Kent, 1907, p. 158.
20. See pp. 146, 147.
21. See pp. 55, 56.
22. *The Far Eastern Question*, V. Chirol, pp. 187, 188.
- 22A. See map on p. 227. *Treaties with and concerning China*, MacMurray, vol. i, p. 54, Art. I (1896, 1).
- 22B. *Ibid.*
23. *Ibid.*
24. *Ma Mission en Chine*, A. Gerard, pp. 71-2.
- 24A. *Americans in Eastern Asia*, Tyler Bennett, p. 600 ; *Diplomatic Memoirs*, John W. Foster, vol. ii, p. 107.
25. *Ma Mission en Chine*, p. 72.
26. *Ibid.*, p. 126.
27. *Ibid.*
28. *Ibid.*
- 28A. *The Far Eastern Question*, V. Chirol, p. 76.
29. *Ma Mission en Chine*, p. 126.
30. *Ibid.*, p. 127.
31. *Treaties with and concerning China*, MacMurray, vol. i, p. 58, Art. XIII (1896, 2), March 23, 1896.
32. *Ma Mission en Chine*, A. Gerard, p. 128.
33. *Ibid.*, pp. 127, 128.
- 33A. *British War Origin Documents*, vol. i, p. 1—Memo of J. A. C. Tilley, January 14, 1905.
34. See p. 135, ref. 13, or MacMurray's *Treaties* (1895, 7).
35. *Ma Mission en Chine*, A. Gerard, p. 73.

36. *Treaties with and concerning China*, MacMurray, vol. i, p. 56, Art. IV (1896, 2).
37. Ibid.
38. Ibid., p. 57, Art. III (1896, 2).
39. *Ma Mission en Chine*, A. Gerard, p. 135.
40. Ibid., pp. 135, 73.
41. *Memoirs of Count Witte*, A. Yarmolinsky, p. 83.
42. Ibid., p. 85.
43. Ibid.
44. *Treaties with or concerning China and Korea*, W. W. Rockhill, p. 209.
45. *Forty Years of Diplomacy*, Baron Rosen, vol. i, p. 198.
47. *Memoirs of Count Witte*, A. Yarmolinsky, p. 86.
48. *Ma Mission en Chine*, A. Gerard, p. 135.
49. Ibid., p. 92.
50. *London Times*, October 25, 1895, p. 5, col. b.
51. Ibid., October 25, 1895, p. 9, col. c.
52. Ibid., October 29, 1895, p. 7, col. c.
53. Ibid., October 28, 1895, p. 5, col. c.
54. Ibid., November 11, 1895, p. 6, col. c.
55. See p. 156, ref. 52.
56. See p. 151 ref. 22B.
58. *London Times*, February 4, 1896, p. 7, col. c.
59. See p. 157, ref. 54.
60. See p. 157, ref. 58.
61. *D.G.P.*, vol. xiv, part i, p. 12, footnote—Document 3648; vol. ix, p. 359, footnote.
62. Ibid., p. 25—Document 3662, Memo of Klehmet, March 18, 1896.
- 62A. Ibid., p. 12, footnote.
63. See pp. 156, 157.
64. *Ma Mission en Chine*, A. Gerard, p. 135.
65. Ibid.
66. Ibid., p. 136.
67. See p. 149.
68. *Ma Mission en Chine*, A. Gerard, p. 136.
69. Ibid.
70. Ibid., p. 137.
71. Ibid.
72. Ibid.
73. Ibid., p. 138; *Memoirs of Count Witte*, p. 87.
74. Ibid., p. 143.
75. Ibid., p. 144.
76. *Memoirs of Count Witte*, p. 89.
77. *Ma Mission en Chine*, A. Gerard, p. 145.
78. *Memoirs of Count Witte*, A. Yarmolinsky, p. 95.
79. Unpublished Memoirs of Baron A. de Wolfe, Original in French.
80. *Memoirs of Count Witte*, p. 103.
81. *Forty Years of Diplomacy*, Baron R. Rosen, vol. i, p. 107.
82. *Conference on the Limitation of Armaments*, 1921-2, U.S. Government Printing Office, Twenty fifth Meeting of the Committee on Pacific and Far Eastern Questions, p. 1414.
83. *Daily Telegraph* (London), February 15, 1910, p. 14.
84. Ibid.
85. Ibid.

86. *Daily Telegraph* (London), February 15, 1910, p. 14.
87. *Ibid.*, col. *d*, text of Treaty as stated by Li Ching Mai.
88. *Ibid.*, col. *e*, text of Treaty as stated by Li Ching Mai.
89. *Ma Mission en Chine*, A. Gerard, p. 147.
90. *D.G.P.*, vol. xix, part i, chap. cxxx, pp. 95-113.
91. *Treaties with and concerning China*, MacMurray, vol. i, p. 75, 1896, 5—Contract for the construction of the Chinese Eastern Railway.
92. *Ma Mission en Chine*, A. Gerard, p. 148.
93. *Railway Enterprise in China*, P. H. Kent, p. 47.
94. *Treaties with and concerning China*, MacMurray, vol. i, p. 75 (1896, 5)—Contract for the construction of the Chinese Eastern Railway.
- 94A. *Ma Mission en Chine*, A. Gerard, p. 138.
95. *Treaties with and concerning China*, MacMurray, vol. i, p. 77, Art. XII.
96. *Ibid.*, Art. I, p. 75.
97. *Ma Mission en Chine*, A. Gerard, p. 137.
98. *Treaties with and concerning China*, MacMurray, vol. i, p. 77, Art. XII—Contract for the construction of the Chinese Eastern Railway (1896, 5).
99. *Ibid.*, Art. I, p. 75.
100. *Ibid.*
101. *Ibid.*—Contract for the construction and operation of the Chinese Eastern Railway (1896, 5).
102. *Ibid.*, Art. XIX, p. 88—Statutes of the Chinese Eastern Railway (1896, 5).
103. *Ibid.*
106. *Ibid.*, p. 86, Art V—Statutes of the Chinese Eastern Railway (1896, 5).
107. *Ibid.*, p. 84, Art. II—Statutes of the Chinese Eastern Railway (1896, 5).
108. *Ibid.*, Art. XXXVIII—Statutes of the Chinese Eastern Railway (1896, 5).
109. *Ibid.*, p. 85, Art. III *c*.
110. *Ibid.*, Art. III *e*.
111. *Ibid.*, Art. III *f*.
112. *Ibid.*, Art. III *f*.
113. *Ibid.*, Art. III *g*.
114. *Ibid.*
115. *Ibid.*, p. 84, Art. III ; p. 86, Art. XI.
116. *Ibid.*, p. 86, Art. XI.
117. *Ibid.*, Art. XII.
118. *Ibid.*, p. 87, Art. XIV *b*.
119. *Ibid.*
120. *Ibid.*, p. 86, Art. X.
- 120A. *China Year Book*, 1925-6, p. 375.
121. *Treaties with and concerning China*, MacMurray, vol. i, p. 76, Art. VI—Contract for the construction and operation of the Chinese Eastern Railway (1896, 5).
122. *Ibid.*, p. 86, Art. VIII—Statutes of the Chinese Eastern Railway (1896, 5).
123. *Ibid.*, p. 85, Art. III *c*.
124. *Ibid.*, Art. III *d*.
125. *Ibid.*, Art. III *h*.
126. *Ibid.*, p. 77, Art. XII—Contract for the construction and operation of the Chinese Eastern Railway (1896, 5).
127. *Ibid.*, p. 77, Art. VIII.

128. Ibid., Art. XI—Contract for the construction and operation of the Chinese Eastern Railway (1896, 5).
129. Ibid., Art. XII.
130. Ibid.
131. Ibid., p. 85, Art. III *h*—Statutes of the Chinese Eastern Railway (1896, 5).
132. Ibid., p. 84.
133. See p. 149, ref. 18.
134. *Memoirs of Count Witte*, A. Yarmolinsky, p. 95.
135. *Ma Mission en Chine*, A. Gerard, p. 148.
136. *China Year Book*, 1925-6, p. 335.
137. *Railway Enterprise in China*, P. H. Kent, p. 48.

CHAPTER VIII

RUSSO-FRENCH CO-OPERATION IN KOREA AND CHINA

Lobanoff-Yamagata Treaty, June 1896—The Russo-Korean agreement of November 1897—Comment of the Russian *Official Messenger*—Russian plans—Baron Rosen's statement—Earlier Russian ambitions in Korea—Russo-Korean bank established, 1897—The assistance of the French—The Peking-Hankow Railway—Article of the Franco-Chinese Treaty, 1885—The Chinese Imperial decrees of December 6 and 8, 1895—Li Hung Chang's conversations with King Leopold II of Belgium—Li's report—Sheng's alternative scheme—Agreement between France and Belgium—M. Hanotaux's instructions to M. Gerard—The knowledge of Li—Preliminary agreement signed with Belgium, May 10th—The protest of the Powers—Commissioner Detring's memorial—The tone of the Chinese Government—Modifications in the contract—Gerard's appreciation—Anglo-Chinese agreement, February 3, 1897—The issue—The terms—Views of the French Government—Its protest—M. Gerard's instructions—China assents—The aid of Li—French action—First declaration of non-alienation by China—The Chengtingfu-Taiyuanfu Railway survey—Kent's opinion—Li's miscalculations—Germany's step in *Weltpolitik*.

HAVING provided the basis for their penetration of Manchuria, the Russian diplomats next addressed themselves to the question of Korea. In the month of May 1896 they concluded an agreement with Japan concerning Korea, and formally embodied it in the Lobanoff-Yamagata Treaty signed one month later at Moscow.⁽¹⁾ This treaty recognized the respective rights of Russia and Japan in Korea.

In spite of the fact that the Sino-Japanese treaty provided for the independence of Korea, the Japanese were marking out spheres there with the Russians. It is only fair to point out, however, that the terms of the latter treaty made it incumbent only upon China, but not upon Japan, to respect that independence or to refrain from interference in Korea's internal affairs.⁽²⁾ Still less could there be any question of Russia having assumed any obligations by a treaty to which she had not been a party. In virtue of the Lobanoff-Yamagata Treaty the Russians and Japanese conceded to each other the right to maintain a legion guard of

eight hundred men at Seoul, whilst Japan obtained the right to maintain a telegraph guard of two hundred men to patrol the cable line between Fusan and Seoul, which was the property of a Japanese concessionaire. M. Witte says: "The agreement also gave us a prepondering influence upon Korea's State finances. We had the right to appoint the financial counsellor to the Korean Emperor, i.e. practically the Korean Minister of Finance. As for Japan, the treaty guaranteed her certain commercial and industrial rights and privileges in Korea. Thus the treaty demarcated the spheres of influence of the two States. . . ." (3) Besides conceding to each Power the rights concerning troops referred to above, the treaty in substance provided that both Powers were to advise Korea to set her finances in order, to advance her money by mutual accord if loans proved indispensable, and to induce her to create an armed force and native police as soon as possible. Together the two Powers undertook to advise the Emperor of Korea to appoint Liberal Ministers.

Though the foregoing agreement relates to Korea, and not specifically to China, a knowledge of its contents is essential for a clear picture of the extent of Russia's ambitions in Northern China and its contiguous territory. It is, moreover, necessary to observe that the desire of both Japan and Russia to possess this territory proved to be responsible for the Russo-Japanese War, which was not without great consequences for the Chinese State.

In November 1897 Russia consolidated her position in Korea still further by an agreement with that State, whereby M. Alexieff, a Russian, was appointed financial adviser to the Korean Government and Chief Superintendent of its Customs Department over the head of Mr. McLeavy Brown, a British subject in the Korean Customs Service who had succeeded in reducing the Korean debt by one-third. The Russian *Official Messenger* commented on this latter agreement as follows: "The convention made M. Alexieff practically master of the Korean treasury." A special article in that journal declared that so excellent were the relations between Russia and Korea that it was unnecessary to decide the limits of this agreement, which "held good indefinitely," and that nobody but a Russian or a Korean should ever succeed M. Alexieff. The Muscovites also entertained plans of creating a Korean army of 250,000 men and were on the lookout for a

suitable naval base in Korea for their Far Eastern fleet. Baron Rosen, in discussing these plans, says: "Whether such plans had been inspired by knowledge that some kind of protectorate had been promised by the King of Korea I am unable to say." (4) They were, however, not new in character. In 1884 Russia had apparently entertained similar plans in Korea. Upon the conclusion of the Russo-Korean Treaty of that year, it was rumoured that a secret treaty empowered Russia to establish a military protectorate over Korea and permitted it to occupy a Korean harbour—Port Lazareff.(5) British statesmen attempted to arrest these plans, if they existed at all, by ordering the occupation of a group of small islands in the Korean Channel, called Port Hamilton.(5A) They offered to rent these at the annual rent of £5,000.(5B) and declined to withdraw from them until they, as well as the remainder of Korean territory, were placed under an international guarantee or until China would guarantee the territorial integrity of Korea.(5C) At first China refused to give this guarantee.(5D) It did so, however, after Russia had specifically disavowed any intention of occupying a Korean port or of establishing a military protectorate over Korea if Britain withdrew from Port Hamilton.(5E) On these terms Britain agreed to evacuate the occupied islands.(5F) Her position in the Pacific was no longer threatened. France had also left the Pescadores. On February 27, 1887, the British flag was hauled down.(5G)

But the progress of events in 1896 would seem to indicate that irrespectively of whether any promise had been made by the King of Korea, at the coronation of the Czar, or prior to that time, the Russian Government was bent upon bringing Korea under its protection. The Lobanoff-Yamagata Treaty had apparently been concluded only to cover up more far-reaching Russian activities in Korea, for Russia did not long adhere to the terms thereof. In obtaining the agreement with the Korean Government the Russians were supported by the French Minister at Seoul.²⁷

In 1897, the Russo-Korean Bank, a branch of the Russo-Chinese Bank (a Franco-Russian institution), was established in Korea.(5H) It was to be the financial arm of the Russian Government in Korea. Russia's political programme was still further assisted by other activities of French financiers there.

The latter had acquired from the Korean Government the right to construct two railways—one from Seoul to the boundary of the Yalu River, and one from Seoul to Mokpo in the south.(6) These railways might easily be linked up with the Trans-Siberian Railways and thereby bring Korea under the domination of Russia and into the Russo-French financial-political system.(6A)

The next step which was therefore necessary for the Russo-French plans was to link up the Russian railway system of the north with the railways in the south of China. If this were achieved, the power of the Franco-Russian group in China might well become paramount.

As a consequence of their war with Japan the Chinese had realized the need of their country for a railway system. Chang Chi Tung and Li Hung Chang were the prime movers in favour of its construction. As part of this plan it was proposed to build a trunk line from Peking to Hankow and then from Hankow to Canton.(7) This line would run from north to south. The French were not slow to realize its importance. If they could procure control of this line, they would be enabled to link their Southern Railway with the Russian Railway in the north. As soon as its construction was mooted, the French Minister claimed for his nationals the right to construct it. He based his claim upon Paragraph ii of Article VII of the French-Chinese Treaty of Tientsin, 1885, which read as follows :

“When China will have decided to construct railway tracks, it is understood that she apply to French industry and the Government of the French Republic will give her all the facilities for obtaining in France the personnel which she will require. It is also understood that this clause cannot be considered as constituting an exclusive privilege in favour of France.” (8)

He pressed this claim in spite of the fact that the last sentence clearly stated that this right was not to be considered an exclusive right of France. The attitude which the Chinese Government adopted was that the line was of a strategic and military character, and must therefore be built with Chinese material, labour and finance.(9)

Chang Chi Tung had been removed from Canton to Wuchang opposite to Hankow, where he set up the Hanyehping Iron Works, with the products of which it was hoped to build the railway.(10) The first official indication of the Chinese Government's intention

appeared in the *Peking Gazette*. Two decrees of the 6th and 8th of December, 1895, authorized the construction of the Tientsin-Peking line and the formation of a company with a capital of ten million taels for the construction of the Peking-Hankow line.(11) But nothing substantial was done in China during the course of the year towards carrying out this latter task.(12) Li Hung Chang, however, during his travels through Europe, entered into conversations with Leopold II, the King of the Belgians, concerning its construction.(13) There is no evidence that Li's conversations with King Leopold were part of the arrangement entered into by him with the Russians, but his subsequent conduct suggests that they were.

In July of 1896, Li, who had been ordered to report upon the progress of the Peking-Hankow Railway, informed the Throne that the Chinese financiers had failed to raise the required ten million taels and had not offered sufficient proof that the capital they could muster was exclusively Chinese capital. This report arrested the development of the scheme upon its original basis (14) of an exclusively Chinese enterprise. During the whole period there had been "concerted action between the French and Russian Governments to reserve for France that share in the Chinese railways, which was adapted to serve best Franco-Russian policy, at the same time as China's interest."(15) In the interim the Russo-Chinese defensive alliance (16) and the Chinese Eastern Railway contract (17) had been signed. Li Hung Chang knew that the French were the allies of Russia, the new ally of China, and was accordingly well disposed towards them and their claims.

On the 12th of October, 1896, Sheng, the Director-General of Chinese Railways, proposed an alternative scheme which would admit of the participation of foreign financiers.(18) He proposed that a sum of forty million taels be raised for the construction of the line—ten million to be supplied by the Chinese treasury, three million by the Commissioners of Ports of the north and the south, seven million by Chinese capitalists and twenty million by foreign capitalists. He proposed that the foreign capitalists should be of a nation having no political ambitions in China, such as the United States or Belgium. On October the 20th the Throne approved of his proposals.(19)

Sheng proceeded to interview the British, American and German financiers, always bearing in mind the plan made known to him

by Li Hung Chang since the latter's return to China.(20) He also entered into detailed negotiations with the Belgian Minister as to the conditions upon which his nationals would be willing to finance the line.(21) Sheng had merely been carrying out the plans which Li had formulated whilst in Europe. On November 22, 1896, the Belgian Minister communicated to the French Minister the nature of the Chinese proposal.(22) Aware of France's desire for the concession, he evidently realized the difficulty which he might have in retaining it for his own country without the support of a powerful nation.(23) The financiers of his country were in the habit of co-operating with those of France in South America, in Africa and in Europe.(24) He accordingly proposed a joint enterprise. The Governments of Belgium and France were agreeable to the idea ; (25) and by the end of December 1896 they undertook to find a basis of agreement between the two financial and industrial groups.

The two groups proceeded to formulate the basis of their participation, and M. Hanotaux advised his Minister at Peking, "that with the assent of the French and Belgian financiers he had thought he ought to keep the Russo-Chinese Bank posted about the projected deal." (26) Henceforth the Franco-Russian group were again in control of the situation. The French discreetly kept themselves out of the negotiations.(27) It was felt that the other Powers' opposition to the project might thus be avoided. The French Government was nevertheless fully informed of every move of the Belgian representative.

The Chinese Government was not officially told by France of her participation in the Peking-Hankow Concession. Nevertheless it would seem to be M. Gerard's belief that Li Hung Chang was fully aware of the fact. This circumstance and Li's subsequent conduct tends to confirm the belief that Li's plan as proposed by Sheng in October was part of a comprehensive plan resting upon Li's agreement with Russia. M. Gerard says :

"Li Hung Chang, apprised, I presume, by the Russo-Chinese Bank, and keen enough, anyhow, to guess the inner significance of a secret entente which contained nothing to displease him, was the soul and the principal actor of the entire negotiation. Without Baron de Vincke or myself having to make any avowals or explicit confidences on the subject, he had evidently very quickly grasped and understood, since I did not intervene and let Baron de Vincke act, that we were confederates. The thought that in this matter Belgium was in agreement with France and

Russia could only give him satisfaction and reassure him, conforming as it did to the general line of policy which he had himself adopted and which seemed to him to be the only one by which China ought to abide. It was Li Hung Chang who, in this important negotiation, as in all those which the Chinese Government had then to pursue, took the responsibility, recommended and dictated the decisions, was, in fine, the real Minister and Chancellor of the Empire; *without him nothing would have been possible*. More than once in the course of the long *pourparlers* which were carried on between him and Baron de Vincke, he gave me to understand, if only by silences or significant movements of the eyelids, sometimes also by certain malicious queries, that he was perfectly abreast of everything, that he approved everything, and that he, too, was privy to our affairs and to the resolve of France and Belgium to act in collaboration and in concert." (28)

Even if Russian and French participation in the Belgian railway concession was not part of Li's original programme arrived at in Belgium during his European travels in 1896, it is clear from the foregoing that the French and Russian diplomats were permitted to participate in the ownership of a strategic railway running through the heart of China as a result of the Russo-Chinese relationship arising from their Treaty of Alliance. Chinese statesmen again facilitated the encroachment of the Russo-French group in the belief that they thereby were serving their own interests.

On May the 10th, 1897, the Belgian group signed a preliminary agreement with the Taotai Sheng, agreeing to a modification of the terms of the loan from 5 per cent. to 4 per cent. and from 90 per cent. to 92 per cent., so as to eliminate the possibility of the other foreign financiers obtaining the concession.(29) The British, German and American Legations protested against the agreement as contrary to the principles of the open door, and the German Minister, who had learned of the secret arrangement between the Belgian and French groups, drew China's attention to the danger of allowing the secret participation of the French and Russian groups in an enterprise which China had intended to be confined to a neutral nation.(30) The same thing had been done by Commissioner Detring, a German in the Chinese Civil Service, who, in a memorial which he submitted to the Throne before the contract was ratified, said in part :

"If any danger to the Empire should suddenly arise, there will be nothing to do but to await death or to allow others to encroach upon the country. Is this not to lose the advantages of

one's land? If you wait till the advantages and the land are lost and become conscious of the fact, it will then be too late. . . . In my opinion China is in the position of one in the act of drowning." Sheng, the Director-General of Railways, he said, "is riding the tiger and looking about in all directions without the least prospect of help; he entertains the idea of feeding the tiger by cutting up the people. Belgium is a small country with wealth, but it has very little trade with China and there is no great friendship between the two countries. How is it that they can suddenly lend China such a large sum of money? The French really are the masters in this business and the Russians help them, and so Sheng has been able to arrange this loan with Belgium. For instance, the Russian railway is to communicate with Manchuria, and France's railways will connect with Lungchow. France has had her eyes upon Hankow for many years. The north and south are very distant, but they are opposite each other. Their object is to obtain the central portion of China. At present the money and name are Belgian, but really it is France and Russia who are assisting in its completion. These two countries possess all the advantages of this plan and leave China only one chance. When the time arrives and they see China occupied elsewhere, then will be their opportunity . . . afterwards, if affairs should become unmanageable or if conditions should be changed and if things turn out to be not agreeable to him, what is there to prevent 'Sheng' from letting loose the tiger to eat the people?" (31) But the Yamen and Li Hung Chang, assured by M. Pavlow, the Russian Chargé d'Affaires, of Russian support against the objections of the Powers, adopted a firm tone. (32) Li informed the protesting legations that the contract which had been signed in no way contravened the rights of any of the Powers, nor did it impair their treaty rights, and that as the contract had already met with Imperial approval it could not be contested. At the same time he urged his Government to transform the provisional agreement into a final one. (33) On July the 27th, certain modifications were again introduced in the contract—the principal one being an increase in the interest rate to 4.4 per cent. instead of 4 per cent.—and the contract was signed. (34)

French and Russian diplomats had thus obtained a notable success. Their plans in Korea and China were unfolding themselves and meeting with practically no opposition. They had

succeeded latterly by using little Belgium as a screen for their purpose. M. Gerard gives the following appreciation of the importance of this latest diplomatic success :

" But what matters is that France, in accord with Belgium and Russia, had as from 1897 secured the concession in the guise of a loan and right of operating China's first trunk line, whilst already, in addition, France on her Indo-Chinese frontier and Russia on her Siberian one had obtained respectively the co-ordination of the French lines with a Chinese line and the passage of the Trans-Siberian over the Manchu territory. . . . In the domain of Chinese railways, France, with her ally Russia and her partner Belgium, had taken the truly outstanding position. This first and decisive campaign ended for us with an incontestable victory." (35)

These two nations, Russia and France, were yet to take further steps which might lead to the dismemberment of China. France was given the opportunity to do so in the month of February 1897.

On February the 4th, 1897, China entered into an agreement with Britain to modify the convention of March 1, 1894, relative to Burma and Thibet.(36) As pointed out previously, China had, under the threat of being denied the Franco-Russian loan of 1895, completed an agreement of June 20, 1895,(37) which involved a breach of the Anglo-Chinese Treaty of 1894.(38) The British might have invoked the Courcel-Salisbury Agreement of 1896,(39) which assured equal privileges to the nationals of France and Britain in the Provinces of Yunnan, Kwangsi and Szechuan, but to have done so would have involved a loss of prestige for their diplomacy. The issue really involved not only the particular treaty which had been broken, but all the treaties which they had in force with China; in other words, the sanctity of treaties. To uphold this principle it was necessary that China should be made to give compensation for that which she had done in derogation of the provision of the treaty. But, from a purely British point of view, a more serious reason had arisen which necessitated a revision of this treaty. French commercial interests were apparently determined to make the trade of the provinces of Yunnan, Szechuan, Kwangsi, Kwangtung and Kweichow flow towards French Indo-China. Preparations were being made to attain this object. Since November 1895 a large French commission of technical experts had been exploring the resources of these provinces and investigating the opportunities for trade therein. Towards this end, they also sought for convenient

routes of penetration from Indo-China to this territory. To assure herself that these territories would not pass under the exclusive political and commercial domination of France, who would then be able to threaten Burma, it became necessary for Britain to acquire such rights as would enable her to safeguard her Indo-Chinese frontier, to equalize the rights possessed by France in the frontier provinces, and to engage in the trade of these provinces under no less advantageous conditions than enjoyed by the traders of France.

The modifications of the treaty were evidently designed to achieve these ends and thereby to counteract the advances of France in this direction.

✓ To safeguard the Indo-Chinese frontier, the Chinese agreed with Great Britain upon an arrangement which virtually created a buffer territory between China and India, thereby reducing the danger of a French menace to Burma. In addition to a rectification of the Indo-Chinese frontier, China agreed "not to cede to any other nation either MUNG LEM or any part of Kiang Hung on the right bank of the Mekong, or any part of Kiang Hung now in her possession on the left bank of that river, without previously coming to an agreement with Great Britain." (40)))

To share in the trade of the frontier provinces on conditions as favourable as those of France, whose engineers were tracing a route for a railway from Tongking to Yunnanfu, evidently intent upon giving effect to that part of Article V of the Franco-Chinese convention of June 20, 1895, which stated, "It is agreed that railways, either those already in existence or those projected in Annam, may, after mutual agreement, and under conditions to be defined, be continued on Chinese territory," (41) the British Government secured from China the promise, that the railways of Burma could also be connected with those of Yunnan if China considers that conditions of trade justify their construction or "in the event of their construction." (42) For the moment this advantage was only a contingent one. If the French industrialists did not exercise their rights under Article V of the Franco-Chinese Treaty of 1895, it was doubtful if Great Britain would avail herself of the Chinese promise. If the French built a railway, Britain would probably do likewise.

To counteract the French plan of altering the direction in which the trade of Kwangsi and Kwangtung flowed, from Canton and

Hong-Kong to Tongking, by means of the Langson-Longtcheou Railway and its possible future extensions, Britain acquired from China the right of freedom of navigation upon the West River from Wuchowfu in Kwangsi, to Canton in Kwangtung and to Hong-Kong.(43) Upon this route consulates were established at Wuchowfu, at Samshui City and at Hong Hun Market in Kwangtung, which had become treaty ports in accordance with a decision taken one year previously.(44) The effect of this arrangement would be to attract the trade of Kwangtung and Kwangsi in a direction away from French Indo-China and towards its previous terminus Canton and Hong-Kong.

The British Government, in concluding this arrangement, had intelligently foreseen the purpose of France in the Chinese frontier provinces and had safeguarded its interests therein. No sooner had it adjusted its position to that enjoyed by France there, than the French Minister disclosed the intentions of his Government. Although the Salisbury-Courcel Agreement still bound the French and British Governments, although the advantages which Britain secured, with the exception of the frontier arrangements and the vague stipulation concerning the railway, were advantages which would be shared equally with Britain by the other Powers, in virtue of their most-favoured-nation status, although Britain's attitude in insisting upon the sanctity of treaties indirectly materially assisted the other Powers in preserving intact their treaty rights in China, and even though the French Minister, M. Gerard, was of the opinion that "these stipulations in their entirety, especially since the Anglo-French agreement of January 1896, and also since the signature of the contract authorizing the construction of the railway line between Dongdang and Longtcheou, with subsequent prolongation to Nanningfu, did not, as a matter of fact, infringe upon or run counter to any of our vital interests," (45) yet the French statesmen decided to grasp the opportunity which this afforded them of unfolding their plan of encroachment upon China still further. Maintaining that France could not permit the conclusion of an agreement based upon the conception of a reprisal against a Franco-Chinese agreement, they informed the Chinese Government that if the British-Chinese agreement were concluded, France would demand compensation correspondingly.(46) The Chinese Government protested vigorously against the French claims, but finally agreed to them.

M. Gerard says that his instructions were :

1. To obtain the right of prolonging the Dongdang-Longtcheou line to Nanningfu, Pese.
2. To consolidate the promise made by the Chinese Government to address itself to French engineers and industrialists for the exploitation of its mines in the three provinces of Kwangsi, Kwangtung and Yunnan.
3. To obtain new routes of penetration between Indo-China and Yunnan by the amelioration of the navigability of the Upper Red River, by levelling the route between Ho-Kéou, Manhao, Mong-tseu and the provincial capital.
4. To construct a railway between Annam and Yunnan-fu, either following the Pese River or the Upper Red River.(47)

Each of these demands was exclusive.(48) France alone would benefit by them. By May, after long and difficult parleying, the negotiations were completed.(49) By an exchange of identical notes, upon the 12th of June 1897 China agreed to all these demands,(50) though it was not until the 9th and 10th of April 1898 that the Annam-Yunnan Railway arrangements were set out more definitely.(51) The principal political gain resulting for France from this exchange of notes was that she acquired the right to construct two additional railways in China, under French control—one of which would tap the resources of the Province of Yunnan, the other of which would drain the Province of Kwangsi, and both of which would extend northwards to meet the Russian railway system. By these arrangements, France had progressed far towards creating a sphere for herself in these provinces. This was, consequently, also a gain for the joint Franco-Slav programme and, indeed, in this last success as in their previous ones, the French were assisted considerably by the fact that an alliance existed between Russia and China. M. Gerard makes this clear in his Memoirs. He says on page 200 :

“ Li Hung Chang, moreover, far from showing himself indifferent to the new task, which I had to accomplish, gave me, on the contrary, at the most critical hours, useful counsels which I took care not to neglect. Here, once more, and although he did not have to figure officially, I felt his activity and observed that he remained faithful to the attitude which he had adopted ever since his return from Europe, that of a friend, of a staunch supporter of the entente between the Franco-Russian Alliance and China.” (52)

One further step was taken by the French Government at this time. During the course of the foregoing negotiations France had learnt of Germany's desire for a coaling station on the coast of China.(53) She was anxious to exclude her from any point in those territories which she looked upon as her natural sphere because of their contiguity with Indo-China, namely, Yunnan, Kwangsi and also Kwangtung. The Island of Hainan and the Kwangtung coast opposite might be desired by Germany. France accordingly demanded from the Chinese Government "a formal assurance that it would not alienate to any other Power under any form and in any case the Island of Hainan and the Kwangtung coast opposite it." (54) The Chinese Government were ready to give the assurance in the form of a minute of the interview, but declined to reply by means of a formal official despatch.(55) The French Government insisted upon the assurance in the latter form, and as the matter went so far as almost to cause a rupture, China finally capitulated.(56) On March the 15th, 1897, the Chinese Foreign Office made the declaration desired by the French Government.(57) It was the first of those declarations which not only assured individual Powers that a particular area of China would not be alienated, but which also served as their basis for claiming the designated area as a sphere of influence.

At about the same time the Russo-Chinese Bank and the Comptoir d'Escompte sent a French engineer into the Province of Shansi to study its mineral resources and to determine the future route of a railway from Chengtingfu-Taiyuanfu,(58) to be constructed by a Belgian syndicate and to be administered by the Chinese Railway Company, although it was not until May 1898 that an agreement was signed with the Chinese Government with regard to this railway.(59) P. H. Kent, in considering this railway in his book, *Railway Enterprise in China*, says of it :

"Some have professed to see in the railway the commencement of a flank attack on China through Central China. They assume its ultimate extension to Hsianfu, where it would in the course of time effect a junction with a continuation of the Russian Central Asiatic Railway from Tashkend by Vernoe and Kuldja." (60)

P. H. Kent thinks this view is discounted by the fact that the Russians later assigned the rights thereto to a French syndicate.(61) It is not important for our purpose to determine whether or not

a flank attack upon China was contemplated by Russia, even though there appears to have been grounds for that belief. We are concerned with those things which would aid the Russian French combination to bring China under their financial and political control. This railway materially contributed to this end. It was but another link in the Russo-French Railway Chain.

By the end of the year 1897 the foundations for the political and financial control of China and Korea by these two Powers had been carefully laid. It had been done with the assent of the Chinese State, before the other countries interested in that quarter had been able to realize the rapid march of events in the Far East.

The Chinese statesman, Li Hung Chang, had materially assisted in laying these foundations, which were responsible for much of China's trouble in the ensuing years. Li had miscalculated when he based his foreign policy upon an alliance with Russia. Had he had better knowledge of international politics, he would have realized the danger that involved for a weak and disorganized State such as China was. Russia had absorbed every weak State which she had taken under her protection. "It was the trend of her destiny." Li, however, had faith in the Russian alliance. He believed that the development of the railway system was essential to enable Russia to come to China's support if need be. It was for this reason that he had lent his assistance to the projects of the Russo-French group. But unknowingly he was facilitating the plans of Russia and France to bring the vast Chinese country under their control.

In his calculations Li had also neglected to take account of the fundamental basis of international diplomacy which prevailed at the time, namely, the principle of the balance of power. Had he been aware of this principle, or had he taken it into account, he should have realized that the other Powers could not permit Russia and France to enhance their position in China unless theirs was also improved, as otherwise the balance of power would be disturbed. It was clear, therefore, that concessions to the Russo-French group would provoke demands from the other States for similar concessions as soon as the nature of the Russo-French gains became clear.

If the Westerner has been exacting in his demands upon China, it is well to distinguish between the countries which unfolded an imperialistic policy there. France and Russia were aggressive in

their imperialism. Britain mainly sought to adjust the disturbed balance by compensatory gains. One must also remember that the responsibility for the resulting situation was in large measure Chinese. The poor diplomacy of Li Hung Chang had contributed to the creation of a situation which provoked the demands upon China of the other Powers and which, in fact, nearly endangered the existence of the Chinese State.

The full magnitude of the Russo-French designs was, however, only revealed to the world after the action of the German Government in demanding from China a coaling station upon her coast. The German Government, anxious for a place in the Chinese sun, had taken its first step in *Weltpolitik*. This step rendered more complex the problems of foreign encroachment upon China and was the occasion for the Russian and French Governments to advance their programme a stage further.

NOTES

1. *Ma Mission en Chine*, A. Gerard, p. 116.
2. *Treaties with and concerning China*, MacMurray, vol. i, p. 18, Art. I—China and Japan, April 17, 1895 (1895, 3).
3. *Memoirs of Count Witte*, A. Yarmolinsky, p. 98.
4. *Forty Years of Diplomacy*, Baron Rosen, vol. i, p. 141.
5. *Americans in Eastern Asia*, Tyler Dennett, p. 480.
- 5A. Correspondence on Temporary Occupation of Port Hamilton by H.M. Government (Cd. 4991), April 16, 1885—Despatch 3, Secretary of Admiralty to Vice-Admiral Sir W. Dowell.
- 5B. *Ibid.*—Despatches 6 and 39, Grannock to O'Connor, June 6, 1885.
- 5C. *Ibid.*—Despatch 56, Sir P. Currie to Dr. Macartney, April 14, 1886.
- 5D. *Ibid.*—Despatch 52, O'Connor to Salisbury, January 7, 1886.
- 5E. *Ibid.*, Despatches 67 and 76, Sir J. Walsham to Earl Iddesleigh, November 5, 1886.
- 5F. *Ibid.*—Despatch 69, Earl Iddesleigh to Sir J. Walsham, November 19, 1886.
- 5G. *Ibid.*—Despatch 82, Vice-Admiral Hamilton to Secretary of Admiralty, February 28, 1887.
- 5H. *Geschichte Ostasiens*, Krause, p. 257.
6. *Ma Mission en Chine*, A. Gerard, pp. 188-9.
- 6A. *Ibid.*, pp. 172, 173.
7. *Ibid.*, p. 168.
8. *Ibid.*, p. 170.
9. *Ibid.*
10. *Ibid.*, p. 168.
11. *Ibid.*, p. 173.
12. *Ibid.*
13. *Ibid.*, p. 176.

14. *Ma Mission en Chine*, A. Gerard, p. 174.
15. *Ibid.*, p. 171.
16. May 1896.
17. September 8, 1896.
18. *Ma Mission en Chine*, A. Gerard, p. 175.
19. *Ibid.*, pp. 175, 176.
20. *Ibid.*, p. 176.
21. *Ibid.*
22. *Ibid.*
23. *Ibid.*, p. 177.
24. *Ibid.*, p. 179.
25. *Ibid.*
26. *Ibid.*, p. 180.
27. *Ibid.*, p. 181.
28. *Ibid.*, p. 182.
29. *Ibid.*, p. 185.
30. *Ibid.*
31. *North China Herald*, September 10, 1897.
32. *Ma Mission en Chine*, A. Gerard, p. 186.
33. *Ibid.*
34. *Ibid.*, p. 187.
35. *Ibid.*, p. 189.
36. *Treaties with and concerning China*, MacMurray, vol. i, p. 94 (1897, 1).
37. *See* p. 148, ref. 7.
38. *Treaties with and concerning China*, MacMurray, vol. i, p. 4, Art. V (1894, 1).
39. *See* p. 151, ref. 23.
40. *Treaties with and concerning China*, MacMurray, vol. i, p. 96, Art. V (1897, 1).
41. *Ibid.*, p. 30.
42. *Ibid.*, p. 97, Art. XII.
43. *Ibid.*, special article.
44. *Ibid.*, Art. XIII.
45. *Ma Mission en Chine*, A. Gerard, p. 199.
46. *Ibid.*
47. *Ibid.*, pp. 200, 201.
48. *See* p. 183, ref. 43.
49. *Ma Mission en Chine*, A. Gerard, p. 201.
50. *Ibid.*, pp. 201, 202.
51. *Treaties with and concerning China*, MacMurray, vol. i, p. 124 (1898, 7).
52. *Ma Mission en Chine*, A. Gerard, p. 200.
53. *Ibid.*, p. 207.
54. *Ibid.*, p. 203.
55. *Ibid.*
56. *Ibid.*
57. *Treaties with and concerning China*, MacMurray, vol. i, 1898, p. 98 (1897, 2).
58. *Ma Mission en Chine*, p. 230.
59. *Railway Enterprise within China*, P. H. Kent, p. 170.
60. *Ibid.*, pp. 170 and 171.
61. *Ibid.*, p. 171.

CHAPTER IX

THE GERMAN ACQUISITION OF KIAOCHAU

The popular view concerning Kiaochau—M. Witte's statement—Prince Lobanoff's letter to Baron Mohrenheim—M. Iswolsky's Memoir—The truth of the matter—Baron de Wolff's Memoir—The original impetus to Germany's policy—Her request of China, October 1895—Her indecision—Information from the Chinese Minister at St. Petersburg—The Kaiser's interview with Li Hung Chang, June 1896—*A quid pro quo*—The advantages of Kiaochau—Russian rights to Kiaochau—German inquiry of Chinese sources—Kreyer's confidential communication—Its effect—Ports considered—"Bring about an occasion for action"—Germany's decision—Germany's request of China, December 1896—Germany's request renewed, January 1897—Germany turns to France and Russia for support—German assurances to them—Their replies—Russia's action—Marshall's recommendation—The Kaiser's visit to Peterhof—His conclusion—The net result—A communication to Muravieff—Attack upon officers of *Cormoran*—Murder of two missionaries, November 4, 1897—The action of China—Action of the German fleet—The Kaiser's intentions—Telegraphic communication between the Kaiser and the Czar—Muravieff's communication—His note to Germany of November 9, 1897—Germany's attitude—Instructions to German Ambassador in London—German Government's reply to Muravieff—Germany's plan—The Russian Ambassador's communication of November 16, 1897—The Czar's point of view—Hatzfeldt's interview with Lord Salisbury—Germany's terms—Witte's statement—Germany's note of November 22, 1897, to Russia—A summary—The line of Russia's policy—China assents to Germany's demands—Her suggestions—The action of Russia—Germany's attitude towards Japan—Sir E. Satow's view on Germany's demands—German Promises—Russian fleet sent to Port Arthur—Japan, Austria and Germany informed—Kaiser's telegram to Czar, December 16, 1897—The Russo-German communication—A statement of Germany's position in the Far East—Kaiser's telegram of December 19, 1897, to the Czar—German assurances to Britain—Lord Salisbury's reaction—Count Osten-Sacken's memorandum of January 1, 1898—German policy—Russia's efforts concerning Weihaiwei—The German attitude—The Kaiser's view—China assents—Further Russian efforts—Bülow's conversation with Osten-Sacken—German intentions—Kiaochau a free port—The Kiaochau settlement.

GERMANY was the next Power to appear to threaten the integrity of China. It is generally believed that she was the first State to unfold such plans, but the preceding pages will have made clear the fallacy of that view. M. Witte, in his Memoirs, supports the popular belief, saying: "It is certain that by the seizure of

Kiaochau, Emperor William furnished the original impetus to our policy. Perhaps he was not clearly aware to what consequences our step would lead but the German diplomats and the German Kaiser were clearly making every effort in those days to drag us into Far Eastern adventures. They sought to divert our forces to the Far East, so as to ensure the safety of their Eastern frontier." (1) The latter part of Witte's statement is evidently true. The first part of it is obviously as incorrect.

Russian policy in the Far East was the product of M. Witte's brain. It was conceived in 1895. (2)

The following letter, written on May 23, 1895—at the time of the Sino-Japanese conflict—by Prince Lobanoff to Baron Mohrenheim, Russian Ambassador in Paris, bears testimony of the date of the inception of the policy. It says in part :

" . . . it is evident that after what we have done for China we wish to enable her to rid her territory as quickly as possible of the presence of the Japanese, and to this end to make it easy for her to obtain a loan. This motive, although very real, is not, however, the only one that prompts us. *It is no less important for our future designs to have China in a state of dependence towards us and not to let England extend her influence there.* (3) She is supreme in the south of Central Asia ; we do not wish to arouse her suspicions there but Central Asia is for us, not to conquer materially, but for it to serve our ends and our interests. These last considerations are of necessity for you alone in order to give you the key to the policy we are pursuing." (3A)

Mr. Alexander Iswolsky, the noted Russian diplomat, states in his Memoirs the initial act taken by his Government to bring China into this state of dependence. He says :

" If one wishes to locate the initial act which led to the unfortunate war between Russia and Japan, it will be necessary to go back to the decision adopted by the Russian Government at Count Witte's behest to push the main line of the Trans-Siberian Railway through to Vladivostock by way of Chinese territory, thus shortening the distance considerably, but at the same time creating on the eastern confines of the Empire a singularly complicated and dangerous situation. It was the first thing to awaken the suspicions of Japan and to reveal to that Power the Imperialist ambitions of Russia in the Far East." (3B)

The foregoing statement, though made by one who was always opposed to M. Witte and to Far Eastern entanglements, is nevertheless more accurate than that of M. Witte. It establishes clearly the date at which the Russian policy of encroachment

was put into operation in China. It preceded the Kiaochau episode by approximately two years. M. Iswolsky's statement, therefore, refutes the contention that Germany was responsible for the inception of Russia's Far Eastern policy. The truth of the matter is established by the facts. M. Witte's Memoirs are unable to set these aside. His Government commenced its policy of bringing China into a state of dependence long before Germany acquired Kiaochau. The formation of the Russo-French financial-political bloc in 1895, the Russo-Chinese four-hundred-million franc loan of 1895, the security clauses of the loan, the unusual powers conferred upon the Russo-Chinese Bank in 1895, the broad privileges granted to the Russian-controlled Chinese Eastern Railway, the Russo-Chinese Treaty of Alliance, 1896, were the means which Russia used to realize her policy. M. Witte was actively identified with all of the above measures. He was privy to a policy of economic and financial imperialism in China. He planned to absorb that country by peaceful economic penetration. The acquisition of Kiaochau by Germany gave a slightly different turn to Russian policy. Thereafter, Russia occupied Chinese territory. M. Iswolsky says that M. Witte was opposed to this occupation.(3c) The occupation did not, however, constitute a new policy. It was simply a new method of realizing M. Witte's policy of absorbing China. M. Witte's method may have been subtler and indeed, if adhered to, may have succeeded. But his object was the same. Moreover, if Baron de Wolff's Memoirs are to be accepted as recording the truth, the occupation of Chinese territory was part of the Russian plans from 1896 onwards.(3d) Germany merely furnished the desired opportunity to fulfil them.

The failure of M. Witte's plan probably led him to represent the motive for its adoption as the counteracting of German ambitions. Rather than admit the Imperialistic purpose of his policy, he sought to give it in the eyes of the world an innocent motive.

✓ The original impetus to Germany's policy in China arose out of her experience in the China-Japanese war. Her ships had met with great difficulty in obtaining coal and supplies in the Far East. As a result, her Foreign Office and Admiralty were anxious for a coaling station to make German ships in this region independent of non-German coaling stations and purveyors.(3e)

She therefore approached the Chinese Government in October 1895 to cede her a coaling station on the China coast. She had reason to hope to obtain it after she had rendered China a service by intervening on her behalf for the return of the Liaotung Peninsula, and especially since other Powers had such stations on the China coast.(4) The Chinese Government, however, refused the German request on the ground that it might provoke similar desires from other States.(4A)

The German Government did not press the matter at the time. It was undecided upon the situation which it desired.(5) Until this was determined, no more specific request could be made of China. In seeking this location the German Government was anxious to avoid encountering the opposition of any Power. The German Admiralty advocated obtaining two points—one in the north and one in the south, since Germany was without a coaling station from Singapore to Hakodate—a distance of three thousand nautical miles.(6)* The following points were considered: the Pescadores, Kiaochau, Weihaiwei, Chusan, Amoy, Mires Bay and the Montbello Islands off Korea.(7) They were, however, all rejected. Japan was in occupation of the Pescadores and Weihaiwei, China had undertaken by the Treaty of Boca Tigris, signed with Britain in 1846, never to cede Chusan to any other Power.(7A) Amoy was a treaty port. Mires Bay was in the proximity of Hong-Kong, a British possession, and was subject to typhoons, and a demand for the Montbello Islands would arouse the antagonism of the Japanese and Russian Governments.(8) The seizure of any of these points was liable to involve Germany in complications with another Power and endanger the success of her project. The German Government therefore refrained from claiming them and looked about for another suitable port. It desired, if possible, to avoid any act of violence. It preferred to confine its efforts to peaceful negotiations. But as early as February the 15th, 1896, the Chinese Minister at St. Petersburg informed the German Ambassador there that Germany could hope for nothing from such a policy. He told him in strict confidence that "without the exercise of 'a little force' the question of the surrender of an island can hardly find a solution." (9) Though the Chinese Minister, whose function was undoubtedly to safeguard the interests of his country, gave such peculiar advice, he stated that he was afraid to support the

German Government's request warmly, "as he would on that account be branded a traitor in China." (10) The Germans, however, did not act then. They had not yet determined upon the location and no suitable opportunity had presented itself for the demand.

In June 1896 Li Hung Chang visited Berlin *en route* home from the Coronation of the Czar. The Kaiser and Count Bülow took this opportunity of putting before him the request for a naval station. (14) At first Li was unsympathetic. The Russians, in their desire to prove their own friendship for China, had indicated to Li that Germany was responsible for the increased indemnity in return for the retrocession of Liaotung. Count Bülow, however, denied that the action of his country was prompted by any unfriendly motive, and declared that its conduct was actuated by the desire not to endanger the intervention programme. He sought to convince Li that Germany required a *point d'appui* for her fleet in order to carry out her policy of the maintenance of the Asiatic balance of power and of the integrity of China. This, he said, was a *sine qua non* of her Far Eastern policy. (15)

Exactly the same argument had been urged upon Li by the Russians in order to obtain their concession for the Chinese Eastern Railway, through Manchuria. They also had claimed that it was indispensable to their Far Eastern policy. (16) Count Bülow further intimated to Li that the German Government was prepared to support the Chinese in securing a revision of their Customs tariff, if it was granted the naval station as well as certain railway and other concessions in China. Li, however, did not commit himself to the Germans beyond the vague assurance that he would support their demand at Peking. (17) The German attempt to obtain a port peaceably on a *quid pro quo* basis met with no success this time also.

In August of 1896 von Tirpitz suggested the Bay of Kiaochau as a suitable point. He declared its outstanding advantages to be: (i) good anchorage, (ii) easy and cheap fortification, (iii) coalfields in the neighbourhood, (iv) a climate favourable to Europeans. (18) Herr Détring, a German in the employ of the Chinese State, to whom we have previously had occasion to refer, (19) pointed out six further advantages of Kiaochau, namely: (i) It was situated favourably to command all the north of China and not merely Shantung. (ii) It was suitable for dock

and wharf undertakings. (iii) It had a rich hinterland capable of exploitation. (iv) The routes of communication would be easy to construct. (v) It was a good point for a railway to Peking. (vi) Its inhabitants were the best physical and intellectual element in China. (20)

There was, however, one obstacle to the acquisition of Kiaochau. The Russian Government had apparently, during its negotiations for the defensive alliance with China, obtained certain rights in that Port. Count Cassini, the Russian Minister, declared that rights of cession existed. (21) This declaration was the first move on the part of Russia to obstruct the political ambitions of Germany in the Far East.

It would appear that the German Government believed Cassini's assertion for the Kaiser's marginal comment on it was, "We've made proper fools of ourselves." (22) He, however, proceeded to inquire through his representatives whether Kiaochau had in fact been ceded to Russia. From Chinese sources, he was informed that this was not so.

On November 19, 1896, M. Kreyer, the adviser to the Chinese legation at St. Petersburg, who, the German Foreign Office were convinced, had been charged to do so by the Chinese Minister, declared in strict confidence to the German Minister there that "the Chinese did not understand such a mode of thinking. The idea of moral gains was absolutely foreign to them. Force was the only language which they understood. If Germany did not take what she wanted or needed, the Chinese would only see in that a sign of weakness, but not recognize it as a proof of noble unselfishness. They would always act only according to their own interest and advantage. The Russians," he said, "have recognized the only right way of dealing with the Chinese. First they took Pamir from them and thereby showed them their might. Then they let gentleness prevail and gave them back Liaotung. And now they take in hand the railway through Manchuria, which is synonymous with taking possession of that province. The Russians have shown the Chinese that they can 'rule and dispose' as they please, and that has impressed the Chinese." (24)

This advice was not without its effect. Germany began to feel that if she did not acquire a port in the Far East she would thereby suffer a loss of prestige in China and would receive no

thanks for her self-abnegation.(25) The Kaiser, in his footnote, said that he had been preaching the view of M. Kreyer for the past two years.(26) This would indicate an earlier date of the origin of German desires and that the German Foreign Office preferred a more cautious course than that suggested by the Kaiser. Cassini, the Russian Minister, stated that his view also was that "If one wants anything in China, one must demand and take it without further ado." (27) This was a point of view long entertained by the principal Powers in China. But Germany had just entered China as a political factor. She had not yet adopted this attitude. She was pursuing the methods of diplomacy to which she had been accustomed in Europe. Before long the diplomats in the Wilhelmstrasse made the decision to follow the advice which had been proffered to them, namely, to act first and negotiate afterwards.

But the indecision of their Admiralty on a suitable location again delayed their plans. Their Admiralty observed that the British fleet left Amoy as the German fleet approached. They interpreted this to mean that Britain would not oppose (28) their acquisition of it. Nevertheless they hesitated to claim it. They feared the opposition of the British, Russian and French financiers as well as that of the Chinese, who had an interest in the disposition of the Customs receipts of that port. Samsah Bay was next considered.(29) The German Government now took its first step towards complying with the advice given by M. Kreyer. It formulated alternative policies and placed upon the Admiralty the onus of deciding which it should follow. These policies are stated as follows in a memorandum of Klehmet, dated November 28, 1896: "The situation is thus: that we are faced with the alternative—either to take Samsah (Bay) very soon, or else to give up for a lengthy period or in the normal order of things, altogether, the acquisition of a station. The Navy will have to decide immediately and definitely as to this alternative. If it should decide in favour of the first alternative, the Imperial Ambassador in Peking will be instructed to direct his special attention to *bring about a suitable occasion for action*, and when this offers to telegraph here immediately." (30)

Germany was uncertain of the commercial possibilities of Samsah, but it took the view that "we must be content with (the) its military importance. Having once set firm foot there,

we can always, at a later date, when some prospect manifests itself, lay our hand on another point, important also economically ; and will thus find ourselves without doubt in a more favourable position than now, without any point of support." (31) But at that time it did not desire to take Samsah Bay by violence because of the ill-effect which such an action would have upon Germany's politics. It felt that, "after this, the only path that remains open is to wait until the Chinese give us cause for reprisals, then to occupy Samsah at once, to retain it as a dead pledge, and then to negotiate with the Chinese *re* the cession of the place, at first for a limited period. According to all prospects we shall not have to wait too long for pretexts. Even during the last two years causes for action could have been found ; more than once, for example, in the condition of the missionaries and in that of the German instructors. Up till now it has been necessary to refrain from utilizing such opportunities because the Navy, whose decision must be final for the conduct of foreign politics, has not yet arrived at a definite decision on the question of the place to be selected, because of the difficult considerations which, it cannot be denied, it had to encounter." (32)

On the following day, i.e. on November 29, 1896, the Kaiser, in conference with his Ministers, decided in favour of acquiring Kiaochau. (33) Experts were despatched to the Far East to consider the locality (34) and a plan for taking possession of it was elaborated on December 15, 1896. (34A) On the next day the Chinese Foreign Office were asked for a lease of this coaling station for fifty years. China again refused Germany's request on the same ground as previously, namely, fear of other countries. (35) The German Government thus failed again to achieve its purpose by peaceful means. But the Chinese had intimated that if Germany could guarantee them "that other Powers, for example France, would not come forward with similar demands, a discussion of the matter could be contemplated the sooner." (36)

In the last days of January of 1897, (37) when China had agreed to the revision of the Sino-British Burmese Treaty of 1894, Von Heyking, the German Minister in Peking, again requested a coaling station from China. China again declined for the same reason as previously given. Von Heyking accordingly turned to the French and Russian Ministers for support and asked them not to create opposition to the German request. (38) He pointed out

that a naval base and coaling station in China were necessary for Germany. He said that Germany's political and military power elsewhere "does not suffice for putting us in our proper station over here," (39) and added that "bayonets can be used for everything but sitting on." (40) The view of the German Foreign Office was that in politics the effectiveness of a threat is reduced without a convenient base of action from which to enforce it if need be : a *point d'appui*. It was, however, impossible to have a *point d'appui* without a coaling station.

To obtain his colleague's consent Von Heyking added with reference to the selection of the naval station and port in question "that Germany would be careful to keep outside of the regions which France might consider as her zone of influence in China, the idea of his Government being to seek of preference one of the points on the central coast equally distant from the French and Russian zones, but without giving any indication that might induce M. Gerard to believe that the choice had been made." (41)

The French Minister replied to this German *démarche* that he was pleased to take cognizance of Baron von Heyking's "assurances . . . with regard to what he called the zone of French influence, but as far as concerned the projects which he was so kind as to communicate to him, that was a matter to be negotiated between Government and Government if it took place. He personally had neither the capacity nor the instructions to enter upon it to any purpose." (42) The Russian Minister, who had similarly been addressed, replied in the same sense as the French Minister. (43) And each of them informed their respective Governments of the *démarche* which Von Heyking had made. (44) They urged upon the Chinese Government the peril involved for it in acquiescing in the German demands. (45)

M. Pavlow, the Russian Chargé d'Affaires, under instructions from Count Muravieff, also pointed out to China that by the obligation which Japan had taken towards France, Russia and Germany to establish no military establishments in the Formosa Channel, China was bound not to create any such establishment herself in those regions, and still more not to allow any such establishments to be created there. The Russians, who had the right to the use of Chinese ports in time of war by virtue of their treaty of alliance, would naturally desire to prevent their occupation by any other Power. (46)

On February 19, 1897, Baron von Marschall informed the Kaiser of the failure of his Minister to obtain a coaling station from China, and he proposed that after they had received the report of the expert who had been sent to China, "resolutely to demand of the Chinese Government the cession of a naval station. If this does not lead to the desired goal, it will be necessary eventually, by occupation of a suitable place yet to be located, to create without further ado a *fait accompli* with Your Majesty's warships, in which case then it is understood that prospective concessions now held out to the Chinese on our side by Baron Heyking no longer come into question." (47) But the Kaiser did not share Baron von Marschall's sentiments. He was annoyed with the course of events, and emphasized this by the two following marginal notes: "No! That would be, after such a refusal, a degradation. That was the last time. No further inquiry! As soon as the place is fixed, occupy it immediately." (48) The German Government next approached the Government of Russia directly to obtain acquiescence in the acquisition of Kiaochau. The Kaiser states in his Memoirs that Germany only turned to Russia after she had failed to find, lease or buy some coaling station in agreement with Great Britain. (49) This statement finds no confirmation in the German documents, *Die Grosse Politik der Europäischen Kabinette*, and, in fact, it is expressly denied by the editors of that publication. (50) Whether it is true or not, however, remains in doubt, in view of distinct references to it contained in the British War Origin Documents. (50A)

On August 7-11, 1897, the German Kaiser visited the Czar of Russia at Peterhof. He availed himself of this opportunity to further Germany's ambitions concerning Kiaochau. Among the subjects discussed with him were the Russian claims to Kiaochau. * In respect of these the Czar stated "that practically Russia's interests required her to secure for herself the access to the said bay until she should have obtained a more northerly port which she already had in view, (Petchili)." (51) To the further inquiry whether Russia would be inconvenienced "if German boats, in case of need and after having obtained the consent of the Russia naval authorities, anchored in the Bay of Kiaochau," (52) the Czar "replied in the negative." The Kaiser states that his conclusion from the interview "was that

there was no reason why he (the Czar) should place obstacles in our path in Shantung." (52A)

The net result of this interview was that Germany had obtained the Czar's consent to share the Russian concession at Kiaochau. The conversation, however, reveals other things. They disprove the assertion that Russian ambitions were first aroused by German action in respect of Kiaochau. They demonstrate that Russia did have ambitions in Northern China previously, that Kiaochau was only a temporary anchorage and that Russia was on the lookout for a permanent one. On the other hand, it would further appear from the Kaiser's account that German ambitions, too, were not intended to be confined to Kiaochau, but involved Shantung. Indeed, this is confirmed by a document of the German Foreign Office, dated March 19, 1897, which explains that the reason for the delay in selecting a port was that they desired "to demand a place which would be suitable as a starting-point for the establishment of a German Colonial territory, and that if the Foreign Office had only directed its aims, towards a coaling station for the Navy, this goal would already long ago have been reached." (52B) Relying upon the Czar's Peterhof assurance concerning Kiaochau, the German Government informed the Russian Foreign Minister, Muravieff, on September 21, 1897, of its fleet's intention to winter at Kiaochau. (52C) The Chinese Government was likewise informed. (52D) But the Russian Foreign Office now attempted to deprive Germany of the use of this port by declaring that they could not extend to her a right which they were not exercising themselves. (53) Soon, however, the German Government was afforded an opportunity of making a direct claim upon the Government of China. A situation similar to one German statesmen had foreseen on November 28, 1896, and, in fact, necessary to give effect to the policy formed by them on that day, had arisen. On October 30, 1897, at Woochang, opposite Hankow, the officers of the gunboat *Cormoran* and the crew of the steam-launch which landed them, whilst bearing the German flag, were stoned by the native population. (54) Five days later, on November 4, 1897, two German Catholic missionaries were murdered in South Shantung. (55) These two circumstances were quite sufficient provocation upon which to base a claim for compensation.

The Chinese had, presumably upon the advice of the Russian

Minister, anticipated the demands of the Germans by making prompt reparation for the Woochang incident.(56) The missionary outrage, however, had yet to be adjusted. The Kaiser ordered his fleet to Kiaochau to threaten heavy reprisals, "and, if necessary, with the most brutal ruthlessness," unless punishment was meted out to the guilty and a heavy money indemnity was paid immediately.(57) It had not been the intention of the Kaiser to seize Kiaochau then. He preferred to wait until the reply of the Chinese could be declared unsatisfactory (58), thereby justifying the seizure. He was, however, too late to give effect to his intentions. The fleet had occupied Kiaochau. He thereupon instructed the admiral to do nothing to prejudice later diplomatic negotiations,(59) and upon the advice of his Chancellor, Prince Hohenlohe, telegraphed to the Czar of Russia for his approval of the German action (60) in order to sound the intentions of the Russian Government. The reply of the Czar was as follows :

" Cannot approve nor disapprove your sending squadron to Kiaochau, as I have lately learned that this harbour only had been temporarily ours in 1895-6." (61)

This clearly stated that the Russian Government no longer had any interest in the Bay of Kiaochau, but soon Count Muravieff, the Russian Foreign Minister—evidently in ignorance of his master's communication—put forward a new claim to Kiaochau. On the 8th of November, 1899, the German Government was informed by Count Muravieff that Russia had in 1895 acquired not only the right of wintering at Kiaochau but also a "*droit de premier mouillage*," and declared that "our admiral in the Pacific had been instructed in case the German squadron should enter Kiaochau to send thither a part of our fleet, as we have priority of anchorage in this harbour since the year 1895. We hope, however, that this incident will be amicably arranged between Germany and China, and that thereby the intervention by other Powers will be made unnecessary." (62) The last part of this declaration may have been inspired by a desire to fulfil Russia's obligations towards China in virtue of their alliance. In point of fact that alliance obligated Russia only to prevent Japanese aggression ; nothing contained therein referred to European aggression, nor did Russia intend to bind herself in respect of

Europe. M. Witte's Memoirs state that clearly.(63) The threat may have been prompted by friendship for China, or it may have been due to Russia's desire to keep other (64) European nations away from a sphere which she desired to make her own.

On the 9th of November, Count Muravieff addressed a further note to the German Government urging Germany to refrain from proceeding with her plans concerning Kiaochau. The text of it is as follows : "We trust that the explanation of the Chinese Government will be such as to satisfy Germany and will render unnecessary the despatch of a German fleet to Kiaochau. But should the latter eventuality arise, it is understood that our vessels would enter there not for the purpose of taking part in a hostile action, but solely with the object of affirming priority of anchorage. With foreign vessels penetrating into a port which China considers as being closed, it is only too probable that other Powers would seek to profit by this example." (65).

The Kaiser declined to accept Russia's benevolent advice or to be moved by the motives which Russia declared to have impelled her in giving Germany the advice of the 8th and 9th of November.(66)

In the inconsistency between the attitude adopted by Muravieff recently and that adopted by the Czar in his letter of November the 7th, 1897,(67) the Germans recognized Russian opposition to their plans concerning Kiaochau.(68) This circumstance, at a time of unsatisfactory relations with Great Britain, might result in the frustration of their project. They therefore instructed their Minister in London to endeavour to effect better relations with England upon some question—even the Samoa question(69)—so as to disconcert the Russians and thereby to break down Russian opposition.

Meanwhile, realizing that Japanese statesmen, who were anxious for a counterpoise to Russia on the China coast, would probably not view with displeasure their location on the coast-line, and being under the impression that Britain would not oppose the acquisition of a German *point d'appui* there, the German Government adopted a firm tone towards Russia. On November 14, 1897, Count Hohenlohe wrote Count Osten Sacken :

"I find myself, to my sincere regret, unable to modify my point of view, with which you are acquainted. All the declarations made on

one side or the other that might formerly have served as arguments in the discussion relative to the Kiaochau Bay are earlier than the telegram in which the Emperor Nicholas plainly states that he disclaims any interest in this matter, as the result of recent information. The previous declarations, whatever their nature, are therefore invalidated in all legality by this Imperial declaration." (70)

The Germans now proposed to deal with the Chinese Government. They planned to make their demands so high that their refusal by the Chinese would justify Germany in continuing the occupation of Kiaochau. (71)

But Russian opposition had yet to be overcome. Russia was bent on keeping Germany out of Kiaochau. On the 16th of November the Russian Ambassador in Berlin informed the German Foreign Office that China was prepared to give Germany immediate and full satisfaction on the same basis as that obtained in similar instances by France, England and America, namely, punishment of the criminals, pecuniary compensation to the families of the victims and exemplary punishment of the Chinese authorities. (72)

Under ordinary circumstances compliance with the above conditions would have been deemed adequate compensation, but at the prevailing moment this was deemed insufficient. To have accepted them would have been to part with an opportunity to procure a coaling station. The German Government accordingly politely thanked Russia for her interest, but pointed out that it had not yet presented China with its demands. (73)

The Czar now intervened and attempted to annul the significance of his telegram of November the 7th. Osten Sacken, his Ambassador in Berlin, was informed on the 17th of November, 1897, that

"the Emperor is very surprised at the interpretation given to the personal and lucid telegram which His Majesty addressed to Emperor William. In the opinion of our august Master this telegram in no wise modified the situation. His Majesty did not at all mean to disinterest himself from Kiaochau when he stated the fact that as a result of the declaration of the Chinese Government we ought to regard this port as being at present closed to foreign fleets. In view of the *priorité de mouillage*, which was ceded to us in 1895, we could not renounce Kiaochau from the moment when other foreign vessels penetrated it, least of all considering that, as we had stated at Peterhof, Russia has not for the moment any port available in these regions. Our august Master instructs you to communicate the above to the Emperor William." (74)

Under pressure of this determined and insistent attitude of the Russian Government, the German Government again turned to Britain for support. Count Hatzfeldt, the German Ambassador in London, hinted to Lord Salisbury that if no British-German agreement were reached upon the Kiaochau question, Germany might have to meet the objections of other States by "the payment of a high price" (75)—possibly an anti-British alliance.(75A) Lord Salisbury acted upon the hint. From his conversation with Lord Salisbury the German Ambassador concluded that Britain was prepared for an agreement upon Samoa and New Guinea, and that Kiaochau did not clash with British interests,(75B) but the farther north the point was selected the less serious and undesirable would it be for Britain.(76) Count Hatzfeldt also concluded that if Kiaochau proved unsatisfactory there were other places to which Britain would not object. Britain was not averse to Germany taking up a position on the China coast. Her presence there would be an additional balance to Russia. British statesmen were, however, anxious for a peaceful settlement of the issue so as not to dislocate their trade with China.(76A)

On the 20th of November, 1897, Prince Kung declared that the Chinese Foreign Office were ready to negotiate all the German demands if Germany would evacuate Kiaochau first.(77) These demands had been as follows :

1. The removal of the Governor of Shantung.
2. The completion at the expense of China of the cathedral begun by Bishop Anzer.
3. The strict punishment of all culprits and full compensation for damages.
4. Safe security against repetition of such happenings.
5. Compensation to the German State for all the expenses arising out of the event.
6. Priority of German industrialists for a railway and mining rights in the Province of Shantung.(78)

This sudden departure of the Chinese statesmen upset the German plans. They had not included the demand for Kiaochau because they believed that China would refuse their other demands. The German statesmen saw in this peculiar turn of events the hand of Russia. They met this move by declining to evacuate Kiaochau first.(78A) They declared that they did not doubt the *bona-fide* intention of the Chinese Government to fulfil their demands, but

that "our experiences have, however, taught us that the Chinese Central Government is not always in a position to compel the Provincial authorities to execute such orders. We thus prefer to superintend the commands in question ourselves and would, therefore, remain in Kiaochau until further developments." The German Foreign Office realized that this was not a satisfactory reply to the Chinese demand for evacuation, but had decided, "we can make ourselves clearer afterwards. For the time being all subterfuges, of whatever kind they may be, through which the Chinese Government seeks to withdraw from the fulfilment of reparations, are assisting our purposes, *because we shall thus be freed from the necessity of showing our cards earlier than suits our purpose.*" (79) The Chinese Government refused to comply with this condition of the Germans, whereupon it was bluntly informed by Germany that Kiaochau would be held as security for the fulfilment of her demands and that a provisional administration would be set up there. (80)

★ Russia's opposition to Germany's demands was evidently motivated by a desire to serve Russian and not Chinese interests in China. The Chinese, upon receiving news of the German landing, had requested Russia to send a squadron to watch the activities of the Germans at Kiaochau. (81) At first orders were given for this to be done, but the following day that order was cancelled. (82) M. Witte explains that Count Muravieff conceived the idea of taking advantage of this situation to secure a base for the Russian Navy in Far Eastern waters. He says: "Early in November, several Ministers, including myself, received a memorandum drawn up by Count Muravieff. It pointed out that the occupation of Kiaochau by the Germans offered a favourable occasion for us to seize one of the Chinese ports, notably Port Arthur or the adjacent Ta-lien-wan." (83) The Russian Government knew that Britain would not oppose their acquisition of a commercial port. (84) They desired, however, a naval base. This might involve British opposition. Accordingly they opposed the German Government's plan concerning Kiaochau apparently so as to be able to trade a withdrawal of their opposition for German support of the Russian plans. The German Government sensed the motive of Russia's opposition, and on November the 22nd addressed a note to Russia which proposed to obviate it. After tracing their mutual relations concerning Kiaochau, it

averred that Germany had only claimed it after Russia had disclaimed any interest in it, and by way of comparing the advantages, which each had derived from its participation in the Dreibund, indirectly gave recognition to the sphere which Russia might, with Germany's consent, carve out for herself in China. The note stated that, as a consequence of the Dreibund, "Russia had been able in effect to bring into the zone of her exclusive influence, not only Korea but the whole of North China up to and including Peking and the Inner Yellow Sea." It then proceeded to request the support of the Russian Government for the German project :

"His Majesty trusts that His Majesty the Emperor of Russia, whose policy he has supported in Asia as in Europe, and whose opinion he wished to learn in the present case before acting, will find himself in agreement with him in the view that at the present moment any modification introduced into the plan of action already embarked upon would confirm the Chinese Government and people in an attitude incompatible with the interests and dignity of Germany. It is hardly necessary to add that the presence of the Germans in the Bay of Kiaochau could not inconvenience such Russian ships as desired to lodge there, so long as Russia has no permanent establishment in the Inner Yellow Sea." (85)

The price which Germany was prepared to offer Russia for the withdrawal of her opposition to the former's demand for Kiaochau was :

1. Recognition of Northern China, including Korea, as within the Russian sphere.
2. Friendship and support of Russian policy in Europe and Asia.
3. The use of Kiaochau by the Russian ships until a permanent place was secured by Russia. (86)

It was worth the while of the Russian Government to accept such an offer from the Germans to stamp their approval upon Russian ambitions so much more definitely and precisely than hitherto. They accordingly gracefully retired from the stubborn position which they had until then occupied. But the *Novosti*, a Russian paper, indicated the line of Russian policy. It said :

"This event will perhaps form a starting-point for a decision in the Far Eastern question. . . . If the occupation should be a lasting one, Russia must take immediate steps to safeguard her life interests in China. . . . Russia stands greatly in need of a port free from ice in those regions. The Chinese Government will never of their own free will place a port at her disposal in gratitude for services rendered. If, therefore, Germany

declines to evacuate Kiaochau, Russia, on her side, will have every right to occupy in retaliation some portion of Chinese territory." (87)

The Russian Government did not, however, immediately proceed to unfold the plan suggested by the *Novosti*.

On December the 3rd, 1897, China agreed in principle to the German demands. She, however, suggested that Germany take a port in the south in lieu of Kiaochau. (88) This suggestion was evidently designed to assist Russian policy. Had the Germans accepted the suggestion, the Russians would have succeeded in removing them from proximity to their own sphere in the north and in bringing them into contact and conflict with British, French and Japanese interests in the South of China. This having failed, the Russians, in a secret document, offered to support China against Germany in return for the grant of mining and railway concessions and of the exclusive right to have military instructors in the North of China. The Chinese declined the Russian offer, as the negotiations with Germany were peaceful. (89)

Russia next sought to get Germany involved with Japan. The news of the German action caused considerable excitement in Japan. The general opinion which prevailed in official circles there was that the proceeding had been "unnecessarily hasty, and that a prolonged or possibly permanent occupation of such an important strategic point by a Western Power would imperil the peace of the Far East." (90) To concentrate the Japanese mind upon German activities in Kiaochau, Russia withdrew her fleet to Vladivostock, ostensibly giving up the idea of a port. (91)

But the German Foreign Office comprehended the purpose of the latest Russian move and attempted to conciliate Japanese feeling and to win for their policy the approval of the Japanese Government. They were aware of Japanese ambitions, and held the view that "Japan would like to extend her boundaries at any price, but apart from that is not showing any discrimination— islands or mainland, Korea, Liaotung, Shantung or the regions lying opposite Southern Formosa—everything suits Japan." (92) They accordingly were prepared to consent "no longer (as in 1895) to oppose the establishment of Japan upon the Chinese mainland," if Japan would not object to the German occupation of Kiaochau. Germany was henceforth ready "to pursue towards Japan a policy of live and let live." Japanese opinion desired

Fukien, which lies opposite Formosa. The German Government were anxious to encourage this desire for two reasons. It would remove Japanese opposition to their occupation of Kiaochau and it would bring Japan into conflict with the French in their adjacent sphere. Accordingly they informed the Japanese Government "there was no clash of interests between Germany and Japan," and that, moreover, they "were inclined to regard Japan as joint heirs in China." (93) This was the first encouragement which Japan had obtained from a European Power for her continental ambitions. With such encouragement for her own ambitions, and with the conviction that England would not oppose Germany at Kiaochau since Sir E. Satow had expressed his view "that China will act wisely in coming to a speedy agreement with regard to reparation, and that any ill-advised resistance on her part would invariably lead to demands of a more serious character," (93A) it was unlikely that Japan would attempt to prevent the German occupation of Kiaochau.

To obtain a place in the "Chinese sun" and to engage in *Weltpolitik*, German statesmen had threatened Britain with an anti-British combination of Powers, had been ready to make concessions to her in Samoa and elsewhere, (94) had expressed a readiness not to oppose Japanese ambitions, particularly with respect to the Province of Fukien, and had indicated to Russia the measure of support which they were prepared to extend to her in the realization of their own plans. (95) All these were far-reaching concessions which were calculated to obtain the consent of the Powers for Germany's project. Each of these had had its ambitions in respect of China before Germany had disclosed hers. Russia and France had already proceeded with theirs. Japan was but awaiting the opportunity to realize hers. Britain alone among these Powers had not been offered by Germany any concessions in China nor, indeed, did she entertain any ambitions in respect of China which involved the dismemberment of that country.

On the 14th of December, 1897, having failed to exclude Germany from Northern China, but having obtained a promise of her acquiescence in its activities in that area, the Russian Government still further unfolded its plans in China. With the consent of China it despatched a fleet to anchor temporarily at Port Arthur "*jusqu'à nouvel ordre*," (96) and informed the Japanese

Government that that harbour had been lent to it only temporarily as a winter anchorage by the Chinese Government.(97) A similar communication was made to the British Ambassador in St. Petersburg on January 12, 1898.(97A)

In his telegraphic instructions on the matter to Count Osten Sacken, of which the latter furnished the German Foreign Office with a copy, the Russian Foreign Minister followed the bare statement of fact with the following rather cordial sentence : " His Majesty, satisfied that Russia and Germany ought, and can, go hand in hand in the Far East, charges Your Excellency with apprising His Majesty the Emperor William," (98) which naturally amounted to an acceptance of the German proposal for mutual support in their Far Eastern ambitions. The Kaiser availed himself of the opportunity which this offered him to impress upon the Czar his eagerness to co-operate with him. On December 16, 1897, as Prince Henry was sailing from Kiel to China, the Kaiser telegraphed the Czar as follows : " Henry, just leaving for China, sends his best love and farewell wishes. He is happy to meet your ships out in the East, on whose side he has my orders to place himself if ever serious danger threatens them or your interests." (98A) The Czar replied to this, thanking His Majesty " for giving such clear instructions to Henry." (98B)

On the 17th of December, 1897, Count Bülow replied to Count Sacken's communication stating that the Kaiser "cordially approves of the energetic as well as prudent measure which has just been commanded by His Majesty the Emperor of Russia. In effect Russia will be able, from the moment the impregnable position of Port Arthur has been placed under the protection of a *coup de main* to watch with tranquillity the coming of the events which will mark the gradual but progressive dissolution of the Chinese Empire." (99)

Russia was the first State to whom Germany had expressed herself thus. Bülow had not only consented to the Russian act of aggression which was to be Russia's price for her consent to the German occupation of Kiaochau, but had also given his approval to the ultimate dissolution of the Chinese Empire. Count Bülow, however, went further and referred to the accord which existed between the Russian and German Sovereigns in that which concerned the solidarity of their interests in the Far East, a "solidarity which will of necessity lead the two Empires to make

common cause there in the presence of a common danger." (100) This danger was stated to be Japan. (101) Count Bülow realized that the moment was opportune to obtain Russia's support for further demands by Germany on China in return for German support against Japan, who would undoubtedly oppose the Russian designs. But at the time Japan was busy in Formosa, pacifying the country. He therefore held out hope to Russia for future support against Japan. He said: "But evidently the element of risk in the events of the future will be further considerably reduced and the dangers that might result from a prolonged resistance by the Chinese Government will be disposed of at one blow if the Russian representative at Peking receives the order to support our demands." (102) The principal of these demands were stated to be a long-term lease of Kiaochau, the creation of a neutral zone out of its environs and the grant of railway and oil concessions in Shantung. (103)

As a matter of secondary importance Germany stated that she desired to have a German placed at the head of the Kiaochau Customs, although working for the account of the Chinese Government. (104) She also indicated that although she considered the time inopportune, at a later date, she would not be averse to the neutralization of the Yangtze Valley, which should be open to the trade of the world. (105)

This was the most detailed and most comprehensive statement of the German Government's position in Far Eastern Affairs which had yet been communicated to any Government. Together with the previous communications between the two Governments it had done much to establish an identity of views between Russia and Germany in respect of China. In substance, in return for Russian acquiescence in the German occupation of Kiaochau and the acquisition of certain concessions in Shantung, Germany would now recognize the sphere which Russia had mapped out for herself in China; would help her against the inevitable and common foe, Japan; would assist in limiting British influence in the Maritime Customs, by demanding a German head of the Customs at Kiaochau; and later would minimize British influence in China still further by demanding the neutralization of the Yangtze sphere. These were tempting conditions which the Russian Government could not afford to ignore.

On December the 19th the Kaiser again availed himself of

an opportunity to make another friendly gesture to Russia. He telegraphed the Czar : " Best thanks for kind wishes for Henry. Please accept my congratulation at the arrival of your squadron at Port Arthur. . . . May you be able fully to realize the plans you often unrolled to me ; my sympathy and help shall not fail you in case of need." (106) After so many friendly gestures on the part of the German governing powers it was extremely unlikely that Russia would oppose German ambitions.

The support of Great Britain Germany sought to obtain in a different manner : she pointed out to her that she desired in no way to threaten British interests in China and that she intended to follow there a policy similar to that of Britain.(107) To convince Britain of this intention the German Ambassador in London showed the British Government a telegram in which the Chinese Government urged his Government to acquire a port in the South of China instead of Kiaochau. He averred that his Government had refrained from so doing out of consideration for Britain, with whose interests in the south she did not wish to come into conflict.(108) In Berlin, Count Bülow gave assurances to Sir Frank Lascelles, the British Ambassador to Germany, " that in the recent action which the Germans had taken in the Far East they had no intentions of creating complications, to disturb the peace, or to shake (*ébranler*) the Chinese Empire, and still less to do anything which might be disagreeable to England," and further that " he was a strong partisan of a good understanding between Germany and England, whose interests were so much alike in most parts of the world." (109) The British Ambassador declared that the British Government would not oppose Germany's acquisition of Kiaochau, but made it clear that should " a demand be put forward for exclusive privileges, or should other countries seek to take possession of Chinese ports, it would probably become necessary for " his " Government to take steps for the protection of its vast interests in China." (110) Two weeks later, the German Government availed themselves of the development of the situation and reiterated again to Britain that they had declined to accept a port in the south because " the acceptance of the same would have forced us into a lasting association with those Powers which pursue a policy hostile to England. We wish in the interests of Germany to avoid such a policy and also hope that England's policy will permit us to do so." (111)

The continued repetition of these assurances apparently satisfied Lord Salisbury. But he told Count Hatzfeldt "that the mode in which the purpose of Germany had been attained impressed" him "more unfavourably than the purpose itself. The Russians," he added, "had acted up to this point with perfect correctness"; he "was wholly unable to pay the same compliment to Germany." It was "probable that no great injury had been inflicted upon England," nevertheless the "relation of the occupation to (Britain's) treaty rights in China would require careful consideration." Lord Salisbury attempted to ascertain the details connected with the German action, but in this he was unsuccessful. The German Ambassador "avoided being led into any discussion of the details of the German proceedings or intentions." (111A)

In securing Britain's acquiescence the German Government had indeed removed considerable opposition to its retention of Kiaochau.

The Russians, who had been weighing the advantages entailed for them in Germany's proposals, now came forward to ask for a more detailed and definite confirmation of them. On January 1, 1898, Count Osten Sacken presented Count Bülow with a memorandum containing the reply of his Government to the recent German overtures for reciprocal support in their China plans. Though this memorandum set out to deal with the question of military instructors in the North of China, it defined Russia's sphere in China, accepted the German recognition of it, and declared the readiness of Russia for an *entente* with Germany. It read in part as follows :

"Starting with the principle, virtually recognized by the German Government, of our exclusive sphere of action in the provinces of the north of China, comprising the whole of Manchuria, the Province of Chili and Chinese Turkestan, we cannot admit there any foreign political influence, and all the efforts of the Imperial Government will be directed to asserting and consolidating this influence." (112)

It added that the Russian Government, "relying upon the sincere declaration of the German Government, which recognized" the claim of Russia to be entitled "to maintain the supremacy of political influence in the provinces of China adjacent to our frontier with the Empire," requested Germany to withdraw her military instructors present in the north of China. This, Russia asserted, would facilitate her work in her sphere and would not

give occasion to the British and others to cause trouble by also sending instructors into the Russian sphere. The memorandum declared that if Germany complied with this request the Russian Government would see in her compliance "incontrovertible proof of the sincerity of the Berlin Cabinet's desire to arrive at a friendly agreement with Russia on the question of the Far East." (113)

The German Government agreed to withdraw their military instructors from the zone named by the Russian Government in the memorandum. (114) It thereby by implication defined more precisely than heretofore the sphere which in general terms it had repeatedly conceded to Russia.

Germany did not, however, enter into any detailed negotiations with Russia concerning the proposed Far Eastern *entente*. She declined to do this. The policy which she proposed to follow in the Far East in respect of Russia was one similar to that pursued towards Austria in the Near East, (114A) namely, to avoid a firm *entente* and to support the other Power only when it served German interests. In this way she would be informed of all developments. And by refusing her support and using the personal influence of the Kaiser Wilhelm on the sovereign of the friendly Power prevent the occurrence of events that might endanger her interests. For the present the attitude which she adopted was that until Russia's support obtained Kiaochau for Germany she was unable to discuss the proposed *entente*. When, however, China yielded to Germany's request, "the German Government would be quite prepared to settle all other points of detail in connection with Eastern Asia in a sense favourable to Russia." (115)

The Russians then sought the adherence of the German Government to a Russo-Franco-German secret agreement to compel Japan to evacuate Weihaiwei in the event of her declining voluntarily to evacuate it at the fixed time. Germany was not anxious to antagonize Japan. "She had no direct interest to weaken or crush Japan, since under certain circumstances she could use her very well on her side." (116) On the other hand, she was not desirous of frightening away Russia, especially as she hoped to effect certain economic and financial arrangements with her which had been suggested to her Minister in St. Petersburg by M. Witte and Count Muravieff. (117) Germany did not, therefore, refuse to agree to the Russian suggestion, but again declined to enter into any arrangements with Russia until

Kiaochau was assured to her. She made everything contingent upon acquiring Kiaochau.

The German Government had not formally entered into any engagement which ratified Russia's right to a certain section of China as her exclusive sphere, but her communications to Russia convinced the Russian statesmen that German policy was not opposed to Russian aggrandizement at the expense of China. Indeed, in the Kaiser's view, "it could only be wished for by us. As regards Chili, this province, including Tientsin and Peking, was *ein fetten Bissen*. Still, if Russia helped us loyally and successfully to a consummation of the Kiaochau agreement and recognized our interests in Shantung, including the Hoangho River, we could yield her Chili. Nevertheless, His Majesty lays great value upon the Hoangho River up to its bend northwards remaining within the German sphere." (118) From this it is clear that German policy aimed not only to interest Russia in the Far East so as to keep her pacific in Europe, but that it was no less anxious to obtain for the German industrialist a sphere in China which he might be able to exploit. The sphere which Germany had mapped out for herself, as indicated above, would prove extremely valuable for her growing commerce, since it contained a population of approximately 75,000,000 Chinese. The Kaiser indicates above how much he was prepared to concede to Russia in order to assure this new domain to Germany.

By following a *do ut des* policy the German Government finally won the support of Russia, Japan and Britain for its Kiaochau venture. On January the 4th, 1898, the Chinese Foreign Office agreed to the German Kiaochau demands. (119)

Before Russia formally gave her consent to the German retention of Kiaochau she sought to obtain from her an assurance that Kiaochau would not be made a base for the penetration of Russia's sphere in Chili, and thereby endanger her boundaries and her East Asiatic policy. (120) She also tried to obtain an undertaking from China and Germany that the commerce of Kiaochau would be restricted to Germany. The German Government gave Russia no formal and definite assurance upon the first point. Count Bulow, however, spoke to Count Osten Sacken in the following manner: "Not only did we not desire to come forward as opponents of Russia in Eastern Asia, but regarded ourselves there as brought together by circumstances.

A practical co-operation was possible only on the basis of complete equality," (121) to which the Kaiser added : "and absolute honesty." (122) Count Bülow continued : "first let Russia, who exercised great influence in Peking, place us by effective aid towards a speedy realization of our Kiaochau treaty, in a position to turn to other matters in tranquillity." (123) He pointed out to Count Osten Sacken "that England would become dangerous only when Germany and Russia fell out." (124)

Though the Russians secured no more definite assurance from Germany than the above, we can gather her intentions upon the matter from a despatch of Count Bülow's to Count Hatzfeldt in London, dated the 8th of January, 1898. In it Count Bülow says : "As the province of Chili, which Russia includes in her claim, does not reach to the Hoangho, and the principal portion of this river accordingly remains free for world trade, Germany has no cause to oppose this Russian plan." (125)

In respect of the second point, namely, the restriction of the commerce of Kiaochau to Germany, the German Government declined to enter upon any undertaking. It realized that the Russian Government's motive in requesting this arrangement was through Germany to strike a blow at British trade in China and at the same time to bring Germany into antagonism with Britain.

The German statesmen wished to avoid this antagonism and were in fact eager to allay the fears of the British commercial community concerning their intentions regarding the foreign trade of Kiaochau. The German Ambassador in London was accordingly informed confidentially on January the 5th, 1898, of the Russian endeavours to make Kiaochau an exclusively German commercial port, and instructed at his discretion "to state as a matter of course that, in the great Extra European World Traffic Germany will fall in with those liberal principles to which England is indebted for such great successes." (126) It was not, however, until the 12th of January that Count Hatzfeldt had an opportunity of making the above declaration to Lord Salisbury. (127) Whilst the German Government declined to make an official statement of this intention at the time, the information supplied by Count Hatzfeldt assured the British Government of the policy which Germany intended to follow in China and, indeed, led it to believe that in that territory there existed an identity of interests in respect

of commerce between the two Powers. The reason why the German Government had declined to make a formal statement of its trade policy in respect of Kiaochau at this date was that it desired a free hand to determine upon the basis of experience which policy, free trade or protection, was calculated to serve German interests best, and principally because it wished to avoid making Russia less favourably minded towards her efforts in the Kiaochau matter, until it had been finally embodied in an agreement.(128)

In the month of September 1898 Kiaochau was declared until further notice a free port.(129)

The Kiaochau settlement was formally embodied in a convention signed on March the 6th, 1898, by the German and Chinese Governments.(130) It was divided into three sections, the first dealing with the cession of Kiaochau, the second with railway and mining affairs, the third with commercial operations in Shantung.

The substance of the first section was as follows :

1. China ceded Kiaochau, the Bay of Kiaochau and the Islands therein to Germany under a lease of ninety-nine years. During that period Germany was permitted to exercise all rights of sovereignty there and to erect fortifications upon the leased territory. Chinese ships of war and ships of commerce entering the bay were on the same footing as the ships of other nations friendly with Germany.
2. The Chinese Government undertook to establish a neutral zone of 50 kilometres surrounding Kiaochau. It retained its sovereign rights there, although it allowed the German military a right of passage through the zone. It, however, limited the free exercise of its sovereignty in that zone by providing that it would abstain from taking any measures or issuing any ordinance therein without the previous consent of the German Government.
3. Germany undertook at no time to sublet the territory leased from China to another country, and China agreed to cede to Germany a more suitable place and to refund to her the expenditure which she incurred at Kiaochau, if before the expiration of the lease Germany desire to return Kiaochau to China.

The substance of the second section was to the following effect :

1. The Chinese Government sanctioned the construction by Germany of two lines in the Province of Shantung—the Weihsen Tsinan Railway and the Ichowfu Tsinan Railway. The construction work was to be carried out by a joint Sino-German company. The two Governments were, however, to enter into an agree-

ment at a later date in respect of the management of the company. It was stated that "the object of this agreement is solely the development of commerce, and in constructing this railroad there is no intention to unlawfully seize any land in the Province of Shantung." (131) In addition German subjects were allowed to hold and develop mining properties for a distance of fifteen kilometres on each side of the railways along the whole extent of the lines. The object of this was also declared to be the development of commerce only.

By the third section China bound herself,

"in all cases where foreign assistance in persons, capital or material," might "be needed for any purpose whatever within the Province of Shantung, to offer the said work of supplying of materials in the first instance to German manufacturers and merchants engaged in undertakings of the kind in question. In case" the German industrialists and merchants were "not inclined to undertake the performance of such works or" to furnish "materials, China" was "at liberty to act" as she pleased. (132) This provision was not, however, in the nature of a monopoly. It merely gave German nationals a preferential position in Shantung. Other foreigners could obtain the contracts for the above if they were prepared to offer more favourable terms than the Germans. (133)

The German Government had succeeded in acquiring some very important concessions in China, without having to resort to war. It had been eminently successful in obtaining the objects which it desired. The development of Russian plans in the Far East had removed British opposition to the German acquisition of Kiaochau. Britain, anxious for the support of Germany against Russian advances in that sphere, could not afford to antagonize Germany by opposing her desire for Kiaochau. By reassurances to Britain and promises of support to Russia, and by an intimation to Japan that she was not opposed to the realization of Japanese ambitions upon the Chinese mainland, the German Government appeased any opposition that might have arisen from Russia, Britain or Japan and was enabled to obtain from China much wider concessions than would have been obtainable had China of her own accord granted Kiaochau to Germany when first requested to do so in 1895.

And in order to procure these concessions and to eliminate the opposition of the Powers, Germany had not been compelled to commit herself in any formal way to any State. She had merely

indicated that she would not oppose certain programmes. It is obvious, however, that if Germany was prepared to recognize everybody's pretensions in China, her attitude was most advantageous to those who had the most pretensions. Britain, whose policy was an anti-exclusive one, had least to gain by assurances that her interests would not be opposed. Russia had most.

But the German statesmen, in conveying to each of the Chancelleries of these two Powers their acquiescence in its policy, had employed such phraseology as to make each infer that it might count upon their support as well. The Russians, however, planned the gradual disintegration of the Chinese Empire whereas Britain strove to maintain its integrity. Obviously, therefore, it was impossible for the inferences of both to be correct. It was the British who were mistaken.

NOTES

1. *Memoirs of Count Witte*, A. Yarmolinsky, p. 105.
2. See p. 154, ref. 42.
3. "Il est non moins important pour nos projects à venir d'avoir la Chine dans une espèce de dépendance à notre égard et de ne pas laisser l'Angleterre y étendre son influence."
- 3A. De Staâl Papers—Lobanoff to Mohrenheim, May 23, 1895.
- 3B. *Memoirs of Iswolsky*, pp. 122, 123.
- 3C. Ibid.
- 3D. See p. 224.
- 3E. *D.G.P.*, vol. xiv, part i, p. 8—Document 3646, Vice-Admiral Hollman to Marschall, April 17, 1895.
4. Ibid.—Document 3655, Schenk to Auswärtige Amt, October 29, 1895 ; p. 17—Document 3653, Marschall to Radolin, October 25, 1895.
- 4A. Ibid., p. 23—Document 3659, Schenk to Hohenlohe, December 15, 1895.
5. Ibid., p. 20—Document 3656, Memo of Hohenlohe, November 11, 1895.
6. Ibid., p. 10—Document 3646, Vice-Admiral Hollman to Marschall, April 17, 1895.
7. Ibid.
- 7A. In November 1895 it was reported that Germany was endeavouring to secure a coaling station in the Chusan Archipelago. The British Government instructed China of its obligations under the Treaty of Boca Tigris, "and received a written assurance that they would grant no such concession."—*British War Origin Documents*, vol. i, Memo of Tilley, p. 322, January 5, 1905.
8. *D.G.P.*, vol. xiv, part i, pp. 14, 15—Document 3650, Memo of Rotenhan, September 9, 1895.
9. Ibid., p. 25—Document 3661, Radolin to Hohenlohe, February 15, 1896.
10. Ibid.
11. Ibid., p. 27—Document 3663, Memo of Marschall, June 19 1896.

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15. *D.G.P.*, vol. xiv, part i, p. 27—Document 3663, Memo of Marschall, June 19, 1896.
16. See p. 163, ref. 84.
17. *D.G.P.*, vol. xiv, part i, p. 27—Document 3663, Memo of Marschall, June 19, 1896.
18. *Ibid.*, p. 34—Document 3664, Heyking to Hohenlohe, August 22, 1896.
19. See pp. 179, 180, ref. 31.
20. *D.G.P.*, vol. xiv, part i, p. 36—Document 3665, Memo of Admiral Knorr, November 3, 1896.
21. *Ibid.*, p. 35—Document 3664, Heyking to Hohenlohe, August 22, 1896.
23. *Ibid.*, p. 36, footnote—Document 3664.
24. *Ibid.*, p. 40—Document 3666, Radolin to Hohenlohe, November 19, 1896.
25. *Ibid.*
26. *Ibid.*, p. 42, footnote—Document 3666.
27. *Ibid.*, p. 49—Document 3673, Radolin to Hohenlohe, December 18, 1896.
28. *Ibid.*, p. 43—Document 3668, William II to Hohenlohe, November 27, 1896.
29. *Ibid.*, p. 45—Document 3669, Memo of Klehmet.
30. *Ibid.*
31. *Ibid.*
32. *Ibid.*
33. *Ibid.*, p. 47, footnote.
34. *Ibid.*
- 34A. *Ibid.*
35. *Ibid.*, p. 48—Document 3671 and footnote, Heyking to Foreign Office, December 16, 1896.
36. *Ibid.*
37. *Ma Mission en Chine*, A. Gerard, p. 207.
38. *Ibid.*, p. 208.
39. *Ibid.*
40. *Ibid.*
41. *Ibid.*, pp. 208-9.
42. *Ibid.*, p. 209.
43. *Ibid.*
44. *Ibid.*
45. *Ibid.*
46. *Ibid.*, p. 210
47. *D.G.P.*, vol. xiv, part i, p. 50—Document 3673.
48. *Ibid.*
49. *My Memoirs*, Ex-Kaiser William II, p. 66.
50. *D.G.P.*, vol. xiv, part i, p. 63—Document 3685, footnote.
- 50A. See *British War Origin Documents*, vol. i, p. 34, Document 53, Lascelles to Salisbury, May 26, 1898, reporting conversation with Kaiser, who said, "For years past he had been anxious to obtain a coaling station in China. He had frequently sounded Her Majesty's Government on the subject through his Ambassador in London, but the reply had always been discouraging, and Count Hatzfeldt had reported that there was no chance of Her Majesty's Government consenting to the acquisition by Germany of a coaling station in China, unless they obtained enormous compensation for themselves. Under these circumstances he turned in another direction, and it was with the consent of the Emperor of Russia that he had gone to Kiaochau."

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51. *D.G.P.*, vol. xiv, part i, p. 58—Document 3679, Bülow to Foreign Office, August 11, 1897.
52. *Ibid.*
- 52A. *My Memoirs*, Ex-Kaiser William II, p. 65.
- 52B. *D.G.P.*, vol. xiv, part i, p. 46, footnote.
- 52C. *Ibid.*, p. 60—Document 3682, Radolin to Hohenlohe, September 21, 1897.
- 52D. *Ibid.*, p. 61—Document 3683, Bülow to Heyking, September 25, 1897; p. 61—Document 3684, Heyking to Auswärtige Amt, October 1, 1897.
53. *Ibid.*, p. 62—Document 3685, Tschirsky to Hohenlohe, October 14, 1897.
54. *Ibid.*, p. 68—Document 3688, footnote.
55. *Ibid.*, p. 67—Document 3686, footnote.
56. *Ibid.*, p. 71—Document 3691, Hohenlohe to William II, November 7, 1897.
57. *Ibid.*, p. 67—Document 3686, Kaiser William II to Auswärtige Amt, November 6, 1897; p. 67—Document 3687, Franceson to Auswärtige Amt, November 6, 1897.
58. *Ibid.*, p. 78—Document 3696, Hohenlohe to William II, November 11, 1897.
59. *Ibid.*
60. *Ibid.*, p. 68—Document 3688, Hohenlohe to William II, November 6, 1897.
61. *Ibid.*, p. 69—Document 3689, William II to Hohenlohe, November 7, 1897.
62. *Ibid.*, p. 73—Document 3693, Rotenhan to William II, November 10, 1897.
63. *Memoirs of Count Witte*, p. 91.
64. *D.G.P.*, vol. xiv, part i, p. 73—Document 3693, Rotenhan to William II, November 10, 1897.
65. *Ibid.*
66. *Ibid.*, p. 77—Document 3695, Rotenhan to Bülow, November 11, 1897.
67. *Ibid.*, p. 69—Document 3689, William II to Hohenlohe, November 7, 1897.
68. *Ibid.*, p. 75—Document 3694, Rotenhan to Bülow, November 9, 1897.
69. *Ibid.*, p. 86—Document 3702, Hohenlohe to Hatzfeldt, November 16, 1897.
70. *Ibid.*, p. 84—Document 3700, Hohenlohe to Osten Sacken, November 14, 1897.
71. *Ibid.*, p. 86—Document 3701, Memo of November 15, 1897, Unsigned.
72. *Ibid.*, p. 89—Document 3705, Holstein to Bülow, November 16, 1897.
73. *Ibid.*
74. *Ibid.*, p. 90—Document 3706, Muravieff to Osten Sacken, November 16, 1897.
75. *Ibid.*, p. 93—Document 3708, Hatzfeldt to Auswärtige Amt, November 17, 1897.
- 75A. *Ibid.*, p. 95—Document 3709, Hatzfeldt to German Foreign Office, November 18, 1897.
- 75B. *Ibid.*, p. 96—Document 3710, Hatzfeldt to German Foreign Office, November 20, 1897.
76. *Ibid.*, p. 93—Document 3708, Hatzfeldt to German Foreign Office, November 17, 1897.

76A. *D.G.P.*, vol. xiv, part i, p. 96—Document 3710, Hatzfeldt to German Foreign Office, November 20, 1897.

77. *Ibid.*, p. 98—Document 3712, Heyking to German Foreign Office, November 21, 1897.

78. *Ibid.*, pp. 98, 99, footnote—Document 3712.

78A. *Ibid.*, p. 99—Document 3712.

79. *Ibid.*, p. 100—Document 3713, Hohenlohe to William II, November 21, 1897.

80. *Ibid.*, p. 102—Document 3716, Heyking to German Foreign Office, November 22, 1897.

81. *Memoirs of Count Witte*, p. 98.

82. *Ibid.*

83. *Ibid.*, p. 99.

84. See p. 157, ref. 58.

85. *D.G.P.*, vol. xiv, part i—Document 3711, Rotenhan to Osten Sacken November 22, 1897.

86. *Ibid.*

87. *China*, No. 1 (1898), p. 7—Despatch 15, précis of Article in *Novoste*.

88. *D.G.P.*, vol. xiv, part i, p. 110—Document 3722, Heyking to German Foreign Office, December 4, 1897; p. 119—Document 3732, Bülow to William II, December 13, 1897.

89. *Ibid.*, p. 124—Document 3735, Heyking to German Foreign Office, December 16, 1897.

90. *China*, No. 1 (1898), p. 12—Despatch 36, Satow to Salisbury, December 1, 1897.

91. *D.G.P.*, vol. xiv, part i, p. 118—Document 3731, Radolin to German Foreign Office, December 12, 1897; p. 119—Document 3732, Bülow to William II, December 13, 1897.

92. *Ibid.*, p. 120.

93. *Ibid.*, pp. 120, 121.

93A. *British War Origin Documents*, vol. i, p. 3—Document 2, Satow to Salisbury, Tokio, December 1, 1897.

94. *D.G.P.*, vol. xiv, part i, p. 96—Document 3710, Hatzfeldt to Foreign Office, November 20, 1897; p. 93—Document 3708, Hatzfeldt to Foreign Office, November 17, 1897.

95. See p. 205, ref. 85.

96. *D.G.P.*, vol. xiv, part i, p. 121—Document 3733, Muravieff to Osten Sacken, December 14, 1897.

97. *China*, No. 1 (1898), p. 10—Despatch 29, Satow to Salisbury, December 23, 1897.

97A. *British War Origin Documents*, vol. i, p. 1—Memo of J. A. C. Tilley, January 14, 1905.

98. *D.G.P.*, vol. xiv, part i, p. 121—Document 3733, Muravieff to Osten Sacken, December 14, 1897.

98A. *Ibid.*—Document 3737, and footnote p. 126.

98B. *Ibid.*

99. *Ibid.*, p. 122—Document 3734, Bülow to Osten Sacken, December 17, 1897.

100. *Ibid.*

101. *Ibid.*

102. *Ibid.*

103. *Ibid.*

104. *Ibid.*

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105. *D.G.P.*, vol. xiv, part i, p. 123.
106. *Ibid.*, pp. 129, 130—Despatch 3739, William II to Nicholas II, December 19, 1897.
107. *Ibid.*, p. 140—Document 3747, Bülow to Hatzfeldt, January 5, 1898.
108. *Ibid.*, p. 146—Document 3750, Hatzfeldt to Foreign Office, January 12, 1898.
109. *China*, No. 1 (1898), p. 14—Despatch 39, Lascelles to Salisbury, December 30, 1897.
110. *Ibid.*
111. *D.G.P.*, vol. xiv, part i, p. 145—Despatch 3749, Bülow to Hatzfeldt, January 12, 1898.
- 111A. *English War Origin Documents*, vol. i, p. 4—Document 3, Salisbury to Lascelles, January 12, 1898.
112. *D.G.P.*, vol. xiv, part i, p. 134—Document 3743, Russian Memorandum, January 2, 1898.
113. *Ibid.*
114. *Ibid.*, p. 138—Document 3746, Memo of Bülow, January 4, 1898.
- 114A. *Ibid.*, p. 144—Document 3748, Bülow to Hatzfeldt, January 8, 1898.
115. *Ibid.*, p. 136—Document 3744, Memo of Bülow, January 2, 1898.
116. *Ibid.*
117. *Ibid.*, p. 137—Document 3744, Memo of Bülow, January 2, 1898.
118. *Ibid.*, p. 136.
119. *Ibid.*, p. 141, footnote—Document 3747.
120. *Ibid.*, p. 139—Document 3746, Memo of Bülow, January 4, 1898.
121. *Ibid.*, p. 140—Document 3746, Memo of Bülow, January 4, 1898.
122. *Ibid.*, p. 140, footnote—Document 3746.
123. *Ibid.*, p. 140—Document 3746, Memo of Bülow, January 4, 1898.
124. *Ibid.*
125. *Ibid.*, p. 143—Document 3748, Bülow to Hatzfeldt, January 8, 1898.
126. *Ibid.*, p. 141—Document 3747, Bülow to Hatzfeldt, January 5, 1898.
127. *Ibid.*, p. 146—Document 3750, Hatzfeldt to German Foreign Office, January 12, 1898.
128. *Ibid.*, p. 142—Document 3748, Bülow to Hatzfeldt, January 8, 1898.
129. *China*, No. 1 (1899)—Despatch 311, MacDonald to Salisbury, September 3, 1898.
130. Text, *Treaties with and concerning China*, MacMurray, vol. i, p. 112 (1898, 4).
131. *Ibid.*, p. 115 and Art. III.
132. *Ibid.*, p. 116.
133. *Ibid.*, p. 117.

CHAPTER X

THE THIRD INDEMNITY LOAN: NEGOTIATIONS FOR AN ANGLO- RUSSIAN UNDERSTANDING

The Russian demand—Its basis—The Russian Chargé d'Affaires's statement—Rumours—Russian fleet sails into Port Arthur, December 14, 1897—Russian duplicity—Baron A. de Wolff's account—Kuropatkin made Minister of War—His views—A guaranteed loan—The *quid pro quo*—The security provisions—Assault upon British commerce in China from the North—China's request of Britain—British terms—Their purpose—Balfour's speech at Manchester, January 10, 1898—His speech to the Manchester Volunteer Guards—Count Hatzfeldt's assurances—M. Hanotaux's assurances—"Disapproval of an isolated guarantee"—Lord Salisbury turns to Russia, January 12, 1898—M. de Staël's comments upon British ships at Port Arthur—Lord Salisbury's reply—Russia's warning to China—French action threatened—China's stand—Assurance to Britain—The issue—Mr. Hicks Beach's speech to the Swansea Chamber of Commerce—German assurances—Britain's demand for post of Inspector-General of Customs, January 17, 1898—The new plan—Its advantages—Instructions concerning Taliénwan—H.M.S. *Iphigenia* withdrawn—Instructions to approach M. Witte for an Anglo-Russian understanding—Russia's attitude concerning Taliénwan—Britain's attitude—Sir N. O'Connor approaches Count Muravieff for an Anglo-Russian understanding, January 19, 1898—Count Muravieff's reception of the idea—An element of suspicion—Sir N. O'Connor cautions the British Government—Discussions with M. Witte, January 22, 1898—Russian claims—Concessions to Britain—Britain's attitude towards a permanent occupation of Port Arthur—British Ambassador's reply—M. Witte's attitude towards the "Alliance"—Lord Salisbury's tentative proposal, January 25, 1898—Its conflict with Russia's ambitions in China—The chances of success for an understanding—Russia's protest against proposed Anglo-Chinese loan—French support—China's decision—The Czar's attitude towards the negotiations for the Anglo-Russian understanding—Anglo-Russian divergence of views on the limits of the understanding—Stubborn adherence to these views—Insincerity of Russians?—Britain takes steps to secure her objects in China without Russian understanding—Britain's warning to China—Britain's demands—China's attitude—The Yangtze non-alienation declaration—Britain's motive—The assurances concerning a British Inspector-General of Customs—Britain's motive—Nature and purpose of the concessions—Negotiations for the Anglo-Russian understanding dropped—The preliminary agreement for the £16,000,000 loan—The final agreement, March 1, 1898—The security provisions—Their general effect—An interpretation—Resolution of the British Parliament, March 1, 1898—Mr. Curzon's statement of British policy—Count

Muravieff's determined attitude concerning Talienwan and Port Arthur—Sir N. O'Connor's protest—He defines the issues for Lord Salisbury—Essence of Mr. Curzon's speech—The three principles of British policy—The British attitude towards spheres—The effect of the conclusion of the Anglo-German Loan, March 1, 1898, upon the Czar, and opinion in Russia—The Czar's explanation for the failure of the "Understanding" negotiations—Mr. Joseph Chamberlain's explanation—France and Russia demand compensation from China.

THE British Government felt the effects of Russia's assertion of a sphere of influence in China as early as the month of August 1897. During that month the Russian representative in Peking had demanded the dismissal of a British subject named Mr. Kinder, from the post of Engineer-in-Chief of China's northern lines.(1) The British Government took exception to this discrimination against its subjects,(2) but upon investigation was informed that Russia's demand was based upon a promise made to her in 1896 by the Chinese Government that Russian engineers and capitalists would be consulted first, if the Chinese Government should at any time desire to continue the northern line.(3) This was the legal justification for the Russian Government's attitude. But the motive behind it was apparently the desire to assert certain political preferential rights in the territory through which the northern line was to run.

The Russian Chargé d'Affaires at Peking made this unmistakably clear to the British Minister at Peking on October 18, 1897. He told him "frankly that the Russian Government intended that the provinces of China bordering on the Russian frontier must not come under the influence of any nation except Russia." (4) In reading the allegation of M. Witte quoted at the beginning of the preceding chapter it will further assist in a proper appreciation of its fidelity to the facts if it is remembered that these unequivocal words of the Russian representative were uttered some time before the occupation of Kiaochau by the German fleet.(5)

This was the first official intimation which the British Government received from the Russian Government of its intentions in respect of any portion of Chinese territory. It was soon followed by a number of rumours and reports of larger Russian plans concerning China. Principal among these reports were two to the effect that Germany intended to support Russia in obtaining the appointment of a Russian as the successor to the

Britisher, Sir Robert Hart, the Inspector-General of the Chinese Maritime Customs, and that the Russian Government was to have a port opened to Russian commerce which would not be open to the traders of other nations, or which would be open to them only subject to a higher tariff than the one governing Russian trade.(6) The first rumour was denied by the German Government on the 29th of November, 1897.(7) The second, if true, was a serious matter for the commercial interests of Great Britain. Indeed, it would involve a breach of Articles XXIV and LIV of the Treaty of Tientsin which assured to Britain most-favoured-nation treatment.(8)

The Russian Government proceeded with the development of its plans, and in the middle of December 1897 its fleet sailed into the harbour of Port Arthur.(9) In this it had the consent of the Chinese, who were led to believe that such action was necessary to protect China from Germany, and that, having no desire to seize Chinese territory, the Russians would leave when Germany left.(10) By this bit of duplicity the Russians, under cover of assisting China, were enabled to take possession of a port out of which their Admiralty and Foreign Office had determined as early as the previous November to make a Russian port.(11) The Russian Government were merely quickening the speed with which they proposed to bring China under their domination. M. Witte preferred the slower method of economic conquest. Count Muravieff and Vannovski were, however, able to persuade the Czar against the advice of M. Witte to undertake a more active programme for the absorption of China. It was they who had proposed the occupation of Port Arthur.(12)

There is, however, another version of the Port Arthur incident which has never been offered before, which, if true, lends some justification to the action of Russia's opposition to the acquisition of Kiaochau by Germany. Baron A. de Wolff, former Vice-Director of the Russian Foreign Office, says in his unpublished Memoirs that the railway contract concluded in 1896 between China and Russia provided for a port which was to be the terminus of the railway. But he explains that "the name of the port which was to be the terminus of the line was left blank. There was some hesitation, since it was designed to find some spot equally advantageous commercially and strategically. Having chosen this spot, it was necessary to await a favourable time to

seize it, since naturally one wished to give the thing an appearance of legality. The ambitions of a diplomatic official hastened the *dénouement*. It is evident that these investigations were enveloped in deep mystery; not even the Minister at Peking was admitted into the secret, with the result that he, suspecting what was happening, wished to show his zeal, and, at his own risk, entered into negotiation and discussions for the cession of a sea port which might serve as a base for our Pacific squadron. But since he was obliged on bringing several people into the secret, it was not guarded for long, and the German Diplomatic Service soon discovered the intrigue. German diplomacy had for some years been desirous of finding a *point d'appui* in the extreme East. The Service knew how to act with promptitude and success, and the port of Kiaochau was ceded to it." (12A) •

But the Russian military circles were not content with merely taking Port Arthur as the terminus of their railway and as their naval base. On January 1, 1898, General Kuropatkin was made Minister of War. He pursued the policy which had been formulated by his predecessor, Vannovski. He considered the occupation of Port Arthur and Talienwan as insufficient to fulfil Russia's plans. In his view the cession to Russia of part of the Liaotung Peninsula, which had been retroceded to China by Japan, was "a strategic necessity." The lease of this and the construction of branch lines from these points to the Trans-Siberian line was soon to be granted to Russia by China without any compensation. (13)

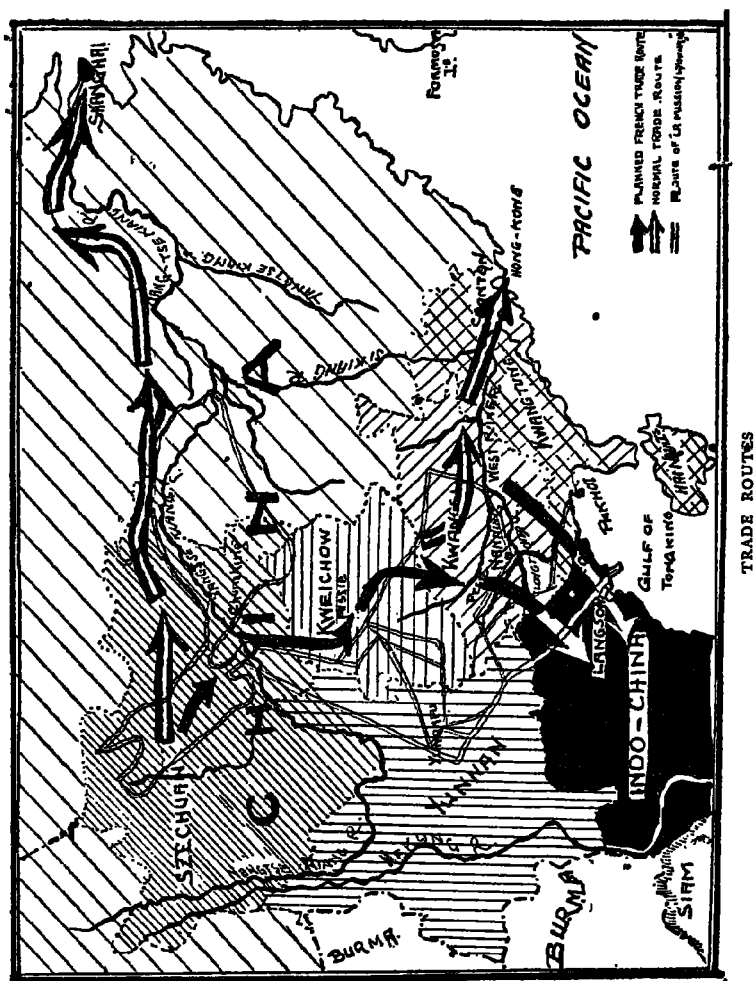
It is obvious that Russia occupied Port Arthur to further her own plans in China, and not from any desire to assist China. Germany in no way menaced Port Arthur. She did not threaten China with war, and although she had occupied Kiaochau, the negotiations which were conducted had been peaceable and satisfactory. In fact, China had agreed in principle to the German demands before the Russian occupation. (14) Nor was Russia's action in fulfilment of her alliance with China. That alliance operated only as against Japan, (15) and this country had taken no warlike steps against China then. Russian statesmen in occupying Port Arthur had taken a measure to bring Northern China under their political control.

They next took a step calculated to bring it further under their financial control. They proposed to give the Chinese

Government a guaranteed loan to meet the payment of the third instalment of the Japanese war indemnity.(16) They, however, attached such conditions to the loan as would virtually have given Russia control of China's most important revenue, enabled her seriously to impair the position of other States in China, and, in fact, have hastened the realization of her programme of bringing China under the financial and political control of France and Russia.

As a *quid pro quo* for giving the loan, Russia demanded "the financing, construction and control of all railways in Manchuria and North China, and that a Russian should be appointed Inspector-General of Customs when that post became vacant," and as a security in case of non-payment the proceeds of the land tax and the *likin* revenue (a form of inland taxation).(17)

These conditions if granted, would practically have resulted in making of China a Russian protectorate. They embraced within them an effective control of the economic life of China, and placed in the grip of Russia a powerful weapon with which she could constantly threaten the great commercial interests of Britain in China. The British commercial community were with some justification alarmed by the possibility that Russia would obtain the rights contained in the conditions of the loan. An assault upon their trade might ensue, and interferences and restrictions of one kind or another might make trading unprofitable and almost impossible for them. Their interests were so much greater than those of any other Power, that it was only natural that they should view with some apprehension any movement which was designed to give control of the trading channels to a Power whose commercial interests in China were insignificant in comparison with those of Britain. In 1898 the British Empire contributed 56.54 per cent. of the total revenue of the Chinese Maritime Customs, and 74.03 per cent. of the total contribution made by foreign countries. The Russians contributed 1.63 per cent. of the total revenue, and 2.14 per cent. of the total contribution made by foreign countries. The French contributed 2.49 per cent. and 3.26 per cent. respectively.(18) In the same year the share of the British Empire in the Imports, Exports and Re-exports of China was 233,960,730 Haikuan taels, out of a total of 379,815,551 Haikuan taels. Russia's was 19,552,295 Haikuan taels, and the rest of Europe, excluding



Russia, 35,326,906.(19) Similarly in shipping the British flag far surpassed that of any other Power, or of all the other Powers together. In foreign shipping, out of a total tonnage of 34,233,580 tons, China shared 8,187,572 tons, Britain 21,365,966 tons, France 420,078 tons, and Russia 178,768 tons. In the carrying trade between the treaty ports the British flag likewise held a paramount position. Of a total value of 971,899,807 Haikuan taels, the Chinese flag took care of 334,422,970 Haikuan taels, the British flag of 508,241,936 Haikuan taels, the French flag of 19,307,270 Haikuan taels, and the Russian flag of 6,142,666 Haikuan taels. In the carrying trade in the interior, under transit passes Britain also received the largest share. Out of 42,156,292 Haikuan taels, the British carried 17,969,581 Haikuan taels, the Chinese 16,071,090 Haikuan taels, the French 742,342 Haikuan taels, and the Russians a lesser sum.(20)

The Russian conditions touched these tremendous interests very closely. They may have had the harmless motive of protecting the investment of the investor—in this case Russia—but it would appear from a careful consideration of them that they were also calculated to bring under their control the great revenue and trade of China. The exclusive control of all the railways in Manchuria and North China might very well result in the exclusion of British trade from that great area of China by the application of discriminatory tariffs and rates. The right to appoint a Russian to the post of Inspector-General of Maritime Customs, unwarranted because of Russia's small commercial interests in China, betrayed a political motive. A Russian subject at the head of this department which regulated shipping, foreign trade, coast trade and inland trade under transit passes, might under certain conditions impose such restrictions, cause delays, and interfere in other ways as to impose a great hardship upon British trade. Indeed, the control of the likin revenue, which was also demanded, would, if improperly exercised, only add to the difficulties of inland trading under the transit pass. The control of the land tax, it would seem, did not directly infringe upon British rights. It involved a menace to the political status of China, and was equivalent to a first mortgage upon the soil of China.

The Chinese themselves realized the dangers involved in the Russian proposal, and they pressed the British Government to undertake the loan under conditions more favourable to them,

which did not involve foreign control of the revenues demanded by Russia as additional security.(21)

The British Government was anxious to consider favourably the request of the Chinese Government.(22) To grant it would have enhanced its prestige and influence at Peking. But it had a much more cogent reason for wishing to undertake the loan. As pointed out above, the Russian conditions not only endangered the status of China, but also seriously menaced British-Chinese trade. 'British statesmen felt that their most important duty was to safeguard the great commerce which their nationals had developed in China. They accordingly attached such conditions to the proposed British loan as would protect British trade from the feared Russian assault, and offered such easy terms for the loan as to make the conditions acceptable to the Chinese.(22A)

But the British Government aimed by the conditions of its loan not merely to safeguard its trade against the Russian assault from the north, but also against a French assault from the south. In the preceding pages of this book we have referred to the ambitions of France to extend her Indo-Chinese Empire, at the expense of China, and of the activities of the French mission sent to the Chinese frontier provinces by the Chamber of Commerce of Lyons in 1895.(23) The mission, to which was attached a member of the French Foreign Office, completed its investigations in 1897, submitted a hundred reports to the French Government, and published one in the last month of 1897 which revealed the ambitions of French commercial interests very clearly. It was against these ambitions, which were also in conflict with British commerce in China, that the British Government likewise sought to protect its commercial interests.

This report stated in part :

"As indicated by its title, 'LA MISSION LYONNAISE D'EXPLORATION COMMERCIALE EN CHINE,' the Mission was above all one of exploration, and was only formed in the interests of the public and for *French Colonial expansion*." It had for its object the desire "to become acquainted with the economic and commercial resources of the Chinese provinces in the neighbourhood of Tongking and of those in the Province of Szechuan, with a view to the development of such resources in the general interests of the French. Taking as base our Indo-Chinese colony, we should, above all, study besides its own resources, the elements of exchange which it offers for relations with the provinces of the Empire *du milieu limitrophe* and reciprocally. This has been defined by the President of the Chamber

of Commerce of Lyons, in one of those apt phrases of which he is a master, *as the commercial 'soldering' between our possessions and China.* Towards this end a specialist, M. Perre, hydrographical engineer, was attached to the mission with the particular task of giving an account of the practical amelioration of which the course of the Red River was susceptible." (24)

M. Brenier, the head of the Mission, added that a second object of the Mission "was to discover the economic and commercial value of the large Province of Szechuan." He said : "*We will establish ourselves at Chungking on the Upper Yangtze. . . . At the same time, we shall see by the fact alone of our journey how far, while granting certain generous concessions, we can hope to attach Szechuan direct to our sphere of political or commercial influence.*" (25)

The report then discussed in detail the aim of the Mission to find a route for the railway, from Chungking on the Yangtze referred to above, to Tongking. French imperialists hoped by this means to divert the trade of Szechuan from Shanghai to Indo-China, and to tap the resources of Szechuan more completely than heretofore. The report said :

"This first expedition and, above all, the voyage made by Consul Rocher's party from Yunnanfu to Suifou through Tchao-toung, had convinced us of the extreme difficulty, equivalent to a practical impossibility of our constructing a railway from the capital of Yunnan to the Yangtze by the route followed. . . . We were able to console ourselves in noting that the English by the Burmese route are in an even worse position than ourselves for draining Szechuan. It remained for us to examine a route which eventually penetrated to the Yangtze from the sea, by Kweichow. We left Chungking on November 10, 1896, separated at Pi-tsie, and joined up again at Hiny-fou, in the south-east corner of Kweichow. *At the beginning of 1897 we took careful note of two different routes leading from Pi-tsie, which had been pointed out to us and about which M. Brenier had the honour to present some rough observations, to be completed later, to our Minister at Peking.* After a big detour at Yunnanfu, Dr. Deblenc and M. Brenier . . . took up our inquiry at the point where we had left it, and at the same time conforming to our programme regained Longtcheou by Pésé (March 1897). (26) . . . In so far as penetration into Kwangsi is concerned, the extension of the railway from Langson to Longtcheou is necessary. Moreover, it has been obtained from China, and nothing would be more vexatious than a withdrawal after the energy which it has been necessary to expend in getting this concession. It would not be at all the same if there were a question of prolongation from Nanning as far as Pésé (and it is necessary to reflect, for one alternative is the transversal route which would favour relations between Tongking and Kwangsi, and by Kwangsi a part of Kweichow ;

another is a way parallel to that of the Red River, since it leads to the same end. It is necessary to choose between Hai-phong, the starting-point of the French route to Yunnan, and Pakhoi, the starting-point of the Chinese road to the Yunnan. In any case *we must begin* by building the railway up to Laokai." (27)

The foregoing plan was apparently a complement of the programme entertained by their ally, Russia in the north, to which we have referred in the preceding pages. The railways which the French industrialists, supported by their Government, desired to build would serve an area of approximately half a million square miles and about ninety-five million people (Szechuan, Yunnan, Kwangsi, and Kweichow). They would divert most of the trade of these provinces from Shanghai and Hong-Kong to Tongking.* And it was conceivable that by the imposition of differential rates upon these railways that the French trader would be favoured to the disadvantage of the British trader, and that by this means the latter would, in fact, be excluded from the commerce of South China. These provinces would then in reality become a French sphere, and their "commercial soldering" to the French possessions would be effected. Indeed, the political implications of these railways were an equally serious concern of British statesmen. French colonial expansionists had long expressed a desire to extend their Indo-Chinese Empire up to the Yangtze River, and to form a wedge between British India and China. Their plans now seemed to embrace this object. They were planning a railway from the French possessions to the Yangtze, and they stated quite frankly that the Mission which had been formed "for French colonial expansion" (28) had been sent to the frontier provinces to see "how far . . . we can hope to attach Szechuan direct to our sphere of political or commercial influence." (29) If this took place, the other frontier provinces would of necessity fall under French sway.

British statesmen could hardly be enthusiastic over any project which menaced the territorial integrity of China. In the first place, it could only result in the reduction in size of a market over the trade of which their nationals held a virtual monopoly. In the second place, Britain's position in India was menaced by every gain made by France at the expense of China in her frontier provinces. They therefore took these facts into consideration

* See map on page 227.

in framing the conditions upon which they were prepared to make the loan to China. These conditions were not framed in a spirit of aggressive Imperialism. Their sole object was to nullify the Imperialism of France and Russia, and to safeguard from their combined assault the tremendous trade which the British trader had patiently built up over a great number of years to his own advantage and to that of China. In fact, most of the advantages which Britain asked for were such as would be shared equally with the other Powers in virtue of their most-favoured-nation status. The British Government declared its readiness to make the loan upon the following conditions :

1. Requisite control of the revenues—later determined to be the Maritime Customs, Likin, the Salt Gabelle and the Native Customs.
2. The right to construct a railway from the Burmese frontier to the Yangtze Valley.
3. A guarantee against the cession of territory in the Yangtze Valley to any other Power.
4. Falianwan to be made a treaty port.
5. Greater freedom of internal trade.
6. Freedom of foreign goods from the likin tax in the treaty ports.(30)

The first condition, which was a security provision, was one which might ordinarily be found in any financial agreement. In the present circumstances, however, these four revenues, directly associated with trade, were in all probability demanded as security to give Britain an effective interest in their control in the event of their passing under the control of Russia at a later date, as nearly occurred now : a circumstance which might adversely affect the conditions under which British trade with China might be conducted. There is undoubtedly a similarity between some of the control provisions requested by Britain and Russia respectively, but apart from the security aspect which is the same in both cases, it is significant that the securities demanded by Britain were those linked with commerce, and not primarily political as in the case of the land tax demanded by Russia. Similarly, there is some difference between a British and Russian control of the Customs and the likin revenue. These revenues in the hands of Russia, with her insignificant commerce and shipping, could only have political implications, whereas it may

be stated with some justification that their control by Britain, if any control was to be exercised at all, was more reasonable in view of her vast and preponderant trade with China. In fact, British control became necessary, after Russia had manifested a desire to exercise over China's revenues a control which might easily result in seriously impairing the position of British trade and shipping in the Chinese Empire.

The second condition was designed to assure the British trader that the trade of the frontier provinces would not fall within the exclusive commercial orbit of France, as planned by the French industrialists and their Government, but that Britain also would secure her just share. It was not, strictly speaking, a new demand; it was a clarification and an extension of the vague right which had been accorded to Great Britain by the Revised Anglo-Chinese Burmese Treaty of February 4, 1897. Article XIII of this agreement stated that "the Chinese Government agrees hereafter to consider whether the conditions of trade justify the construction of railways in Yunnan, and in the event of their construction agrees to connect them with the Burmese lines."^(30A) It was also probably intended to balance the railway concessions obtained by Russia in the north (30B) and France in the south,^(30C) to prevent a union of their lines and, above all, to forestall the creation of a French sphere in Central China by acquiring a real and effective interest there.

The third condition was an additional means whereby the creation of a French sphere reaching up to the Yangtze might be averted. Its purpose was to guarantee the territorial integrity of the Yangtze Valley and to prevent any other State from acquiring any political territorial rights there. It gave Britain no exclusive rights of any kind, apart from a right to be heard in the event of China proposing to dispose of any part of that territory to any other Power. Above all, this condition assured Britain that that great emporium of trade would still be accessible to her traders.

The fourth condition was by its nature a challenge to Russia. If Russia did not protest against the opening of Talienwan, it would indicate that Russia did not intend that the commerce of the world should be excluded from the three provinces of Manchuria. If, on the other hand, Russia did object to this stipulation, it would become apparent that it was her definite

policy to exclude all other nations from the vicinity of Talienwan. The fifth and sixth conditions would benefit the traders of all countries alike.

From a perusal of the foregoing it becomes evident that the prime motive of the British Government in framing these conditions was to keep the whole of China open to the commerce of Britain—indeed, to the commerce of the world.(30cc) For with the exception of the security clause and the railway clause the British Government asked for no privilege which could not be utilized with equal advantage by the traders of the other Powers. And it is doubtful if the railway clause was ever intended to serve any other object than the political object of preventing France from attaching to her Indo-Chinese Empire some of the Yangtze provinces. At all events, if this concession be regarded as a purely British advantage, it was balanced by that which France had from the French railway which penetrated China from Tongking and by that which Russia had from the Chinese Eastern Railway, which traversed Manchuria and which was connected with the Trans-Siberian Railway.

On January 8, 1898, Great Britain formally declared her readiness to undertake the Chinese loan on a 4 per cent. gold net basis for a period of fifty years. She required, however, that the revenues pledged should be audited by a British accountant, and stipulated that in case of default these revenues were to be placed under British control.(30D) This last provision was undoubtedly an extremely important one because of its political consequences. It was, as already pointed out, necessary as a security for the loan and as a safeguard against any change in the conditions upon which trade had until then been conducted. Indeed, this precaution was not unreasonable in view of the danger threatened in that direction by Russia.

The tendency of Russian activities in China at the time clearly indicated the possibility of Russia opposing the conclusion of this loan with the British Government. Mr. Balfour, speaking at Manchester on January 10, 1898, on behalf of Her Majesty's Government, enunciated the policy of his Government clearly, confirming that which we have stated above, and sought in this way to allay any Russian fear of undisclosed British intentions. In the course of his speech, he said: "Our interests in China

are not territorial ; they are commercial . . . that territory, in so far as it is not necessary to supply a base for possible warlike operations, is a disadvantage rather than an advantage," for it involved the responsibility of administration for which Great Britain had no desire. He pointed out that because of the preponderance of British trade—"inasmuch as our interest in the external trade of China is 80 per cent. of the whole trade of the rest of the world put together—80 per cent. of the trade of all the other nations added together"—Britain had "a special claim to see that the policy of that country (China) is not directed towards the discouragement of foreign trade." "Britain," he said, "asked for freedom of trade," not "for Britain alone," but "for all the world alike." Indeed, the very traditions of British policy "precluded" her "from using any trading privilege granted to her as a weapon for excluding rivals."

Mr. Balfour then went on to deal with the policies which it appeared other nations intended to follow. He said that there were two ways in which British trading interests—"our sole interests"—might be interfered with : (i) Pressure might be exerted on the Chinese Government by a foreign Government to make regulations adverse to Britain and favourable to them—"in other words, to destroy that equality of opportunity which is all that we claim, but which we do claim"; (ii) "foreign countries with protectionist traditions might dot the coast of China with stations over which they had complete control, and through which they would not permit the trade of the world freely to permeate ; where they would put up custom barriers . . . hostile to others and favourable to themselves."

"But depend upon it," said he, "that the Government will do their best to see that in neither of those ways will the trade of this country be injured. In such an effort we are, after all, struggling not for ourselves only, but for the world at large." (30E). Mr. Balfour stated the attitude of the Government even more clearly the following night when, addressing the Manchester Volunteer Guards, he said, "if others attempt to pursue at our expense a policy of ambition which we repudiate for ourselves, we can successfully resist them." (30F) This was the first time that the British Government had set out its policy for China in a definite and straightforward manner. It was a policy which was undoubtedly a fair one. Great Britain asked for no terri-

torial gains, and accordingly had a right to ask that other Powers also refrain from making territorial acquisitions in China. It was true that her policy was dictated primarily by commercial interest and not altruism, but it was one which offered equal competitive opportunities to the other Powers, and one to which no nation could justly take exception, unless it had ulterior motives.

Mr. Balfour took pains to show that Britain did not regard China as her exclusive sphere of exploitation, but, on the contrary, welcomed every effort which would open up China to the trade of the world. In his speech of the 10th, he said: "Two years ago—I think it was at Bristol—I said that I regarded without fear or dislike the idea of a Russian outlet of commerce below the line of winter and ice. I adhere to that statement. I cannot conceive why we should object to Russian commerce going where it will, provided we are not excluded from going there too." (31)

Count Hatzfeldt hastened to assure Britain "more than once that whatever else was to be said of the German occupation of Kiaochau it was clear to him that it could inflict no injury upon England." (32)

M. Hanotaux, the Foreign Minister of France, likewise sought to allay the suspicions of British statesmen that France harboured designs upon the territorial integrity of China. Two days after Mr. Balfour's speech of the 10th he told Sir E. Monson, the British Ambassador, that "France has no desire for territorial acquisitions in China, and does not see that her interests are directly menaced by anything that has yet happened." (33)

The Russian Government, however, were not deterred from continuing with its plans by Mr. Balfour's declaration of policy. They pressed ahead with them. M. Hanotaux had already intimated to Britain that Russia would oppose the British Government's efforts to secure the Chinese loan when he disapproved "of an isolated guarantee on the part of Her Majesty's Government" which carried with it the "risk of a good deal of jealousy in other quarters." (34) This naturally meant that the conditions upon which Britain was prepared to make the loan would also be opposed. Britain desired to avoid this opposition if possible. She regarded the attainment of those conditions as essential to the security and prosperity of her trade with China.

The Marquis of Salisbury therefore turned to the Russian

Government with a view to the elimination of its opposition in China. On January 12, 1898, he sought to learn from M. de Staäl, the Russian Ambassador in London, what were the intentions of his Government concerning the two ports of Port Arthur and Talienwan.(35) Mr. Balfour had already prepared the way for better relations with Russia, if such a thing were possible. He had spoken frankly, had stated clearly the extent of his country's aims in China, and had conceded to Russia what he considered to be reasonable concessions there. After this favourable gesture, it was only natural that Lord Salisbury should be anxious to know whether the Russians were disposed to adjust their differences with Britain.

M. de Staäl, complied with the British Foreign Minister's request, and telegraphed the inquiry to his own Government. But whilst consenting to do this, he commented adversely upon the presence of British ships at Port Arthur "which had produced a bad impression in Russia." (36) Apparently to conciliate M. de Staäl's Government and to facilitate harmonious relations between the two Governments, Lord Salisbury informed the Russian Ambassador that although British ships had the right to visit the port in virtue of Article LII of the Treaty of Tientsin, the ships had visited Port Arthur "without any orders from home," and that he "believed that in the ordinary course they would soon move to some other anchorage." (37)

But despite the foregoing, that which M. Hanotaux had intimated on January 12, 1898, transpired three days later. Russia was definitely opposing the proposed British loan. The Chinese Foreign Office told Sir Claude MacDonald, the British Minister accredited to it, that "the Russian Chargé d'Affaires had protested, under instructions from his Government," against the fulfilment of the conditions of the British loan. He had warned the Chinese Ministers "in the strongest manner" that they would "incur the hostility of Russia" if they consented to open Talienwan as a treaty port to the commerce of all nations.(38) The French Minister likewise "threatened action." (39)

The Chinese Government were not anxious to get embroiled with Russia and France. Consequently they refused to comply with the condition of the loan which required that Talienwan be opened, notwithstanding that Talienwan was the only port which gave free access to the north of China during the winter,

and though it was clear that it would be protected against annexation by any Power, once it was declared to be a treaty port. Under the circumstances of the Chinese refusal,(40) the British Government had to content itself with an assurance that Talienwan would be made a treaty port if and when a railway were constructed to serve it.(41)

The opposition of the Russian Government to the opening of Talienwan as a treaty port encouraged the British Foreign Office to believe that Russian intentions towards China were not merely commercial, but were primarily political, that Russia had ulterior designs upon China. The issue involved was no longer whether Talienwan should be opened or not; it was whether a part of China was to pass under the political domination of Russia.

The British Government was opposed to this. And the Chancellor of the Exchequer, Sir M. Hicks-Beach, speaking on behalf of the Government to the Swansea Chamber of Commerce on January 17, 1898, made this clear. In one of the finest utterances ever made by a Minister of the Crown, he virtually enunciated a Monroe doctrine for China. Reiterating the statement made by Mr. Balfour of a few days earlier, to the effect that Britain was not desirous of territorial acquisitions in China, but merely of trade, he definitely stated the British attitude towards foreign aggression upon China in the following words :

"We do not regard China as a place for conquest or acquisition by any European or other Power. We look upon it as the most hopeful place of the future for the commerce of our country and the commerce of the world at large, and the Government was absolutely determined, at whatever cost, even—and he wished to speak plainly—if necessary, at the cost of war, that the door should not be shut against us." (43)

No Government had ever before pronounced itself so clearly and so emphatically in favour of maintaining the integrity of the Chinese State. German statesmen, eager for the success of their Kiaochau negotiations, immediately assured the British Government that Germany had no objection whatever to Britain advancing the money to China.(44) The objections of the Russian and French Ministers in Peking to the conclusion of the loan with Britain, with its concomitant conditions, still continued. They were not deterred in their opposition even by the threat of war. And the Press of their countries, as of most continental

countries, did not consider Hicks-Beach's utterances as the last word on the question.

By this time it was quite evident that there was a danger that the loan might not be concluded with Britain, and even might be undertaken by Russia. This latter result might involve the appointment of a Russian Inspector-General of the Maritime Customs. The Russians had actually demanded it as one of their conditions for making the loan.(45) To obviate the danger which that would entail for British trade in China, the British Government, through its Minister to China, informed the Chinese, Foreign Office on January 17, 1898, that, "loan or no loan," the British "Government were determined that the post of Inspector-General" of the Maritime Customs "should always be held by an Englishman." (46) They were compelled to take this step by sheer force of interest to safeguard their preponderant trade. They could not permit Russia, who had demanded this right, to exercise a political control in the Maritime Customs, and thereby to have a stranglehold upon their legitimate trade activities in China. The Chinese Government acquiesced in the British demand, and promised to give assurances to the desired effect.(47)

But though the British Government had secured this assurance from China, it knew very well that this alone would be insufficient to safeguard its huge interests in China. Russia completely overshadowed that great area of Asia. She loomed up as a constant menace to Britain's position there. It was inevitable that new conflicts and difficulties should arise there between Britain and Russia, in which it was conceivable that the latter might gain the advantage. After that the assurances of China might cease to have any value. British statesmen desired to avoid this possibility. They therefore struck a bold course, and proposed to win the friendship and support of Russia by arriving at an understanding with her. This plan had at least five advantages. It might ensure to the British merchant the continuation of those facilities which he had until then enjoyed for his trade in China. It might remove Anglo-Russian friction there. It might compel Russia to moderate her political ambitions concerning China. It might preserve the territorial integrity of China, and it might dispose of Anglo-Russian differences in other parts of the world.

Apparently intent upon removing all obstacles to this new

plan, and to win the good will of the Russian statesmen for the new British policy, Lord Salisbury instructed his Minister in Peking that he was "not bound to insist on making Talienwan a treaty port," if he thought it "impracticable." (48) The Commander of the British fleet in China waters was likewise advised to withdraw H.M.S. *Iphigenia* from Port Arthur. (48A)

The British Foreign Office now proceeded to take advantage of these gestures, which could only indicate to Russia that Britain had no desire to thwart her in her plans in Northern China. On January 17, 1898, Lord Salisbury sent a secret despatch to Sir N. O'Connor, the British Ambassador in St. Petersburg, which read :

"If practicable, ask M. Witte whether it is possible that England and Russia should work together in China. Our objects are not antagonistic in any serious degree ; on the other hand, we can both of us do each other a great deal of harm if we try. It is better we should come to an understanding. We would go far to further Russian commercial objects in the north, if we could regard her as willing to work with us." (48B)

But Lord Salisbury soon learnt that there was antagonism in their objects, and that it would not be easy to work with Russia. In St. Petersburg, Count Muravieff told Sir N. O'Connor on January 19, 1898, that "he could not regard as a friendly action" the opening of Talienwan as a treaty port as one of the conditions of the loan. (48C) In London, M. de Staël informed Lord Salisbury that if Britain insisted upon making Talienwan an open port she "should be encroaching on the Russian sphere of influence and denying her in future that right to the use of Port Arthur to which the progress of events had given her a claim." (48D) It mattered not that Lord Salisbury challenged him with the question "what possible objection could he have to making Talienwan a free port if Russia had no designs on that territory?" He simply contended "that without any such designs" it was admitted that Russia was entitled to a commercial *debouché* upon the open sea, and "to enjoy that advantage fully she ought to be at liberty to make such arrangements with China as she could obtain with respect to the commercial régime which was to prevail there." (48E)

It was precisely this policy to which the British Government was opposed. Its policy "was to open up the country to foreign trade as much as possible." (48F) The Russian policy would

result in closing the country to British trade. Mr. Balfour had indicated this danger in his Manchester speech of January 10, 1898,(48G) and had given expression to the genuine fear which prevailed in commercial circles in England that "Russia intended to cause some port to be opened to her own imports which should not be opened, or should only be opened under a higher tariff, to the imports of other nations." (48H) Lord Salisbury, now seeking to remove this danger, disputed Russia's claim "to be at liberty to make such arrangements with China as she could obtain with respect to the commercial régime which was to prevail at Talienwan." He pointed out to M. de Staël "that the most-favoured-nation clause forbade China to give Russia at Talienwan more favourable terms with regard to Customs duties than she gave to other Treaty Powers." (48I) But Lord Salisbury did not content himself with arguments to restrain Russian ambitions in China, and thereby to protect the tremendous trading interest of his nationals there. On the same day—January 19, 1898—his Ambassador in St. Petersburg approached Count Muravieff with the proposal for an Anglo-Russian understanding, even before the former had consulted M. Witte. Count Muravieff "responded more favourably than Sir N. O'Connor expected," whereupon the latter suggested the advisability of taking advantage of the favourable current to Russia existing then in England, and stated that it was his belief that "any understanding, to be really *effective and lasting*, ought to extend to the general area of their respective interests, and not to be confined to the important questions affecting the Far East. Count Muravieff agreed in this, and said he was ready to consider at once any proposal which would bring about a closer understanding (*entente*) between the two countries. . . . He stated that he was quite ready to put his cards on the table if Lord Salisbury would do the same," and, apparently proceeded to do so. "He spoke in detail of the Russian sphere of influence in China, which was practically all Northern China from Tientsin to Peking, Peking to Manchuria." In speaking thus, he was probably indicating what Russia would require if she were to agree to an understanding with Britain. He admitted quite frankly that the "new Minister of War

? [*sic*] General Kuropatkin was of opinion that an understanding with England was quite practicable." And to show his readiness to be conciliatory he assured Sir N. O'Connor

that if the two Powers came to an understanding he was prepared to turn the Niero-Kushik Railway—the construction of which was being furthered with great vigour—into a transcontinental line to India beneficial to both countries. As a further gesture of good will, he promised to take steps to see that the Russian Press altered its hostile attitude towards Great Britain. Count Muravieff was to report this conversation to his Royal Master. Sir N. O'Connor was to telegraph to Lord Salisbury. The negotiation for an Anglo-Russian understanding was on foot.(48j)

It was commenced, however, not without an element of suspicion and lack of faith in the *bona fides* of the Russians. Sir N. O'Connor, in reporting to his Government the reception which his overture to Count Muravieff received, cautioned his Government against being misled by the Russians into serving Russian aims in the Far East, without deriving any real gain from the understanding. This warning, it would seem, was justified by the course of the subsequent negotiations. It is contained in the following :

“ The information I have received since my return leads to the opinion that (? Russian Government), and particularly the Emperor, are greatly afraid of complications arising before the Siberian Railway is completed, and that in so far (as?) the moment is opportune for an amicable arrangement in regard to our respective interests in China and elsewhere. At the same time, it becomes more important to take care that any understanding we may come to gives no such headway that it cannot be set aside when it may seem to Russia to have served its temporary purpose.”(48k)

On January 22, 1898, the negotiations were continued in St. Petersburg. This time Sir N. O'Connor discussed the British proposal with M. Witte. The latter prefaced his remarks with the customary request that the conversation should be regarded as personal and unofficial so as not to bind his Government by any communication he made. His remarks are nevertheless important because they are the opinion of a powerful and influential Minister whose department was concerned with Russian expansion in the Far East, and because they throw light upon the ambitions entertained in the official circles of Russia in respect of China. M. Witte declared that had he been the Foreign Minister he would not have taken Port Arthur.(48l) In his view that was unnecessary

because, as he stated quite frankly, "Russia's geographical position must sooner or later assure her political predominance in the north of China, and her true policy is to keep China intact. . . ."(48M) Producing from a carefully locked desk a map of China, the Minister proceeded to draw his hand over the Provinces of Chili, Shansi, Shensi and Kansuh, and said that sooner or later Russia would probably absorb all this territory." (48N) He then proceeded to indicate how this would be achieved. "The Siberian Railway," he said, "would in time run a branch line" to Lanchow (in Kansuh). "He had already minute details of the distance, cost of construction, etc." (48P) Having stated the Russian ambitions which would probably have to be realized if an understanding were to be reached with England, M. Witte proceeded to indicate what he thought ought to be Britain's compensation for concurring in Russia's expansionist aims. "He considered the lower part of China, embracing the lower and upper waters of the Yangtze, would be beyond the reach of Russian expansion, and no doubt would be the sphere of British preponderance. . . . But M. Witte wanted to find out how far Her Majesty's Government would go with Russia. . . . What would England say if Russia's occupation of Port Arthur became permanent? The force of circumstances might make a temporary occupation of long duration." (48Q) The British Minister "declined to enter into details." He stated that the object of his visit was to learn whether M. Witte "*still* thought an understanding possible, and if so, if he would give it his support." At the same time, however, he met M. Witte's question by emphasizing the fact that Britain's "natural and necessary policy was to keep China open to foreign trade, to oppose prohibitive tariffs, and not to allow her commercial interests and her consequent political position to be set aside by the action of other Powers." (48R) From this time onwards the diplomatic skill of the British Foreign Office was concentrated upon realizing this policy. For the moment its efforts seemed likely to meet with success. M. Witte, who was a principal figure in the development of Russia's Far Eastern plans, had declared that he was "in favour of an alliance, as he termed it, and" . . . was "ready to support what he calls England's practical and commercial policy provided that England would not impede Russian ambition in the north." (48S) He had even

gone as far as to indicate the spoils which each Power might claim. With this preliminary exchange of views the ground was now prepared for a tentative British proposal.

On January 25, 1898, Lord Salisbury submitted a secret despatch to Sir N. O'Connor, in which he outlined the British proposal as follows: "Our idea was this, the two Empires of China and Turkey are so weak that in all important matters they are constantly guided by the advice of Foreign Powers. In giving this advice Russia and England are constantly opposed, neutralizing each other's efforts much more frequently than the real antagonism of their interests would justify; and this condition of things is not likely to diminish, but to increase. It is to remove or lessen this evil that we have thought an understanding with Russia* might benefit both nations. We contemplate no infraction of existing rights. We would not admit the violation of any existing treaties, or impair the integrity of the present empires of either China or Turkey. *These two conditions are vital. We aim at no partition of territory, but only a partition of preponderance.* It is evident that both in respect to Turkey and China there are large portions which interest Russia more than England, and vice versa. Merely as an illustration, and binding myself to nothing, I would say that the portion of Turkey which drains into the Black Sea, together with the drainage valley of the Euphrates as far as Bagdad, interest Russia much more than England, whereas Turkish Africa, Arabia, and the valley of the Euphrates below Bagdad ~~interest~~ ^{interest} England much more than Russia. A similar distinction exists in China between the valley of the Hoangho, with the territory north of it, and the valley of the Yangtze. Would it be possible to arrange that where, in regard to these territories our counsels differ, the Power least interested should give way to and assist the other? . . . I have designedly omitted to deal with large tracts in each Empire, because neither Power has shown any keen interest in them." (481)

Lord Salisbury had put his cards on the table as Count Muravieff and M. Witte had put theirs. But from the outset the chances of arriving at an understanding were remote. The British proposition clashed with Russian ambitions in China, and was flatly in opposition to them. M. Witte spoke of "absorbing" northern China. This of necessity involved an impairment of China's territorial integrity, and an infringement of "existing

rights and existing treaties." The preferential position which the Russians hoped to secure at Port Arthur and Talienwan likewise touched these conditions. In contrast, Lord Salisbury had declared : " We would not admit the violation of any existing treaties or impair the present empires of either China or Turkey. These two conditions are vital. We aim at no partition of territory, but only a partition of preponderance." Under the circumstances there could be no meeting of minds, and consequently no understanding. It may be that a partition of preponderance would have ultimately led to absorption or annexation. But for the moment the British proposal could only be interpreted by Russian statesmen as a move calculated to arrest their plans in China, to preserve the territorial integrity of China, and the *status quo*. Britain's motive was to preserve intact for her trade the great market of China. But from the evidence thus far disclosed in the British War Origin Documents one is forced to conclude that Britain offered Russia nothing tangible in China for that understanding. All that she apparently offered Russia was preponderance in the north of China. Russia was bound to have that with or without British support. Her geographical position, with a Russo-Chinese boundary of five thousand miles assured that to her, and made it inevitable upon the completion of the Chinese Eastern Railway. Moreover, she already had the support of Germany and France, not only for preponderance there, but for " eventual annexations." Had Britain been prepared to go as far, there would have been room for an understanding. But the conditions which she set out as " vital " could hardly assist Russia in realizing her ambitions. They were simply limitations upon Russia's freedom of action in China. In addition, the introduction of the Near Eastern Question complicated rather than simplified the negotiations for an understanding.

Despite the negotiations for the understanding, each of the two Powers was exerting high pressure upon the Chinese Government to attain its exclusive objects and to improve its own position and influence in China to the disadvantage of the other. M. Witte had not yet abandoned the hope of securing the Chinese loan for his nationals. The Russian legation in Peking continued its assault upon the projected Anglo-Chinese loan with more vigour and greater boldness. Lord Salisbury learnt from his Minister in Peking, on January 25, 1898—the day on which he had com-

municated to Sir N. O'Connor his idea for the understanding—that the Chinese Foreign Office had informed him that “the Russian Chargé d’Affaires had, in the name of his Government, protested against the loan in the strongest manner on the ground that it would disturb the balance of influence in China.”(49) In this protest Russia was supported by her ally, France. The latter took exception to the conditions of the loan which provided for the opening of Nanning and for the construction of the railway from the Burmese frontier into Yunnan.(50) The protest of the French, besides being motivated by the desire to aid the political programme of Russia, had a commercial aspect also. They regarded these two conditions as a serious challenge to everything which they had built up in Indo-China for the penetration of South China. They feared that the Burmese Railway would destroy the value of their Yunnan Railway concession and nullify the object of their Tongking-Yangtze Railway project to divert the trade of the border provinces to Indo-China. In a similar way, they saw their aim of tapping the Province of Kwangsi by means of the Langson-Longtcheou-Nanning Railway frustrated once the British trader was permitted to come up the West River as far as Nanning. To lend emphasis to their protest they used violent language with the Chinese Government.(51) In this, too, they were in perfect harmony with the Russian Government. Faced with the prospect of the interruption of friendly relations with two Powers, namely, France and Russia, the Chinese statesmen suggested a joint Russo-British loan. But these two Powers were not inclined to enter upon it together. Thereupon (51A) the Chinese Government did the obvious thing, and informed the British Government on the 3rd of February, 1898, of its decision “not to accept a loan from either Great Britain or Russia in consequence of a threat of rupture by the latter Power.”(52)

The negotiations which had just fallen through clearly indicated that there was a conflict of interests in China between Britain and the Franco-Russian group, and that this was but the beginning of a contest to determine whose influence and policies would prevail in China.

Despite Russia's responsibility for the collapse of the Anglo-Chinese Loan negotiations, the negotiations for the Anglo-Russian understanding were not abandoned. On the contrary,

at the very time of the failure of the Anglo-Chinese negotiations, the Czar of Russia told Sir N. O'Connor "that he thought an arrangement between the two countries (Russia and Britain) such as" the latter "had mentioned to Count Muravieff most desirable, and he believed the negotiations would succeed." (52A) Whether the British Minister shared the same view it is difficult to say. Still he persevered in his attempt to reach an understanding. But it was unlikely that an agreement would be reached. Apart from other difficulties, the two Governments were not agreed upon the limits of the proposed understanding. The Russians desired a particular understanding, apparently solely to serve their Far Eastern ambitions, as Sir N. O'Connor had suggested to his Government on January 20, 1898. The British, however, desired a general understanding to remove all Anglo-Russian differences in the interests of peace and commerce. The manner of each of the two Governments in approaching the subject was quite different. The Czar and his Ministers "thought that the respective Governments ought to proceed in the first instance, to treat Chinese affairs which were very pressing . . . and that later on they could take up the question of their respective spheres of influence in Turkey. . . ." (52B) For the present they maintained that they were interested in knowing "the precise way in which the two Governments should assist each other, and how far this assistance would go." (52C) They, for their part, were "anxious to enter into details as to the exact sphere over which Her Majesty's Government would recognize Russian preponderance in the north of China." (52D) The British Government, on the other hand, desired to deal with the question of China, *only* as part of a settlement of all outstanding Anglo-Russian differences. Sir N. O'Connor emphasized this attitude more than once in the course of his negotiations. He told Count Muravieff that the British Foreign Minister did not desire "to take an isolated sphere without reference to the entire scheme for improving and placing upon a friendly and desirable basis the political relations between Russia and England." (52E)

As the negotiations proceeded the disinclination of the Russian Ministers to depart from their attitude and to embrace the British conception of the understanding became more pronounced. On February 7, 1898, Sir N. O'Connor already felt constrained to report to his Government: "I have observed that Count Muravieff

has rather avoided referring to Asia Minor, Africa, Persian Gulf, etc." He submitted his opinion that it was essential "to make it clearly understood" at that juncture "that the arrangements between the two countries shall extend not only to China, but to all other regions where we have conflicting interests. . . ." (52f) The British Government was rapidly coming to the conclusion that Russia's attempt to postpone the discussion of a general understanding and to confine the present efforts to China was an indication of the Russian Government's insincerity in the matter. The following telegram addressed to Sir Claude MacDonald on February 11, 1898, by Lord Salisbury bears out this point of view. "We have had some interchange of friendly language at St. Petersburg, but they are insincere, and their language is ambiguous. . . ." (52g)

Thereafter though negotiations for the understanding were continued in St. Petersburg—not without scepticism—British statesmen directed their energies to safeguard their position in China without Russia's co-operation.

Franco-Russian diplomacy had scored the first success in preventing the loan transaction, which it had conceived and proposed, from being realized by the British Government. It was evident that private financiers would now have to undertake the loan. Britain had no intention of having her nationals excluded from it. She therefore informed the Chinese Government that if European financiers were to undertake the loan "an adequate share" would have to be assigned to British banks, "or the friendly relations of the two countries would be seriously imperilled." (53)

The British Government was equally determined that its trading facilities in China should not be restricted by the action of France or Russia. It was intent upon obtaining in any case the concessions which it had requested in return for making the loan. British traders had long been pressing it to acquire these greater facilities for their trade. The British Government accordingly presented China on February 5, 1898, with a demand for compensation "for rejecting the offer of a guaranteed loan from Britain after it had in principle been accepted." (54)

At first the Chinese Ministers refused to recognize that Britain had any claim to compensation. But at the hint that the British Government "would not be answerable for the consequences"

of a refusal of its claim to the concessions—"which China had frequently admitted to be" in her "interests"—the Chinese Ministers gave way, and agreed to make the compensation desired. In order to maintain her position in China, Britain had recourse to the only method which proved effective in China—the threat of war. She was, however, asking for concessions which would for the most part benefit not her alone, but China and the other Powers, as well, since they were designed to develop the trade of China.

Britain demanded that :

1. Treaty ports should be established at Nanning and Hsiang T'an.
2. Inland navigation in China should be open to steamers.
3. China should "give reasonable security to trade by a pledge against alienation of the Yangtze region to another Power." (55)

The Chinese Government were unprepared to accept the first demand. They refused to open Nanning as a treaty port in the face of French opposition, (56) despite the fact that Great Britain had a right under an agreement with China of February 4, 1897, (57) to have that port opened, and they declined to open Hsiang T'an in Hunan for another two years, because they feared the resulting reaction in the Province of Hunan, which had not been opened up yet to the foreigner. However, they offered to open Yochow instead. The British Government having failed to obtain satisfaction of the first demand, left it as an open question. (58)

To the second and third demand, the Chinese agreed, but asked that Great Britain should refrain from announcing them in connection with the loan which had failed. They feared that if this were not done it would provoke a demand by Russia for counter concessions. China was satisfied upon this point. (59)

The right which the British Government had acquired in respect of inland navigation was more specifically that "wherever the use of native boats is now by treaty permitted to foreigners they shall equally be permitted to employ steamers or steam launches, whether Chinese or foreign owned, or their own boats." This arrangement was to come into effect about the middle of June 1898. (60)

On February 11, 1898, China formally undertook the engagement concerning the non-alienation of the Yangtze Valley. It

took the form of a reply to a British note which pointed out that the "*retention in Chinese possession of the Yangtze region, now entirely hers,*" was necessary in order to provide "*a security for the free course and development of trade,*" and asked for "*a definite assurance that China will never alienate any territory in the provinces adjoining the Yangtze to any Power, whether under lease, mortgage or other designation.*" (61)

After reiterating the contents of the British Note, the Chinese Note gave the desired assurance. It was as follows :

"The Yamen have to observe that the Yangtze region is of the greatest importance as concerning the whole position (or interests) of China, and it is out of the question that territory (in it) should be mortgaged, leased or ceded to another Power. Since Her Britannic Majesty's Government has expressed its interest (or anxiety), it is the duty of the Yamen to address their Note to the British Minister for communication to his Government." (62)

The motive which had impelled this demand was set out clearly in the British Note. The British Government regarded the retention of this territory by China as an essential security for trade. Their Minister pointed out that Britain "could not afford to find one morning that by reason of the murder of a foreign subject, or the refusal of some demand by a foreign Power, some place on the Yangtze had been seized, and was to be retained on a ninety-nine years' lease." (63) The action of France in dividing her concession at Hankow with Russia, thereby permitting the latter to get a foothold in the Yangtze, called attention to the possibility for such action by a Power whose commercial interests in the Yangtze were practically negligible.

Agreements of the above kind have been considered by the Powers as the basis for claims to spheres of influence in China. But in fact their very essence negatives any intention on the part of the Chinese Government to grant to any Power territorial rights of any kind in the territory dealt with. Britain alone among the Powers having such non-alienation agreements has not as far as is known made the above document serve as title to a sphere of political influence in China, nor has she, as Russia and Germany, effected any known arrangement with any Power whereby she secured for herself a political sphere of influence in China—the Yangtze Valley. (64) In the Anglo-Chinese Yangtze Valley non-alienation declaration the extent of the Yangtze

region was not defined, and the Under-Secretary for Foreign Affairs in the British Parliament always refrained from doing so.

Two days later, in accordance with their promise to him of January 17, 1898, the Chinese Foreign Office gave the British Minister their assurance concerning the appointment of the Inspector-General of Maritime Customs.(65) In this their action was not spontaneous. They had attempted twice to avoid a direct and definite pledge of the reappointment of a British subject to the post. Finally a compromise was reached by limiting the period during which the Inspector-General was to be a British subject. The British Government had demanded that the Inspector-General should always be a British national. The undertaking of China now was that as long as British trade with China should exceed that of any one of the other countries "it is intended that as in the past, so in the future, an Englishman shall be employed as Inspector-General. But if at some future time the trade of some other country at the various Chinese ports should become greater than that of Great Britain, China will then, of course, not be bound to necessarily employ an Englishman as Inspector-General." (66)

The last sentence represented the compromise. It also made clear beyond question the motive of the British Government in making this demand upon China. It was not like the Russian Government's loan condition, expressive of a desire for political domination of China, though it might involve political control in some measure. Its basic motive was to safeguard and protect from interference and obstruction the immense British trade in China. The attitude of the British Government towards the compromise clause is best expressed by its Minister, who said that if British trade ever fell below that of another Power at the treaty ports, "it will matter little to us whether the Inspector-General be British or not." (67)

Though the British Government had failed to secure the right to make the guaranteed loan to China, and had thereby been denied the influence which would result from the control of China's most important revenues, its diplomats had succeeded in obtaining for it most of the concessions which it had sought. Moreover, these concessions were of the kind to safeguard its trading interests in China in the event of failure to reach an understanding with Russia. By securing the Yangtze non-

alienation agreement it had substituted this agreement for the understanding with Russia whereby that area was to have been placed outside the orbit of Russian expansion, and had retained for China the territorial integrity of the Yangtze Valley. By securing the right to navigate the inland waters with steamboats "wherever the use of native boats is now permitted to foreigners" it had obtained for its nationals better facilities for trade, particularly in the Hoangho River Valley in the north and in the West River Valley in the south in case the former should fall under Russian domination and the latter under French influence. "These concessions having been secured, both the loan and the understanding with Russia became matters of comparative indifference to Her Majesty's Government, and the negotiations dropped." (67A) And where the Government had failed, private finance succeeded.

On February 19, 1898, a preliminary agreement for a £16,000,000 loan was concluded by the Chinese Government with the Hong-Kong and Shanghai Bank—a British financial arm—and the Deutsche Asiatische Bank—a German institution. (68) This preliminary agreement was transformed into a final agreement on March 1, 1898. (69) The conclusion of this loan precluded Russia from making it, and thereby prevented an extension of her influence at Peking.

The importance of this loan for the commercial community lay in its security provisions. In an indirect way they guaranteed the maintenance of normal conditions under which trade could be conducted. The loan was secured upon the revenues of the Maritime Customs of China ; upon the general likin of Soochow, Sung Hu, Kiukiang, and Eastern Chekiang ; and upon the Salt likin of Ichang, Hupeh and Anhui. The Customs security was subject to previous loans, not yet redeemed, which were secured by it, but the pledge of the likin was in the nature of a first charge. The likin revenues pledged could not be increased or decreased except by arrangement with the banks, and "then only in so far as an equivalent" was "substituted" in the form of "a first charge upon the increase of Customs revenue" consequent upon the revision of the Customs tariff. (70) The Chinese Government undertook to supply further revenues if at any time the foregoing revenues should prove to be insufficient for the service of the loan. (71)

All the above-mentioned revenues were placed under the administration of the Maritime Customs.(72)

The general effect of these provisions was that the lending syndicate—the British and German banks—acquired a supervisory power to see that no change should take place in the *likin* tax on trade at the places mentioned in the agreement, was assured of an interest in the disposition of the Maritime Customs receipts, and had obtained a right to an increase in its influence in the Customs Department prior to any other agency, by reason of the first charge which it had upon the increased Maritime Customs, tariff or other revenues pledged as additional security for the loan, in the event of the security taken proving insufficient. Moreover, the result of placing these revenues under the administration of the Maritime Customs was that the revenues derived from the taxation of trade were brought still further under the control of the sole department of the Chinese State which could be relied upon to collect the legitimate impositions upon trade, and no greater or lesser ones. In other words, this ensured a uniformity of taxation, and this uniformity was ensured for forty-five years in the districts whose revenues were pledged by those two conditions of the loan which prohibited an increase or decrease of the *likin* revenue without the consent of the banks,(73) and made the loan unredeemable before forty-five years had elapsed.(74)

To provide for the impartial and efficient administration of these revenues the Chinese Government still further obligated itself. The following undertaking was inserted in the loan agreement :

“The Chinese Imperial Government undertake that the administration of the Chinese Imperial Maritime Customs Service shall remain as at present constituted during the currency of this loan.”(75)

A similar clause had appeared in the 1896 Anglo-German Loan Agreement with China.(76) But it would seem that not only did the present undertaking reaffirm that pledge of the Chinese Government, but that it in fact consolidated the position of the British Government with regard to the appointment of the Inspector-General of Customs. “. . . That the administration of the Chinese Imperial Maritime Customs service shall remain as at present constituted during the currency of this loan” (77) seems to allow of the interpretation that China must retain a

British Inspector-General of the Maritime Customs for a space of forty-five years—the duration of the loan—irrespective of whether or not British trade continued to preponderate in China during this period. This undertaking therefore went even further than China's pledge of February 13, 1898, that a British subject would be the Inspector-General of the Customs as long as British trade in China held the predominant position.(78)

German finance stamped its approval upon this by signing jointly with the British bankers the loan agreement. By these conditions it had secured for its traders, as for the British and other traders, the elimination of political interference with trade and in some measure security of commerce in the Chinese Empire.

On the same day upon which this loan agreement was signed, i.e. on March 1, 1898, an event of even greater political importance took place in London. The British Parliament expressed its unanimous opinion of the policy which Her Majesty's Government ought to pursue in respect of China. This opinion was embodied in the following resolution:

“That it is of vital importance for British commerce and influence that the independence of Chinese territory should be maintained.” (79)

This resolution was founded on lack of faith in the Russian Government's assurances to Britain concerning their intentions in China, and was designed to give the British Government a free hand in China to enable it to protect British interests there and to prevent Russia from endangering the same by acquiring control of Chinese territory. It was hoped by a clear and categorical statement of British intentions concerning China to restrain Russian statesmen from unfolding there a policy which would be deleterious to British commerce, and which would probably result in the creation of a system even more exclusive than the Chinese. This was the first time that the British Parliament had declared itself in favour of the independence of China; no other representative body had ever done the same thing in any other country. Britain was bound to be pro-Chinese if for no other reason than that it served her own commercial interests. Chinese statesmen—possessed, as we have already had occasion to note, of a poorly developed political sense—had been slow to realize this fact. Had they been better endowed in this

respect, that might have tried a foreign policy based on Britain before they decided to build on a rapacious neighbour like the Muscovite Empire.

Mr. Curzon, the Under-Secretary of State, lent weight to this parliamentary resolution by stating that

"the Government have no difficulty in accepting the motion. . . . We agree . . . *that the integrity and independence of China* are matters of intense solicitude to the Government, as they must be to any British Government, and that they may be considered to be the *cardinal bases of our policy* with reference to that country. . . . Our policy is, and must be, to prevent her disruption as long as we can, and to secure for her that fresh lease of life to which her immense and magnificent resources entitle her. We are, therefore, opposed to the alienation of any portion of Chinese territory, or to the sacrifice of any part of Chinese independence. That is a policy from which the Government have abstained, and which they have no desire to imitate. I can conceive . . . of circumstances arising in the future, circumstances gravely affecting, and perhaps seriously imperilling, our interests in China, which might tempt us, and even compel us, to depart from that attitude of reserve. But the seizure of Chinese territory, the alienation of Chinese territory, the usurpation of Chinese sovereignty, is not primarily any part of British policy; and that which we repudiate for ourselves it is not likely that we should regard with a welcoming eye if attempted by others." (80)

There could hardly be any doubt to which Powers Mr. Curzon's remarks were addressed. It was rumoured that France had designs upon the Island of Hainan in the south of China, and the seizure by Russia of Port Arthur with its adjacent territory was expected to occur shortly. Count Muravieff had definitely informed Sir N. O'Connor that Russia required a twenty-year lease of "Talienwan and Port Arthur, or some other port in the north, which may ultimately be considered more desirable as a terminal railway station," (81) and "he clearly gave him to understand that they intended to hold these ports at any cost." Although the British Ambassador had attempted to dissuade Count Muravieff from this course by emphasizing that the Russian demands were "quite disproportionate, and of a totally different nature to those preferred by Her Majesty's Government . . . that the possession of such a strong military position as Port Arthur would radically alter the condition of things . . . and that if Britain followed the order of ideas contained in the Russian demands she would necessarily have to seek some equivalent compensation within the British sphere, whereas Britain's demands,

so far, were for the most part essentially commercial," (81A)—nevertheless, Count Muravieff still adhered to his determination to hold these two ports "with or without the consent of Her Majesty's Government," but he let it be understood that Russia was "open to a deal." (81B)

Sir N. O'Connor apparently considered the "deal" in a telegram of February 22, 1898, in which he reported the Czar's official approval of the negotiations for an Anglo-Russian understanding which the latter still confined to the settlement of Chinese questions "which would ultimately lead to an exchange of views on the larger question." (81C) The British Ambassador defined the issues for Lord Salisbury as follows: ". . . the question now resolves itself to the point of considering *whether it is best not to oppose Russian demands, and to go on with the negotiations for a good understanding, or to risk Russia getting what she wants without our acquiescence* and to see the negotiations break down, leaving inevitably behind them much sore feeling. . . ." (81D) He recommended that Britain should not pledge herself in any definite manner if she preferred the former course until she saw "how far Russia would go in regard to the broader question." (81E) Though the British War Origin documents do not disclose how far Russia would go, nor which course the British Government adopted, it would appear that it favoured reaching an understanding with Russia.

In his speech before the House of Commons, Mr. Curzon had simply presented clearly and succinctly ~~the~~ the attitude of his Government to the threatened developments in China. He had warned both France and Russia that Britain would not welcome any action of theirs in China which was contrary to the British policy of maintaining the integrity and independence of China. But at the same time he confirmed the language used by Sir N. O'Connor in his conversations with Count Muravieff that Britain reserved to herself the right to depart from her policy of maintaining the integrity and independence of the Chinese State to seek compensation if circumstances should compel her to do so. Yet Mr. Curzon went out of his way to point out Britain's desire for the friendship of the Powers interested in China. He stated that although Britain enjoyed a preponderant interest in China, that did not constitute an exclusive interest in China, nor "justify us in regarding with jealousy or suspicion the action of any other

competitors who are, perhaps, just as competent and as well equipped as ourselves, but who may have arrived somewhat later on the scene. We may, perhaps, regard with pardonable compunction the encroachment of these rivals upon a sphere of activity which was until recently almost entirely our own. But in so far as it is a legitimate and pacific encroachment we have no cause of complaint; and I submit that we should, on the contrary, endeavour to gird our loins to meet the new condition of affairs, and to retain in an age of competition what we won in an age of monopoly." (81F) His reference to the legitimacy of Russian ambitions for an ice-free port in the Pacific, and his opinion of the Russian intention to make of Talienwan an open port would go to show that Britain was prepared to regard Russia's declared intention concerning Talienwan as a "pacific and legitimate encroachment." Mr. Curzon then summarized British policy in China, and stated that it rested upon three principles.

1. The "maintenance of the integrity and independence of China."
2. The principle "of free commerce."
3. The preservation of treaty rights, in particular Articles XXIV, LII and LIV of the Treaty of Tientsin.

These articles guaranteed to British subjects that (a) they would pay on all merchandise the duties prescribed by the tariff, but in no case be required to pay higher tariff duties than are required from other foreign nations. (b) British ships of war would have the right to visit all ports in China. (c) Britain would have the free and equal participation in all privileges and immunities granted to any nation in virtue of the most-favoured-nation clause. (82)

The Under-Secretary for Foreign Affairs added that "these three articles" of the third principle "are the main charter of our position in China, and we cannot consent—and I do not think any British Government would consent—either to their abandonment or infraction." (83)

Mr. Curzon had enunciated comprehensively the policy of the British Government. It was a policy to which the British Foreign Office constantly sought as far as possible to give effect. It was based primarily upon British interest, although it in large measure served Chinese interest at the same time.

Britain had declared to the world through Mr. Curzon that

she was opposed to the partition of an Empire which seemed to be falling to pieces by reason of the decrepitude of its rulers. She favoured the maintenance of its integrity because thereby she served her own interests best. She did not regard it as her exclusive field of commercial operation. She insisted upon the maintenance of her treaty rights. She favoured unrestricted trade over the whole of China, and was accordingly opposed to the policy of spheres of influence. The attitude of the British Government on this latter point was also clear. Mr. Curzon said that it was the belief of his Government that "the integrity of China" was "most likely to be secured by throwing open China to the interests and intercourse of the whole world, and not, so to speak, by closing her into separate watertight compartments, each bearing a separate label or appellation of its own. The more Powers, and the more civilized Powers, that you interest in China, the more likely you are to be able to sustain her integrity and welfare." (84) *

• But apparently the policy enunciated above was one which did not commend itself to Russia's statesmen. The attitude of Russia would soon have to be defined. The conclusion of the Anglo-German Chinese Loan Agreement on March 1, 1898, brought matters to a head. The recent political and commercial advantages which Britain had secured from China, and now the conclusion of the loan, "had made an unfavourable impression upon the Emperor, as also upon the (Russian) public," and it became apparent that the Czar was annoyed and "did not seem inclined to pursue, for the moment at all events, the discussion of the broader question." The negotiations for an understanding had certainly received "a severe check," (85) and in fact resulted in failure.

The Russian explanation for its failure is offered by the Czar in a letter to Emperor William of Germany. He attributes it to the suspicious and unprecedented manner of Mr. Chamberlain's proposal for an understanding "out of the blue," when the relations between the two Governments were not particularly cordial. It was this, he said, which prompted the Russian Government to decline the proposal without even considering it. (86) If Mr. Chamberlain had in fact made an earlier proposal than the one we have discussed in this chapter—and there is reason to believe so—the Czar's explanation may have been correct.

But the more comprehensive explanation for the failure of the present negotiations is to be found in Mr. Chamberlain's Birmingham speech of May 13, 1898. On that occasion he said "the present Government did try to come to an understanding with Russia. We took care to inform her that we had no jealousy, no objection to what we understood to be her commercial objects, or to the development of her trade, or to the expansion of her legitimate authority, but we sought to induce her to give up the idea of political predominance and military occupation. We failed—that was not consistent with the ambition of her Government—we failed to persuade her. . . ." (87)

It is clear from the preceding pages that had Russian statesmen been satisfied with M. Witte's programme of peaceful penetration of Northern China the conditions of the British proposal should have been eminently satisfactory for the Russian Government. But, as has been previously indicated, they were not, because the Russian Government was bent upon the political domination of China.

Disregarding the British Parliamentary resolution concerning the independence of China, and the speech made by Mr. Curzon on that occasion, the Russian and French Governments took steps to realize their own policies in China, as the British Government had already done. Two days after the conclusion of the Anglo-German Chinese loan they demanded from China compensation for having concluded the loan, even though the loan had been concluded with private banking institutions, and not with the British Government.

These demands were the circumstances which compelled the British Government to alter its policy with regard to China.

NOTES

1. *China*, No. 1 (1898), p. 4—Despatch 13, MacDonald to Salisbury, October 17, 1897.

2. *Ibid.*

3. *Ibid.*, p. 5—Despatch 14, MacDonald to Salisbury, October 19, 1897.

4. *Ibid.*, p. 6.

5. November 1897.

6. *China*, No. 1 (1898), p. 32—Despatch 76, Salisbury to O'Connor, February 2, 1898.

7. *Ibid.*, p. 4—Despatch 11, Gough to Salisbury, November 29, 1897.

8. *Ibid.*, p. 32—Despatch 76, Salisbury to O'Connor, February 2, 1898.

9. *Memoirs of Count Witte*, p. 101.

10. *Memoirs of Count Witte*, p. 102.
11. *Ibid.*, p. 99.
12. *Ibid.*, p. 100.
- 12A. Unpublished Memoirs of Baron de Wolff.
13. *Memoirs of Count Witte*, p. 102.
14. D.G.P., vol. xiv, part i, p. 110—Document 3722, Heyking to Foreign Office, December 4, 1897.
15. See p. 162, ref. 82, or *Witte's Memoirs*, pp. 100, 91.
16. *China*, No. 1 (1898), p. 9—Despatch 36, MacDonald to Salisbury, December 22, 1897.
17. *Ibid.*
18. *Board of Trade Journal*, May 1899, p. 524.
19. *Ibid.*, p. 521.
20. *Ibid.*, pp. 521-5.
21. *China*, No. 1 (1898), p. 15—Despatch 43, Salisbury to MacDonald, Jan. 5, 1898; p. 9—Despatch 36, MacDonald to Salisbury, December 22, 1897.
22. *Ibid.*, p. 15—Despatch 43, Salisbury to MacDonald, January 5, 1898.
- 22A. *British War Origin Documents*, vol. i, p. 1—Memo by J. A. C. Tilley, January 14, 1905.
23. See pp. 181-2, 150.
24. *La Mission Lyonnaise d'Exploration Commerciale en Chine*, p. 11.
25. *Ibid.*, p. 12.
26. *Ibid.*, p. 21.
27. *Ibid.*, p. 43.
28. *Ibid.*, p. 11.
29. *Ibid.*, p. 12.
30. *China*, No. 1 (1898), p. 11—Despatch 32, MacDonald to Salisbury, December 30, 1897; p. 16—Despatch 46, Salisbury to MacDonald, January 8, 1898. Clements, in his book, *The Boxer Rebellion*, offers the following interpretation of Britain's conduct at this period, which has generally been accepted by other historians also: "From having been the nation seemingly least disposed (always excepting the United States) to take advantage of China's helplessness, she turned out to be one of the worst. . . to make the British position doubly secure in spite of the loan failure, now that the partition of China seemed imminent, Great Britain in 1898 secured a pledge that the Yangtze Valley would never be alienated to another Power, thus arrogating the vast territories of Central China and the richest provinces of the empire as the British sphere of influence."
- 30A. *Treaties with and concerning China*, MacMurray, vol. i, p. 97 (1897, 1), Art. XIII.
- 30B. See p. 162, ref. 82, and *British War Origin Documents*, vol. i, p. 17—Document 23, O'Connor to Salisbury, March 13, 1898.
- 30C. See p. 149, ref. 18.
- 30CC. See *British War Origin Documents*, vol. i, p. 17—Document 24, Memo by Mr. Bertie, March 14, 1898.
- 30D. *China*, No. 1 (1898), p. 16—Despatch 46, Salisbury to MacDonald, January 8, 1898.
- 30E. *London Times*, January 11, 1898, p. 8, col. c.
- 30F. *Ibid.*, January 12, 1898, p. 10, col. a.
31. *Ibid.*, January 11, 1898, p. 8, col. c.
32. *China*, No. 1 (1898), p. 17—Despatch 49, Salisbury to Lascelles, January 12, 1898.

33. *China*, No. 1 (1898), p. 18—Despatch 50, Monson to Salisbury, January 12, 1898.
34. *Ibid.*
35. *Ibid.*, p. 32—Despatch 76, Salisbury to O'Connor, February 2, 1898.
36. *Ibid.*, p. 17—Despatch 48, Salisbury to O'Connor, January 12, 1898.
37. *Ibid.*
38. *Ibid.*, p. 18—Despatch 51, MacDonald to Salisbury, January 16, 1898.
39. *British War Origin Documents*, vol. 3, p. 1—Memo of J. A. C. Tilley, January 14, 1905.
40. *China*, No. 1 (1898), p. 18—Despatch 51, MacDonald to Salisbury, January 16, 1898.
41. *Ibid.*, p. 23—Despatch 62, MacDonald to Salisbury, January 21, 1898.
43. *Swansea Chronicle*, January 18, 1898, or *Annual Register*, 1898, p. 7.
44. *China*, No. 1 (1898), p. 23—Despatch 60, Salisbury to Lascelles, January 19, 1898.
45. *Ibid.*, p. 9—Despatch 26, MacDonald to Salisbury, December 22, 1897.
46. *Ibid.*, p. 24—Despatch 62, MacDonald to Salisbury, January 21, 1898.
47. *Ibid.*
48. *Ibid.*, p. 21—Despatch 56, Salisbury to MacDonald, January 17, 1898.
- 48A. *British War Origin Documents*, vol. i, p. 1—Document 1, Memo by Mr. J. A. C. Tilley, January 14, 1905.
- 48B. *Ibid.*, p. 5—Document 5, Salisbury to O'Connor, January 17, 1898.
- 48C. *China*, No. 1 (1898), p. 23—Despatch 61, O'Connor to Salisbury, January 19, 1898.
- 48D. *Ibid.*, p. 22—Despatch 59, Salisbury to O'Connor, January 19, 1898.
- 48E. *Ibid.*
- 48F. *Ibid.*, p. 23—Despatch 61, O'Connor to Salisbury, January 19, 1898.
- 48G. See p. 235, ref. 30E.
- 48H. *China*, No. 1 (1898), p. 32—Despatch 76, Salisbury to O'Connor, February 2, 1898.
- 48I. *Ibid.*, p. 22—Despatch 59, Salisbury to O'Connor, January 19, 1898.
- 48J. *British War Origin Documents*, vol. i, p. 6—Document 6, O'Connor to Salisbury, January 20, 1898.
- 48K. *Ibid.*
- 48L. *Ibid.*, p. 7—Document 8, O'Connor to Salisbury, January 23, 1898.
- 48M. *Ibid.*
- 48N. *Ibid.*, p. 8—Supplement to Document 8, O'Connor to Salisbury, January 30, 1898.
- 48P. *Ibid.*
- 48Q. *Ibid.*, p. 7—Document 8, O'Connor to Salisbury, January 23, 1898.
- 48R. *Ibid.*
- 48S. *Ibid.*, p. 7—Document 8, O'Connor to Salisbury, January 23, 1898.
- 48T. *Ibid.*, p. 8—Document 9, Salisbury to O'Connor, January 25, 1898.
49. *China*, No. 1 (1898), p. 24—Despatch 65, MacDonald to Salisbury, January 25, 1898.
50. *Ibid.*
51. *Ibid.*, p. 32—Despatch 75, MacDonald to Salisbury, January 31, 1898.
- 51A. *British War Origin Documents*, vol. i, p. 11—Document 15, Salisbury to MacDonald, February 11, 1898.
52. *China*, No. 1 (1898), p. 33—Despatches 77, 78, MacDonald to Salisbury, February 3, 1898.

- 52A. *British War Origin Documents*, vol. i, p. 9—Document 10, O'Connor to Salisbury, February 2, 1898.
- 52B. *Ibid.*, p. 9—Document 11, O'Connor to Salisbury, February 3, 1898.
- 52C. *Ibid.*
- 52D. *Ibid.*, p. 9—Document 12, O'Connor to Salisbury, February 3, 1898.
- 52E. *Ibid.*
- 52F. *Ibid.*, p. 10—Document 13, O'Connor to Salisbury, February 7, 1898.
- 52G. *Ibid.*, p. 11—Document 15, Salisbury to O'Connor, February 11, 1898.
53. *China*, No. 1 (1898), p. 33—Despatch 80, Salisbury to MacDonald, February 5, 1898.
54. *Ibid.* (1899), p. 14—Despatch 20, MacDonald to Salisbury, February 20, 1898.
55. *Ibid.*
56. See p. 246, ref. 51.
57. *China*, No. 1 (1899), p. 15—Tsungli Yamen to MacDonald, February 4, 1897, "it has been agreed that if hereafter trade develops and it is mutually found that the interests of trade justify it, China will at once open Nanning Fu as a treaty port and consular station."
58. *Ibid.*, p. 16—Despatch 20, MacDonald to Salisbury, February 20, 1898.
59. *Ibid.*, p. 14.
60. *Ibid.*, p. 17—Enclosure 1, MacDonald to Tsungli Yamen, February 9, 1898.
61. *Ibid.*, p. 17—Enclosure 11, MacDonald to Tsungli Yamen, February 9, 1898 (*italics my own*).
62. *Ibid.*, p. 18—Enclosure 3, Tsungli Yamen to MacDonald, February 11, 1898.
63. *Ibid.*, p. 15—Despatch 20, MacDonald to Salisbury, February 20, 1898.
64. See previous chapter.
65. *China*, No. 1 (1898), p. 22—Despatch 58, MacDonald to Salisbury, January 18, 1898.
66. *Ibid.* (1899), p. 19—Despatch 20, Enclosure 5, Tsungli Yamen to MacDonald, February 13, 1898.
67. *Ibid.*, p. 16—Despatch 20, MacDonald to Salisbury, February 20, 1898.
- 67A. *British War Origin Documents*, vol. i, p. 1—Document 1, Memo by J. A. C. Tilley, January 14, 1905.
68. *China*, No. 1 (1898), p. 40—Despatch 88, MacDonald to Salisbury, February 19, 1898. The preliminary agreement was entered into only with the Hong-Kong and Shanghai Bank.
69. *Ibid.* (1899), p. 63—Despatch 59, MacDonald to Salisbury, March 18, 1898.
70. *Treaties with and concerning China*, MacMurray, vol. i, pp. 108-9 (1898, 3), March 1, 1898, Art. VI.
71. *Ibid.*
72. *Ibid.*
73. *Ibid.*
74. *Ibid.*, p. 108, Art. III.
75. *Ibid.*, p. 109, Art. VI.
76. *Ibid.*, p. 57, Art. VII (1896, 2), March 23, 1896.
77. *Ibid.*, p. 109, Art. VI (1898, 3), March 1, 1896.
78. *Ibid.*, p. 106—Tsungli Yamen to MacDonald, February 13, 1898 (1898, 2).

79. *The Parliamentary Debates* (authorized edition), vol. liv, March 1, 1898, p. 309.
80. *Ibid.*, pp. 331, 332.
81. *British War Origin Documents*, vol. i, p. 14—Document 18, O'Connor to Salisbury, February 19, 1898.
- 81A. *Ibid.*
- 81B. *Ibid.*
- 81C. *Ibid.*, p. 15—Document 20, February 22, 1898.
- 81D. *Ibid.*, p. 15—Document 19, O'Connor to Salisbury, February 22, 1898.
- 81E. *Ibid.*
- 81F. *The Parliamentary Debates* (authorized edition), vol. liv, 1898, p. 331.
82. *Ibid.*, pp. 338, 339.
83. *Ibid.*, p. 339.
84. *Ibid.*
85. *British War Origin Documents*, vol. i, p. 16—Document 22, O'Connor to Salisbury, March 3, 1898.
86. *D.G.P.*, vol. xiv, part 1, p. 250—Document 3803, Nicholas II to William II, June 3, 1898.
87. *London Times*, May 14, 1898, p. 12, col. c.

CHAPTER XI

THE RUSSIAN ACQUISITION OF PORT ARTHUR

Locality of demands—French demands—Russian demands—Britain's embarrassment—British overtures to Japan and Germany—Baron Eckhardstein's statement—Count Hayashi's Memoirs—Britain's course—Britain's attitude—M. de Staäl's statement of January, 27, 1898—A new factor—The attitude of Russia—Russia's real reason—Muravieff's conversation with Radolin, March 12, 1898—German Government's assurance to Russia—The Kaiser's view concerning a Russo-Japanese understanding—A Russo-Japanese treaty of February 24, 1897—Russia's intentions—Russia's declaration of March 18, 1898—Baron Nissi's proposals—Russia's reply—The Rosen-Nissi convention, April 25, 1898—Japanese gains—Russian gains—Russia's declarations to Britain of March 13 and 16, 1898—Demand for Mr. Kinder's dismissal withdrawn—Sir N. O'Connor's view of Russia's real policy on March 13, 1898—Alternative policies proposed to the British Government—British Foreign Office view of them—The advantages of occupying Weihaiwei—Mr. Balfour's estimate of its value—Two policies under consideration, March 19, 1898—Their advantages—A violent Chinese Revolution?—Language sufficiently vague to allow Russia to find a way out—Sir N. O'Connor's objection to the occupation of Port Arthur, March 23, 1898—Britain's readiness to give assurances concerning Manchuria—Occupation of Port Arthur "a vital necessity"—A request for written assurances—Count Muravieff's answer—Optimism of British Ambassador—Mr. Balfour's interview with M. de Staäl, March 24, 1898—A Russian ultimatum—Lease of Port Arthur to Russia, March 27, 1898—Russia's accusation—Chinese statesmen bribed—Russia's gains—the Agreement of May 7, 1898—The Kaiser's telegram and letter to the Czar, June 28, 1898—Two questions for Britain—The British communication to Russia—Britain's request for assurances from Russia—Muravieff's reply.

Of the demands of the French and Russian Governments upon the Chinese Foreign Office with which the last chapter closed, those of the former were confined to the South of China, those of the latter to the North. Each threatened to use force to obtain them if China did not grant them voluntarily.⁽¹⁾ The French demanded a declaration concerning the non-alienation by China of the Provinces of Yunnan, Kwangsi and Kwangtung and of the Island of Hainan; the lease of the Bay of Kuang-chow-wan; the confirmation of the right to construct a railway from Tonking to Yunnan and an arrangement favourable to France in regard

to the constitution of the Chinese Postal Service.(2) The Russians demanded the lease of Talienwan and of Port Arthur and the right to construct a railway from Port Arthur to the Trans-Siberian Railway.(3)

Both sets of demands struck at the very foundations of the policy which Mr. Curzon, only two days before, had enunciated for his Government in the British Parliament. They involved territorial acquisitions to the disadvantage of China.

The French demand was incompatible with the assurances which M. Hanotaux had given the British Ambassador on January the 12th, 1898,(4) to the effect that France was not desirous of territorial acquisitions in China. The Russian demand for Port Arthur and Talienwan demonstrated over again that Russia had other than commercial ambitions in China.

The demands of these two Powers placed the British Government of the day in a rather awkward position in view of the Parliamentary resolution favouring the independence of the Chinese State. The British Government had until then pursued a policy of splendid isolation. Its attempt to arrive at an understanding with the Russian Government had failed. To resist the advance of Russia and France and to give effect to Britain's policy allies would be essential. The British statesmen therefore turned to Japan and Germany for assistance. Count Hayashi, the Japanese Minister in London, states in his Memoirs that at the time when Russia put forward her demands, Mr. Chamberlain suggested to Mr. Kato, the Japanese Minister in London, the conclusion of an Anglo-Japanese Alliance to bar the advance of Russia in the East. The Japanese did not see fit to accept the British proposal at the time, and when the offer of an alliance was made to Germany later, it met with a similar fate.(5) Baron Eckhardstein, Secretary to the German Legation in London, says in his Memoirs, that British and German statesmen commenced Secret Conversations on the Far East at the end of February 1898 at the request of Britain,(6) apparently after British statesmen had realized that it was futile to hope for an Anglo-Russian understanding.

Thereafter, since effective opposition to France and Russia by a single Power was impracticable, Britain could only do the obvious thing, which was to extricate herself from an embarrassing position by invoking the strict letter of the parliamentary resolution

which declared for China's independence, but not, like Mr. Curzon's statement, for her territorial "integrity." Before the world Britain had saved her face. She had, however, been compelled to repudiate the rather wider commitments of Mr. Curzon's statement of the policy of Her Majesty's Government and had made use of the emergency exit from those commitments, which was provided by the same statement in the reservation that Britain could modify or alter her policy should circumstances supervene that rendered a change necessary.(7)

Why Britain failed to obtain the Japanese alliance, why she was equally unsuccessful with Germany, and why Russia and France succeeded in obtaining satisfaction of their demands is amply clear from the records of the negotiations that ensued between the different Chancelleries. The history of the whole episode is as follows :

The attitude which the British Government had adopted towards Russia from 1896 on was that though she conceded to her the right to a *débouché* on the Pacific for her Trans-Siberian Railway, she refused her the right to a fortified naval base at Port Arthur. When Russia occupied Port Arthur in December and opposed the creation of a treaty port at Talienwan in January of 1898, Britain attempted to reach an understanding with Russia. Russia declined to do so.(8) Britain then pressed her for assurances as to her intentions and that she would respect the rights which Britain possessed in China by reason of her treaties with the Chinese Empire. To this request M. de Staal, the Russian Ambassador to Britain, as early as January the 27th, 1898, communicated Count Muravieff's answer that it was "perfectly natural that Russia should wish to have an outlet for her commerce on the coasts of the North Pacific," and that "any such port would be open to the ships of all the Great Powers, like other ports on the Chinese mainland. It would be open to the commerce of all the world and England, whose trade interests were so important in these regions, would share the advantage." (9) This reply reassured the commercial community of Great Britain, as also the British Foreign Office. Russia had referred only to a commercial outlet, and had intimated that the treaty rights of the Powers would be respected there. But the demands of March the 3rd introduced a new factor into the political situation in China. Russia demanded not only Talienwan as a commercial

outlet, but also demanded the right to have Port Arthur, which was, in fact, unsuitable for commerce, leased to her as a naval base.(10)

Britain regarded the passing of Port Arthur into the hands of Russia as a threat to the capital of China, as a menace to British trade in China, as a challenge to her position in the Pacific, and, above all, as a shock to the balance of power in the Far East which might hasten the dismemberment of China.(11)

The attitude which the Russian Government adopted was that Russia, unlike Britain, France or Germany, had, with the exception of Vladivostock, which was ice-bound in winter, no port in the Pacific to which her ships might repair. For this purpose she desired Talienwan, but the latter would be insecure so long as Port Arthur remained in the possession of any other Power, especially if it was acquired by a State that was stronger than China. These ports, she asserted, were therefore necessary for each other. And above all she claimed that the occupation of Port Arthur was solely her concern, since that port was within the Russian sphere of influence.(12)

In each of the Russian contentions there was an element of truth, but the real reason for Russia's claim of Port Arthur was that General Kuropatkin and the Russian Military Staff required it, and the Liaotung Peninsula, for "strategic" purposes to assist them in furthering their plans in China.(13) Count Muravieff, the Russian Foreign Minister, confirmed this in his conversation of March the 12th with Prince Radolin, the German Ambassador in St. Petersburg, wherein he stated that the Russians could only be grateful to Germany for her occupation of Kiaochau because it had "rendered possible the earlier acquisition of Port Arthur and Talienwan, for which Russia could otherwise hardly have found an opportunity," and which would "have been endlessly delayed without Germany's entry into Kiaochau." (14)

In this same conversation, Count Muravieff acquainted Prince Radolin with the demands of Russia upon China and asked for Germany's support in obtaining them, particularly because he had not opposed the realization of her Kiaochau demands. The German Government had already promised not to resist Russia in China, nor had it any desire to do so, because, as previously pointed out, the more the latter became involved in the Far East the better were German European interests served. It

therefore replied on the 15th of March, 1898, to the Russian request for support that "His Majesty's Government will for its part willingly assist in diminishing the difficulties with which Russian policy is at present meeting in Eastern Asia." (15)

In proof of its intentions in this respect the German Government declared its decision to reject the proposal for a conference to settle Far Eastern Affairs which had been put forward by the British and Japanese Press, stating that its reason for doing this was that it presumed "a principal object of the conference would be to set up our position, i.e. the scope of our pretensions in China against the position and demands of Russia. His Majesty's Government, however, has no wish to consent to co-operate with England and her friends in order to tie the hands of the Emperor Nicholas." (16)

This language could leave no doubt that Germany would not oppose Russia's plans. In order to make the realization of their plans feasible the Russians had now to win the acquiescence of Japan.

As early as January the 27th, 1898, the German Kaiser had hinted to his St. Petersburg Ambassador "that before all it is important to prevent an Anglo-Japanese understanding through a Russo-Japanese understanding" (17) on the basis of Korea. The German documents containing this information do not disclose whether the German Ambassador communicated this view to Count Muravieff, but from the intimate exchange of views between the diplomats of the two States and the accord which existed between them, it is possible that he did. If he did not do so, Russia evidently arrived at the same conclusion herself and acted upon it. She realized that her action at Liaotung and Port Arthur would tend to bring England and Japan together, and she proposed to avoid this if possible. Negotiations were accordingly commenced with Japan, with a view to compensating her for Russia's action before the conclusion of the agreement. The sphere in which Russia proposed to compensate Japan was in Korea. Germany was informed of this on March the 16th, 1898. (18)

In virtue of a treaty of February 24, 1897, Russia and Japan had undertaken to maintain the independence of Korea under their joint military protection. (19) In fact, however, as had been the case ever since the Lobanoff-Yamagata Treaty of June 1896, Russian influence preponderated. Russia now proposed to barter

this paramount position for an assurance from Japan that she would not oppose Russian claims to Port Arthur.

On March the 18th, 1898, the Russian Government announced that it would abstain in the future from taking an active part in Korean affairs.(20) This declaration resulted in the withdrawal from Korea of the Russian financial and military advisers and in the pacification of Japanese public opinion.

Japanese statesmen sought to avail themselves of this opportunity to consolidate their position in Korea. Baron Nissi, the Japanese negotiator, submitted to the Russians a proposal which embodied the Japanese ambitions in respect of Korea.

He proposed an agreement with Russia on the basis of a reciprocal engagement to refrain from any interference with each other's political programme—Russia's in Manchuria, Japan's in Korea. The Japanese Government "declared its willingness to consider Manchuria with its littoral as being entirely outside the sphere of Japanese interests, provided the Russian Government was prepared to make the same declaration in regard to Korea." (21)

The Russian Government had not been really in earnest about its declaration of the 18th of March. St. Petersburg had no intention of abandoning its interests in Korea even though it had committed itself to that policy in public. It therefore rejected the Japanese proposal and informed Japan that "The Russian Government took note with great satisfaction of the Japanese Government's declaration that it considered Manchuria with its littoral as entirely outside the sphere of Japanese interests, but that it could not make a similar declaration in regard to Korea." (22) Russia had merely made the declaration to allay public opinion. But the negotiations revealed the Japanese ambitions to Russia, and Russia's intentions in regard to Korea to Japan.

The above correspondence recurred in the identical form five years later, in the negotiations which preceded the outbreak of the Russo-Japanese War that was to determine the issue now raised by Japan. Japan might have tried her fortunes of war with Russia then. She did not do so, however. The strength of the Russian fleet in the Pacific at the time and Japan's unpreparedness for a large conflict, deterred the Japanese Government from any warlike action. Japan's naval programme would not be complete before 1904. She bided her time, and in the mean-

while effected the best arrangement that she was able to with regard to Korea.

On April the 25th, 1898, she formally concluded the Rosen-Nissi Convention, characterized by the Russian signatory, Baron Rosen, as "lame and pointless." In substance it stated that Russia and Japan "recognized the sovereignty and entire independence of Korea, and pledged themselves not to interfere in her internal affairs." In particular Russia agreed "not to interfere with the development of the commercial and industrial relations between Japan and Korea, and both countries" agreed to refrain from sending "advisers to Korea without the consent of the other party to the convention." (23)

Japan had by no means obtained the maximum of her demands from Russia, but she had obtained more than she believed she could reasonably hope for at the time. Count Hayashi states in his *Memoirs* that he had telegraphed to Tokio the suggestion that Russia and Japan should assume the Korean military and financial advisorships respectively. (24) The present arrangement went even further. It marked a distinct advance in Japan's position in Korea. It was also a step forward in the realization of her continental ambitions. To have joined Britain in opposing Russia would have been to have arrested the dismemberment of China and to have retarded the achievement of her own aspirations on the Chinese mainland. Whereas the course she had adopted consolidated her position in Korea, left her still in possession of Britain's friendship, and retained for her continental programme the sympathetic attitude of Germany, which she had purchased by an attitude of *tolerari potest* towards the acquisition of Kiaochau by the former. Later the jealousies of the European Powers were destined to help Japan along still farther on the path of empire.

As far as Russia was concerned by entering into this arrangement, she had eliminated the possibility of a combined Anglo-Japanese action against her for her recent aggression in China, and in particular she had removed Japanese opposition to her political programme there.

Before Russia was assured of the successful issue of these negotiations with Japan her statesmen took pains to avoid antagonizing Great Britain prematurely. Though they had, on the 13th of March, 1898, declared that "Port Arthur would be

regarded strictly as a military port," (25) they withdrew from that position on the 15th of March and stated that "if the Yamen grant a lease of Port Arthur and Talienwan to the Russian Government, foreign trade shall have free access to both these ports similarly to the other ports in the Chinese Empire," (26) and that Russia had "no intention of infringing the rights and privileges" enjoyed by foreign countries in virtue of treaties between them and China nor of impairing the sovereignty of China. (27)

And as if to demonstrate their intention of adhering to these assurances, on March 18, 1898, they withdrew their demands that China should remove Mr. Kinder, the British engineer on the Northern Railways, "from the portion of the line which he has built and which is now under his superintendence." (28) Upon the face of the foregoing assurances and the subsequent conduct one should have felt satisfied with the *bona fides* of the Russian Government. It had in effect denied the pursuit of any other policy than a commercial one. But Sir N. O'Connor, who apparently appreciated the real value of Russia's assurances, did not permit his Government to be misled by them. On the 13th of March, 1898, he communicated to his Government his views upon the probable course of Russian policy and recommended to it alternative policies to check the Russian advance. He said quite decidedly: "It is evident that the official language and assurances of the Russian Government cover only a small part of their ultimate intentions. . . . When they have obtained a lease of Talienwan and Port Arthur under the promise of opening one or both ports to foreign trade, they will proceed to refortify Port Arthur and to erect fortifications in one of the three harbours of Talienwan. . . . There is no doubt that the Russian Government think that before the expiration of their lease of the two ports, Manchuria will be in their possession and Pechili, if not actually in their possession, at their mercy. Before this stage is reached, and if the effete Government of Peking is not, as seems probable, upset by a revolution in the country, which will precipitate Russian action, I believe Russian influence in Peking will be so great as to enable them to nullify the assurances given by the Chinese Government respecting the Inspectorate-General. . . . Russian policy is to obtain from China all they want by so-called friendly negotiation, but the moment they have obtained this

object they will take China more or less under their protection and oppose so strongly our compensatory demands that we may well be brought to the verge of war, while it is certain that we shall not be able to get what we want except by force and in direct opposition to China. The Russian Government will, on the other hand, be able speciously to argue that they acted throughout in agreement with China." He therefore urged his Government, if it had any serious demands to make upon China, to make them before the Russian demands had been accepted and he outlined the following course to deal with the larger aspect of the question :

"There is the policy of stopping Russian designs by a combination of Powers ; but I confess I do not know the Powers that will take action with us for the purpose. There is the alternative policy of accepting Russian assurances for as much as they are worth and proceeding to safeguard British interests and prestige by insisting upon a cession of a port in Chusan, and perhaps Silver Island in the Yangtze, to redress the balance of power ; also upon the right to connect (the) Burma Railway with China or Anglo-China railways. I know this is tantamount, at the very least, to accepting spheres of influence for which Her Majesty's Government had shown no proclivity, but it secures a share, and a preponderant share, in the semi-disintegration of China which has already unfortunately commenced." (28A)

The British Foreign Office considered carefully Sir N. O'Connor's recommendations. It recognized that if Britain desired "to have some counterpoise to the preponderance of Russian and German influences at Peking she must have some point of advantage in the north." It dismissed the idea of occupying Port Hamilton in Korea, because its occupation then would have no influence upon China. It felt no immediate need of occupying Chusan or Silver Island, because it could "take them whenever some other Power moves that way, or turn out such Power if found in possession." (28B) Britain was still mistress of the seas. The Foreign Office, however, weighed the advantages of occupying Weihaiwei. Mr. Bertie recorded these in a memorandum of March 14, 1898 : "At Weihaiwei we should face Russia and have some control over the proceedings of the Germans, who are evidently bent on monopolizing everything in Shantung and by preventing a trunk line of railway from Tientsin to Chinkiang, on the Yangtze River, hope to draw the trade of Pechili, Shansi and Shensi to the triangle of railways in Shantung and to Kiaochau." (28C) But before Weihaiwei could

be occupied it would be necessary "to come to an understanding at once with Japan,"(28D) to prevent Germany from occupying it and to obtain intact the Japanese forts there.(28E) Otherwise, "Germany will step in . . . by arrangement with Russia and France, who will get or take what they desire, and we (Britain) shall be left to content ourselves as best we can in the Yangtze region, seeing our trade gradually squeezed out of north and south China."(28F)

For some days, however, the British Government was undecided whether it was worth occupying Weihaiwei. Mr. Balfour held the view "that Weihaiwei, if obtained, would require too large a force for its defence, and except for appearances would be worth little to us if fortified and still less if unfortified, and therefore would be no counterpoise to Port Arthur, which is so strong by nature and still possesses forts of such strength that it can be easily made impregnable, while no pledge of the Russians with regard to its defences would be of any value." He was of the opinion that "the influence at Peking of the Power which had such a base at Port Arthur must be overwhelming, and . . . that its possession would not only alter the balance of power at Peking, but discredit England throughout the Far East."(28G) Under these circumstances it was only natural that British policy should aim to prevent the occupation of Port Arthur and to avoid the necessity of occupying Weihaiwei. This is to be seen from the two policies which the Government had under consideration on March 19, 1898. "The one allowing Russia to lease Port Arthur subject to engagements to preserve existing treaty rights, and possibly, though this is doubtful, to refrain from fortifying Port Arthur—Britain taking as a makeweight a lease of Weihaiwei. The other requiring the Russians to abstain from leasing Port Arthur—Britain engaging to take no port in the Gulf of Pechili and not to intervene in Manchuria."(29) The first policy, it was believed, "could probably be concluded without endangering peace," and "although in appearance weaker than the second, it would have no prejudicial effect on (the) future of Northern China, since with or without Port Arthur" it was conceded that "this must inevitably fall to Russia, and with or without Port Arthur" Britain felt she could "maintain her naval superiority in the Far East and even in the Gulf of Pechili." The second policy was, perhaps, more desirable to realize. It was "the only

possible way of checking (the) Russian advance and preventing the imminent partition of the Chinese Empire, "though it appeared that it could "only be carried through at the risk of general war." (30)

It is to the credit of the British Government that it attempted to secure the realization of the second policy, though it would appear from a minute by Lord Salisbury, dated March 22, 1898, that he had modified his opinion concerning the importance of Russia's occupation of Port Arthur and had considered it inadvisable to offer resistance to it. In the determination of his policy for China he was apparently compelled to consider the effect which a disturbance of peace there would have upon Britain's position elsewhere. He had for the same reason rejected the suggestion of stimulating a violent revolution in China to dislodge the pro-Russian Chinese. It is unfortunate that the British War Origin documents confine their remarks upon this extremely interesting point to half a sentence. Lord Salisbury's note follows :

"I entirely agree with MacDonald as to the effect of Russia occupying Port Arthur on Chinese († opinion). It is insignificant compared to the effect of the long land frontier behind which, no doubt, in due course a Russian *corps d'armée* will be quartered. A violent revolution would therefore be unwise, and might clash awkwardly with our French policy. The only thing to be done is to object to the military occupation of Port Arthur in language sufficiently . . . to allow Russia to find a way out." (30A)

On March 23, 1898, Sir N. O'Connor proceeded to fulfil this policy. He objected to the military occupation of Port Arthur. He urged upon Count Muravieff "as strongly as he could that the Russian Government should abandon their claim to it." (30B) He informed him that the British Government "would not regard with any dissatisfaction the lease by Russia of an ice-free commercial harbour connected by rail with the Trans-Siberian Railway. . . ." (30C) These would serve commercial objects and would not conflict with British policy. In fact, the British Government had as early as 1896 stated its readiness to assent to Russia's attainment of these commercial objects. But the British Ambassador contended that "the control by Russia of a military port in the immediate neighbourhood of Peking opens questions of an entirely different order. The occupation of

Port Arthur, which is useless for commercial purposes and whose sole importance is derived solely from its military strength and strategic position, would inevitably be considered in the East as a standing menace to Peking and a commencement of the partition of China." He maintained that "the same objections would apply with almost equal force to the military occupation or fortification of any other harbour on the same coast or in the Gulf of Pechili." Sir N. O'Connor assured Count Muravieff that this was a policy to which "grave objections" were entertained by the governing powers in England, who were anxious to prevent any action which would lead to the dismemberment of China. The British Government were therefore "prepared to give assurances (to Russia) that beyond the maintenance of existing treaty rights they have no interest in Manchuria and to pledge themselves to occupy no port in the Gulf of Pechili so long as the same policy is pursued by other Powers." (31) The British Ambassador laid stress upon the advantage to Russia of this pledge, and "tried to convince His Excellency that this would give Russia all she could legitimately demand without opening the way to possible complications, and that an understanding between Her Majesty's Government and Russia would in almost any possible eventuality secure the safety of the Russian fleet at Talienwan or elsewhere." (31A) But this renewed attempt to dissuade the Russians by conciliatory methods from occupying Port Arthur proved ineffective. It naturally would, since the declaration of the Russian Government was never intended to be a true statement of its policy, but was only designed to gain time pending the conclusion of its negotiations with the Japanese Government.

Count Muravieff replied to Sir N. O'Connor "that Russia desired to respect the integrity of China, but he absolutely refused to admit that the proposed lease of Port Arthur violated this principle or constituted a dismemberment of the Chinese Empire. Anyhow, he held that its occupation was a vital necessity for Russia." (31B) It was required to protect Talienwan. Furthermore, he argued that "what had been allowed to Germany and Japan could not be denied to Russia." (31C) He supplemented this with heated remarks that "it was England alone that made difficulties and stood in the way of Russia. No other Government had questioned him officially on the subject, or seemed to resent in any degree the proposed action of Russia." (31D)

It was perfectly clear that Britain would not be able to realize her second policy, i.e. to prevent Russia from occupying Port Arthur by herself undertaking to refrain from occupying any other port in the Gulf of Pechili. It was also clear that the Russian acquisition of Port Arthur was designed for other purposes than the mere protection of Talienwan, for in the face of an Anglo-Russian undertaking to abstain from occupying a port in the Gulf of Pechili no other Power would have dared to challenge the united policy of these two Powers; and consequently Russia's commercial outlet would have been secure.

Sir N. O'Connor therefore addressed himself to the realization of the first policy of his Government, i.e. to allow Russia to occupy Port Arthur subject to assurances, and the occupation by Britain of Weihaiwei. He asked Count Muravieff for "a written assurance that the Russian Government will respect rights and privileges guaranteed by existing treaties between China and Foreign Powers, that they do not propose in any way to interfere with Chinese Sovereignty, and that Port Arthur and Talienwan will be opened to commerce and to ships of war." (31E) Count Muravieff told Sir N. O'Connor that he would give him "a written assurance, but he did not see how it could take a definite and, so to say, concrete form until China agreed to grant the Russian demands." (31F) In addition the British Ambassador was optimistic enough to believe that he might possibly also exact an assurance that Port Arthur would not be fortified and arrive at "a subsidiary understanding with regard to certain British requirements." (31G)

On the following day, i.e. on March 24, 1898, Lord Balfour interviewed M. de Staël on the subject of Port Arthur, using "language sufficiently . . . to allow Russia to find a way out." (31H) He told him that if Russian statesmen "succeeded in carrying out their proposal of occupying Port Arthur . . . they would, in effect, be commencing the dismemberment of China and inviting other Powers to follow their example. The possession of Port Arthur was not desired by Britain; but, on the other hand, its occupation by another nation would have an effect upon the balance of power at Peking which Her Majesty's Government could not but regard with grave objection." (31I)

Undeterred by the declaration that Britain would regard the

acquisition of Port Arthur as a disturbance of the balance of power at Peking,(32) necessitating an adjustment by Britain, the Russian Government proceeded with its plans. By means of an ultimatum (33) it brought to a close the negotiations with China, commenced in December 1897, when its fleet had first occupied Port Arthur. On March the 27th, 1898, the Chinese Government agreed to lease Port Arthur and Talienwan and to grant other concessions to Russia.(34)

At first the Chinese had opposed the demands of Russia, and had asked the British Government to assure St. Petersburg that they had no designs upon Manchuria. This rather lame accusation had been put forward by Russia, who claimed that her demands were based upon the desire to "assist in protecting Manchuria against the aggression of other Powers," meaning Great Britain and Japan.(35) Great Britain had complied with the Chinese request and had given this assurance to Russia on March the 22nd, 1898, as pointed out previously.(36) This assurance did not, however, result in a withdrawal of the Russian demands. The accusation had nothing to do with the Russian occupation. It was merely a pretext.

M. Witte, in his Memoirs, tells how the opposition of the Chinese statesmen was overcome and how Russia was enabled to obtain the agreement from China. He says :

"The Chinese Government was reluctant to comply with our demands. The Empress Regent, together with the young Chinese Emperor, had gone to her summer residence in the vicinity of Peking. Under the influence of English and Japanese diplomats she obstinately refused to make any concessions. Seeing that under the circumstances, should we fail to reach an agreement with China, bloodshed was likely to take place, I wired to the agent of my Ministry in Peking to see Li Hung Chang and Chang Ing Huan, another high official, and to advise them in my name to come to terms with us. . . . I instructed the agent to offer these two statesmen valuable presents, amounting to 500,000 and 250,000 roubles respectively. This was the first time that I resorted to bribing in my negotiations with Chinamen.

"Largely under the influence of the fact that a number of our war-ships, cleared for action, lay off Port Arthur, the two statesmen went to the Empress intent upon persuading her to yield. Finally the Empress consented. This came as a pleasant surprise to His Majesty. The agreement was signed on March 15, 1898 (March 27, 1898), by Li Hung Chang and Chang Ing Huan on the one hand and our *Chargé d'Affaires* on the other. The act was a violation of our traditional relations with the Chinese Empire." (37)

Thus, by the use of force and fraud, the Russians entrenched themselves in the very territory which they had made Japan disgorge in 1895.

But if any censure is to be offered for the Machiavellian methods of the Russian, much more is to be directed against these two Chinese statesmen, who were evidently devoid of a sense of public morality and of loyalty to their sovereign and State.

The only thing that can be said in extenuation of Li Hung Chang and Chang Ing Huan is that it is possible that Baron A. de Wolff's statement that the railway contract provided for a blank port is correct, and that they were therefore merely fulfilling an obligation previously undertaken; and that if this were not so, it was wisest for their country to yield anyway, as resistance meant war and certain defeat.

By this convention Russia was enabled to further her plan of encroachment upon China. She obtained the lease of the Ports of Talienwan and Port Arthur, and the contiguous waters (38) and neighbouring islands, (38A) for a period of twenty-five years. This period was, however, purely nominal because by the terms of the agreement the period could be "prolonged subsequently by mutual consent of both Governments." (39) Russia was now so placed that she could dominate strategically the north of China as well as Korea.

Port Arthur was to be a military (naval) port open only to Russian and Chinese vessels, and closed to the merchant ships and warships of other States. (40) This was inconsistent with the Russian assurances of March the 16th, 1898, to Britain (41) and contrary to the most-favoured-nation rights of the other Powers. Talienwan was to be open to the commerce of all nations. One part of its harbour, however, was reserved solely for Russian and Chinese ships. (42) The boundaries of the Russian leased territory were not determined finally until May 7, 1898, at which date China concluded a further agreement with Russia. (43) This agreement conceded to the latter a stretch of 1,300 square miles which was declared to be necessary for "the proper defence of 'this area' on the land side." (44) In theory China retained the sovereignty over this area, (45) but in practice it was otherwise. The civil and military administration of the place was in the hands of a Russian official, (46) and not only did Russia acquire the right to fortify the place, but China also conceded to her the

right to construct a railway across Chinese territory from Talienwan and Port Arthur to a station on the main Trans-Siberian line. This railway was made part of the 1896 Russo-Chinese Railway arrangement by the provision that it would be subject to all the stipulations of the contract concluded by the Chinese Government with the Russo-Chinese Bank on September 8, 1896.(47) In effect, therefore, the Russo-French financial-political group had carried their programme into still another portion of Chinese territory.

They were intent upon safeguarding their newly acquired position there, and to that end made China agree to exclude all other Powers from the vicinity of their sphere of activity by providing in the agreement that "railway privileges in districts traversed by this branch line shall not be given to the subjects of other Powers"(48); that between the Russian leased territory and the Chinese territory a neutral zone should be created,(49) in which the subject of any other Power could not acquire the use of any concession, any road, any mining concession or any industrial or commercial privilege unless Russia consented thereto.(50) They further stipulated that the ports on the sea-coast east and west of the neutral ground which separated Chinese territory from the Russian lease should not be open to the trade of the other Powers.(51)

The Russian Government, by means of its diplomacy, as pointed out in the preceding pages, without the expenditure either of men—or of money except in the form of *baksheesh*—and without in any way compensating *effete* China, had obtained these very valuable concessions.

Germany, for reasons already stated, could only feel satisfaction at her colossal neighbour's success in the Orient. On the day following the conclusion of the Russo-Chinese Port Arthur Agreement, i.e. March the 28th, 1898, the Kaiser communicated his approval to the Czar in the following words: ". . . I must congratulate you most heartily at the successful issue of your action at Port Arthur; we two will make a good pair of sentinels at the entrance of the Gulf of Pechili, who will be duly respected, especially by the Yellow Ones! I think the way you managed to soothe the feelings of the 'fretful Japs' by the masterly arrangement at Korea, a remarkable fine piece of diplomacy and a great show of foresight. . . ." You "are now, morally speaking, the Master of Peking." He went further and declared his readiness

to withdraw the German instructors from the Provinces which Russia considered her sphere once the boundaries of the same were defined. "A small pencil line on any piece of paper from you would put my mind to rest," and would avoid the difficulties and unpleasantness arising from a trespass "on Russian *territory* from want of a real well-recognized boundary line." (52)

In the same letter the Kaiser reaffirmed in almost the exact terms the promise which he had made to the Russian Government through the ordinary official channels, that he had rejected the idea of the conference on the Far East, "for the reason that I soon found out that it was a masked attempt to tie your hands in the Far East, the relations to whom I think there are after all your own affair and not other people's." (53)

This element of German approval, a reflex of Russia's assistance at Kiaochau and a part of German policy, materially aided Russia in realizing her programme and, indeed, stiffened her back towards Great Britain.

The conclusion of the Russo-Chinese Agreement raised two questions for the British Government. (a) How could Great Britain adjust her position in China now that Russian action had disturbed the balance of power there? (b) Would Russia adhere to her assurances of March the 16th, 1898, to the effect that if Port Arthur and Talienwan were leased to Russia, foreign trade would have free access to both these ports similar to the other ports in China; that Russia had no intention of infringing any treaty rights of the Powers there and that Chinese sovereignty would not be impaired? (54) Britain did not yet know the negative answer to this question contained in Article VI of the treaty. (55) The two questions may be dealt with together.

On the day after the conclusion of the Port Arthur Agreement, i.e. March 28th, the British Foreign Office informed Russia that they "thought it their duty to put on record their grave objections to the occupation of Port Arthur by Russia," and that they reserved "their entire liberty of action to take what steps they think best to protect their own interests and to diminish the evil consequences which they anticipate." (56) On April the 1st they asked Russia to give to them in writing the assurances of March the 16th and 23rd. (56A) Lord Salisbury informed his Ambassador in St. Petersburg that "our present policy is based upon these assurances and should any attempt be made to

modify them it might be necessary for us to reconsider our attitude." (57)

This, however, did not trouble Count Muravieff. He felt sure that Britain could not any longer threaten the success of his venture. The French were bound to him by alliance, the Germans were too far committed to him to withdraw now, and the Japanese were being paid their pound of flesh in Korea. He had achieved his purpose with the assurances of the 16th and 23rd in delaying the opposition of Great Britain. On the 3rd of April he tendered his reply to the British Government and reversed his previous assurances to it. He denied that his statements of March the 16th and the 23rd were in the nature of assurances, saying "that an amicable exchange of views might well take place, but . . . no Government could pretend to the privilege of being made acquainted with negotiations in progress between two perfectly independent and friendly Powers." (58)

The modified position which Count Muravieff now adopted in this matter was that Russia had acquired certain rights of usufruct at Port Arthur, but that that port was not a commercial outlet. He averred that it was a closed port and that "the respect for the sovereign rights of China implies the scrupulous maintenance of the *status quo* existing before the lease of the ports which" had "been conceded." (59) He added that in view of the fact that under the treaties in force in certain circumstances merchant ships and warships were admitted even to closed ports, "it follows that Port Arthur will be open to English ships on the same conditions as it has always been, but not that Russia should abuse the lease which has been granted to her by a friendly Power to arbitrarily transform a closed and principally military port into a commercial port like any other." (60) Count Muravieff's explanation was undoubtedly ingenious and subtle. There can be as little doubt that his Government's action constituted a breach of faith towards Great Britain. In their exchange of views with Great Britain the Russian statesmen had practised pure deception. The new attitude which they adopted destroyed the value of that exchange of views, clearly exposed their true intentions and, by the withdrawal of their previous assurances, removed the basis upon which the British policy rested until then.

NOTES

1. *China*, No. 1 (1898), p. 53—Despatch 126, MacDonald to Salisbury, March 24, 1898.
2. *Ibid.* (1899), p. 19—Despatch 22, Monson to Salisbury, April 13, 1898.
3. *Ibid.* (1898), p. 43—Despatch 100, MacDonald to Salisbury, March 9, 1898.
4. See p. 237, ref. 37.
5. *Secret Memoirs of Count Hayashi*, p. 83.
6. *Lebenserrinungen u. politische denkwürdigkeiten*, Eckhardstein, 1920, p. 292.
7. See p. 255, ref. 80.
8. See p. 237, ref. 35.
9. *China*, No. 1 (1898), p. 32—Despatch 76, Salisbury to O'Connor, February 2, 1898.
10. *Ibid.*, p. 43—Despatch 100, MacDonald to Salisbury, March 9, 1898.
11. *Ibid.*, p. 45—Despatch 108, O'Connor to Salisbury, March 8, 1898.
12. *Ibid.*
13. *Memoirs of Count Witte*, p. 102.
14. *D.G.P.*, vol. xiv, part i, p. 158—Document 3757, Radolin to Hohenlohe, March 13, 1898.
15. *Ibid.*, p. 156—Document 3756, Bülow to Radolin, March 15, 1898.
16. *Ibid.*
17. *Ibid.*, p. 159—Document 3758, Radolin to Auswärtige Amt, March 16, 1898.
18. *Ibid.*
19. *The Kaiser's Letters to the Czar* (the Willy-Nilly correspondence), N. F. Grant (Isaac Don Levine), 1920, p. 47, footnote.
20. *Ibid.*
21. *Forty Years of Diplomacy*, Baron R. Rosen, vol. i, pp. 157, 158.
22. *Ibid.*, p. 158.
23. *Ibid.*, p. 159.
24. *Secret Memoirs of Count Hayashi*, p. 89.
25. *China*, No. 1 (1898), p. 47—Despatch 114, O'Connor to Salisbury, March 13, 1898.
26. *Ibid.*, p. 46—Despatch 110, O'Connor to Salisbury, March 16, 1898.
27. *Ibid.*, p. 51—Despatch 120, O'Connor to Salisbury, March 16, 1898 ; p. 52—Despatch 123, Salisbury to O'Connor, March 22, 1898.
28. *Ibid.*, p. 48—No. 115, MacDonald to Salisbury, March 18, 1898.
- 28A. *British War Origin Documents*, vol. i, p. 16—Document 23, O'Connor to Salisbury, March 13, 1898.
- 28B. *Ibid.*, p. 11—Document 24, Memo of Mr. Bertie, March 14, 1898.
- 28C. *Ibid.*
- 28D. *Ibid.*
- 28E. *Ibid.*
- 28F. *Ibid.*
- 28G. *Ibid.*, p. 21—Document 32, Balfour to MacDonald, March 19, 1898.
29. *Ibid.*
30. *Ibid.*
- 30A. *Ibid.*, Minute by Salisbury—Private, from Sanderson MSS., March 22, 1898.

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- 30B. *China*, No. 1 (1898), p. 53—Despatch 125, O'Connor to Salisbury, March 23, 1898.
- 30C. *Ibid.*
31. *British War Origin Documents*, vol. i, p. 23—Document 36, Salisbury to O'Connor, March 22, 1898.
- 31A. *China*, No. 1 (1898), p. 56—Despatch 132, O'Connor to Salisbury, March 23, 1898.
- 31B. *British War Origin Documents*, vol. i, p. 24—Document 37, O'Connor to Salisbury, March 23, 1898.
- 31C. *Ibid.*
- 31D. *China*, No. 1 (1898), p. 56—Despatch 132, O'Connor to Salisbury, March 23, 1898.
- 31E. *British War Origin Documents*, vol. i, p. 24—Document 37, O'Connor to Salisbury, March 23, 1898.
- 31F. *China*, No. 1 (1898), p. 56—Despatch 132, O'Connor to Salisbury, March 23, 1898.
- 31G. *British War Origin Documents*, vol. i, p. 24—Document 37, O'Connor to Salisbury, March 23, 1898.
- 31H. *Ibid.*, p. 22—Document 34, Minute by Salisbury from Sanderson MSS., March 22, 1898.
- 31I. *Ibid.*, p. 24—Document 38, Balfour to de Staël, March 24, 1898.
32. *China*, No. 1 (1898), p. 54—Despatch 128, Salisbury to O'Connor, March 24, 1898.
33. *Ibid.*, p. 53—Despatch 126, MacDonald to Salisbury, March 24, 1898.
34. *Treaties with and concerning China*, MacMurray, vol. i, p. 119—Russia and China (1898, 5).
35. *China*, No. 1 (1898), p. 43—Despatch 100, MacDonald to Salisbury, March 9, 1898.
36. See p. 273, ref. 29.
37. *Memoirs of Count Witte*, p. 103.
38. *Treaties with and concerning China*, MacMurray, vol. i, p. 119—Russia and China (1898, 5), Art. I.
- 38A. *Ibid.*, p. 127—Russia and China (1898, 9), Art. I.
39. *Ibid.*, p. 119—Russia and China (1898, 5), Art. III.
40. *Ibid.*, Art. VI.
41. See p. 271, ref. 27.
42. *Treaties with and concerning China*, MacMurray, vol. i, p. 120 (1898, 5), Art. VI.
43. *Ibid.*, p. 127—Russia and China (1898, 9).
44. *Ibid.*, p. 119—Russia and China (1898, 5), Art. II.
45. *Ibid.*, Art. I.
46. *Ibid.*, p. 120, Art. IV.
47. *Ibid.*, p. 120, Art. VIII.
48. *Ibid.*, p. 127—Russia and China (1898, 9), Art. III.
49. *Ibid.*, Art. II.
50. *Ibid.*, p. 128, Art. V.
51. *Ibid.*
52. *Briefe Wilhelm II an Den Zaren*, 1894–1914, ed. Dr. Walter Goetz (1920), p. 308, March 28, 1898.
53. *Ibid.*
54. See p. 271, refs. 25, 26, 27; also *China*, No. 1 (1898), p. 57 Despatch 123, Salisbury to O'Connor, March 28, 1898.
55. See p. 278, ref. 40.

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56 *China*, No. 1 (1898), p. 58—Despatch 133, Salisbury to O'Connor, March 28, 1898.

56A. *Ibid.*, p. 63—Despatch 151, O'Connor to Salisbury, April 4, 1898.

57. *Ibid.*, p. 60—Despatch 140, Salisbury to O'Connor, March 31, 1898.

58. *Ibid.*, p. 65—Despatch 151, Enclosure 2, Muravieff to O'Connor April 3, 1898.

59. *Ibid.*

60. *Ibid.*

CHAPTER XII

BRITISH POLICY AFTER PORT ARTHUR

Course adopted by Britain—Mr. Balfour's *pourparlers* with Germany, March 25, 1898—A change in Britain's policy—Mr. Chamberlain's conversation with Count Hatzfeldt for an alliance, March 29, 1898—The purpose of the alliance—Basis of alliance—The chance of its success—Count Hatzfeldt's reply—Bülow's opinion of Mr. Chamberlain's proposal—The view of the German Government—Mr. Chamberlain's attitude towards a secret treaty—Mr. Balfour's view—Hatzfeldt's appreciation of Mr. Chamberlain—The German Government's advice to the British—Mr. Chamberlain's modified proposal—Britain's interest in China—The attitude of the German Government—The Kaiser's memorandum to Count Bülow—Instructions to Count Hatzfeldt—Idea of alliance postponed—Britain follows a new policy—Mr. Curzon's safeguarding proviso—Britain's attitude to the occupation of Weihaiwei, February 26, 1898—Changed circumstances—Britain's inquiry in Tokio, March 15, 1898—Japan's reply—Its unsatisfactory character—Demand for secrecy—Lord Salisbury's fear—His attempt to safeguard British policy—Sir E. Satow's analysis of Japan's policy—Lord Salisbury's instructions to Sir C. MacDonald to demand Weihaiwei from China—Britain's attempt to secure Japan's concurrence and support—Japan's concurrence—Her counter-demand—Discrepancy between British request and Japanese reply—Reasons for it—Inadequateness of British War Origin Documents—The price paid Japan for her concurrence?—Lord Salisbury's instructions to Sir Frank Lascelles in Berlin, March 26, 1898—Russia's proposal to Japan—Her proposal to Germany—The attitude of the Chinese Government—Britain's pressure—Three conditions suggested by China—Britain agrees to two—China assents to lease Weihaiwei to Britain—The problem of the British Foreign Office—The action of Wilhelmstrasse—Bülow's instructions to Hatzfeldt—German public opinion—German Government opinion—The assurance desired—Britain's proposed Weihaiwei assurance, and the assurance desired by Germany—Britain's dilemma—Acceptance of the German proposed declaration, or the collapse of British policy—The Weihaiwei declaration, April 21, 1898—The price Britain had paid—The attack in Parliament—Mr. Balfour's defence—His test of a sphere of interest—Three claims of Mr. Balfour—A change in Britain's policy—Bülow's declaration in the Reichstag—A criticism of it—Bülow's speech to the Budget Commission—An estimate of the success of the Powers in their respective policies—Germany's position summed up by Bülow—Britain's warning to China—Concessions to France—The same considered in detail—Demands of Great Britain—Resistance of Chinese—Japan's diplomatic position—Japan's demand of April 22nd—A consideration of the note—China assents, April 26, 1898—Britain's intentions.

BRITAIN was faced with a *fait accompli*. She had now either to maintain the policy of Chinese territorial integrity enunciated by Mr. Curzon on March the 1st, 1898, and to attempt to dislodge the Russians from their new positions on the Gulf of Pechili or to fall back upon the proviso enabling her to alter her policy if circumstances supervened which compelled her to do so.⁽¹⁾ If she did the first, she required the support of other Powers. The course of events bound up with the demands of the Russo-French Group had demonstrated her inability and powerlessness to prevent encroachments upon the Chinese State single-handed. If she did the second, she would have to balance Russia's territorial gains by a new acquisition of her own and, for that she, like Russia before her, would have to obtain the acquiescence of Japan and Germany. She preferred not to have to resort to this policy of counter-concessions, because if pursued to its logical end it would result in the dismemberment of China, an end of which she was not desirous. To maintain the first policy if possible, and if not at least to be assured of a fair share of the Chinese heritage, Britain proceeded to make arrangements for both simultaneously, with a view to the utilization of the latter only if the former proved impossible of realization. It well might. Britain had up till then followed a policy of isolation in foreign affairs and at that time she had no friends upon whom she could rely to carry out her policy in China. Japan, it will be remembered, had been tried even before the conclusion of the Russo-Chinese Treaty, but had refused to act because she had not yet recovered from the China-Japanese War, because she was unprepared for a conflict with Russia and probably because she hoped to exploit the situation for her own imperialistic purposes. America was not yet interested politically in the Far East, and her public opinion was still indisposed towards Great Britain because of the Venezuela affair. France was the ally of Russia in Europe, was opposed to British policy in the Far East and was at odds with Britain elsewhere. There remained only one big Power with interests in China which Britain could hope to win over as an ally for her purpose. And had she known of the part Germany had played in the Port Arthur and Talienwan episode, and appreciated the motives for it, she might never have wasted any hopes in that direction either. As it was, she could not have expected an easy success, seeing that she had outstanding disputes with Berlin in Africa and that public

opinion in the two countries was mutually hostile. Nevertheless, Britain, through Mr. Balfour, opened *pourparlers* with Germany on March the 25th, 1898, for a better understanding between the two countries.(2) The British Government had decided upon a change in its foreign policy to enable it to cope with the situation which had arisen in the Far East. It proposed to abandon the policy of isolation for one of alliance.

On March the 29th, 1898, two days after the conclusion of the Russo-Chinese Agreement, Mr. Joseph Chamberlain proposed to the German Ambassador in London the conclusion of an alliance between his Government and that of Great Britain which should deal with the Far Eastern situation. Without making the diplomatic detours which usually accompany such negotiations Mr. Chamberlain came straight to the point and with notable candour (2A) told Count Hatzfeldt

“that the political situation had now taken a turn which no longer permitted England to uphold her previous traditional policy of isolation. The British Government was faced with the necessity of shortly adopting far-reaching decisions, and could now count upon the support of public opinion if they abandoned the policy of isolation and cast about for alliances which would facilitate the maintenance of peace, which public opinion itself also desired. . . . If friendly relations were established between Britain and Germany, and capped with an alliance such as he had in view, England would not only offer Germany no opposition in China, but would support her there with all her power.” (3)

Mr. Chamberlain hinted that the purpose of the alliance was to oppose the action of Russia at Port Arthur. He disclosed the British position very frankly and made it clear that his Government expected difficulties with France in Africa and with Russia in China.(4) It desired to be in a position to meet them, and believed that an honourable peace with these countries could only be preserved if Britain was supported by an alliance.(5) This was the motive for its new departure in its foreign policy. But Mr. Chamberlain pointed out that in the China dispute with Russia, as in the African dispute with France, time was of the essence,(6) for his Government was on the eve of decisions and desired to know Germany's attitude towards its proposal before it finally made these decisions. If the German Government accepted Mr. Chamberlain's proposal the peace which Britain desired would be realized, for a German menace on the eastern frontier

of Russia and the western frontier of France would deter both Russia and France from entering upon adventures in far-off lands and make them concentrate their attention nearer home.

To attain the alliance, and thereby to facilitate its policy in China, the British Government was willing to come to a reconciliation on the outstanding differences between itself and the German Government. Mr. Chamberlain told Count Hatzfeldt that if Germany entered into an arrangement with Britain concerning the Far East, his Government "would support Germany in China rather than oppose her there," and "would straighten out their colonial differences . . . simultaneously with the conclusion of an understanding concerning political interests." (7) These were the conditions upon which he thought an alliance could be founded. He asked the German Government to communicate its conditions for the conclusion of such a treaty. (8)

The chances of success for Mr. Chamberlain's proposals were diminished by the sudden change in British policy, by the bold and unprecedented manner of the Colonial Secretary in proposing an alliance before there had even been a *rapprochement* between the two Governments and of requesting instead of making an offer and probably in the highest degree by his imprudence in giving that alliance a specifically anti-Russian point.

The Germans, of course (though Mr. Chamberlain did not know it), could not enter upon any enterprise to dislodge Russia from Port Arthur after they had so consistently encouraged her in that direction. Nor was it apparent that the alliance would serve German as well as British interests. The policy of the German Government was to keep Russia busy in the Far East. If France also became involved there and elsewhere, Germany could only feel easier upon her western frontier.

At the very interview, therefore, at which this offer was made, Count Hatzfeldt stated it as his private view and the Kaiser later expressed his approval in the usual marginal *ja* and *richtig* (9) that Germany had no motive for tying her hands by an alliance on the basis of China. She did not need to fight Russia, inasmuch as she did not feel herself menaced by the Russian or French activities in the Far East, neither did she need to placate Britain, as Britain must realize that should she make difficulties for her in China, especially at Kiaochau, she "would naturally be driven to seek support there from Russia." So far she had made her

gains there single-handed.(10) In fact, in view of the foregoing, the German Government did not feel the urgency of an alliance as Britain did, nor did it require an alliance to give effect to any policy of its own.

In Berlin, Count Bülow characterized Mr. Chamberlain's overture, as "too fantastic, and perhaps also dishonest, to form a basis for serious negotiation." (11) Nevertheless, the German Government could not afford to push this offer aside brusquely without even considering it, as the Russian Government had dealt with an earlier proposal of Mr. Chamberlain's,(12) which was also distinguished by the peculiar manner of its presentation. They accordingly took it up, though with no intention of taking it on.(13)

On the 1st of April, 1898, the German Government formally replied to the proposal.(14) It took the view that it was premature, that the public of both countries were unprepared for so sudden a change in the relations between the two countries, and that the British public were especially unprepared for the change from their traditional isolation to an alliance, besides being particularly indisposed towards Germany; and it expressed a doubt whether the British Parliament would be prepared to ratify such a treaty.(15) These factors, it contended, deterred it from making an alliance with Britain. For if it should fail to be ratified, Germany would be exposed to a real danger. At the moment she was in no way menaced by Russia or by France, but by the failure of negotiations for an alliance which was directed against both France and Russia Germany would remain isolated and would have incurred the enmity of France and Russia, who would both proceed against her before her public opinion and that of England should have had time to improve sufficiently to render hopeful a renewal of an attempt at an Anglo-German Alliance. Nor was she prepared to enter upon a secret alliance with the British Cabinet, which would bind only her and not Great Britain, since the Parliament of the latter country could always repudiate a secret treaty and replace the Cabinet that concluded it by one not bound by it.(16) Mr. Chamberlain dismissed the idea of a secret treaty, as undesired by Britain, and averred that the kind of treaty of which he spoke was one ratified by Parliament, although that would not preclude the inclusion of one or more secret clauses.(17)

It is interesting to note *en passant* that while Mr. Chamberlain

was of the opinion that the alliance would find in the House, as with public opinion, the readiest acceptance, Mr. Balfour shared the German view that it was premature and that it was exposed to the risk of failure.(18) He added, in fact, in strict confidence, that "it was a peculiarity of Mr. Chamberlain's to want to go ahead too quickly."(19) Count Hatzfeldt, later on, reporting to his Government on the whole course of the negotiations, gave them the following appreciation of Mr. Chamberlain :

"I have not the impression that Mr. Chamberlain, whom I do not regard as a friend of Germany's and to whom I am personally not sympathetically disposed, intended by his proposal to compromise us with regard to Russia or to involve us in a conflict from which England would have withdrawn.

"Although he is certainly not wanting in natural intelligence, no more than he is in energy and great parliamentary skill, in *foreign* politics he made the impression on me '*eines naiven Anfängers*,' who consults only his personal vanity, and does not take sufficient thought of the consequences of his dealings and utterances. He would evidently have considered it a personal triumph, which brought him a good step nearer to the Prime Minister, had he succeeded in representing himself as the originator of the British Covenant with the Triple Alliance." (20)

Instead of accepting the proposal for the alliance, the German Government advised British statesmen to come to an understanding with Russia and thus to be free to dispose of France. In their opinion it was impracticable to seek to close with two adversaries at one time, and the proper course was to attempt to disinterest one of them so that it should remain neutral when a conflict arose.(21) This was what Britain, in fact, achieved by the 1904 agreement with France in respect of the Russo-Japanese War. But the German Government were not apprised of the fact that Britain had already attempted the course which they now advised and that she had failed.(22) It was for this reason that she desired a German alliance to prevent "the further absorption of China by Russia, in which the latter would have the support of France." (23) Britain doubted whether she alone would be equal to the united power of Russia and France.

When it became evident that Germany could not be won over to the idea of opposing Russia at Port Arthur, Mr. Chamberlain, at the interview with Count Hatzfeldt on April 1, 1898, took a larger view of the China situation. He no longer hinted at opposing Russia at Port Arthur, and "acknowledged that without

a great war nothing could be changed there, but he held that it was in our mutual interest to take heed for the future and to save the rest of China." (24) In his view, if this were not done, it might be expected with certainty that Russia would push farther into China and not only threaten British interests there, but also those of Germany in the hinterland of Kioachau. To safeguard their mutual interests he therefore proposed an understanding between his Government and that of Germany "over the rest of China." The purpose of which should be to "fix the limit beyond which Russia might not later advance." (25)

Though this latter proposal represented a compromise with the British policy of China's territorial integrity, it was calculated to serve British interests best under the circumstances. The chief interest of Britain in China was the capacity of that country to consume the wares and merchandise which Britain produced and sold. The part which Russia dominated already, namely, Manchuria, was sparsely populated and consequently not a large consuming area. The bulk of Britain's trade was with the 220,000,000 people in the Yangtze Valley. If, therefore, Germany would agree to prevent Russia from pushing beyond the boundaries of Manchuria into the rest of China, the great British trade preserve would still be secure and British interests in China safeguarded.

The attitude of the German Government towards this new overture is perhaps best expressed by the marginal notes of the Kaiser, "I'm not at all keen to save it for England," and "Russia has never yet stopped at a boundary." (26) The German Government did not feel that its interests in China were menaced. Its political centre of gravity was in Europe and it was more concerned with its own territorial integrity than with that of China. It feared, as pointed out previously, that an alliance might endanger it. The German Kaiser, in a memorandum to his Chancellor, Bülow, who concurred in the view expressed therein, points this out very clearly. In it he said: "The Niger and the Gulf of Pechili concern us less than Alsace-Lorraine. The colonial advantages which Britain could let us have, though useful, are more than outweighed by the closer union of France and Russia which must necessarily result from an Anglo-German alliance with regard to Eastern Asia and the Niger. Therefore, the *conditio sine qua non* of any Anglo-German alliance in the

present European situation must be its application to Europe, i.e. concretely the guarantee of our territorial integrity. Should the British need for support in the future turn to European affairs as well, we shall be able to consider it better than now." (27)

Although it was clear to German statesmen that their best interest dictated abstention from an alliance, they did not desire to reject the British idea definitely. (28) On the contrary, they instructed their London Ambassador to manifest a desire for co-operation. (29) They feared that a rejection of the idea might lead to a *rapprochement* "at all costs" with France, (30) and, in fact, the rejection by Germany of a subsequent British proposal made three years later resulted in this *rapprochement*. But for the moment the failure to reach an understanding with Britain only facilitated the Anglo-French African negotiations which were concluded on June 14, 1898. (31)

The view of the German statesmen was that by keeping their hands free from entanglements they would be able to exploit the differences existing between the British and the Russians, to their own gain. (32)

By the 5th of April, 1898, the British Cabinet knew definitely that Germany could not, because of the danger involved for her, enter into the obligations proposed by Mr. Chamberlain concerning Africa and the Far East. Nor did they fail to recognize that the reasons which Germany had offered for rejecting the alliance proposal at that time were reasonable. They also shared the view of the German statesmen that it was necessary to prepare public opinion in Germany and Great Britain for political co-operation in the future, and that this could best be achieved if both Governments would adopt a compromising attitude upon minor matters. (33) The idea of an alliance with Germany was not abandoned, it was merely postponed.

The failure of Great Britain to effect an alliance with Germany, the purpose of which was to preserve the integrity of China, compelled her to abandon the policy of the territorial integrity of China in favour of a policy of counter-concession, designed to maintain the balance of power in the Far East and to protect British interests there.

Britain had been the only Power which was opposed to any action which threatened the integrity of the Chinese State, yet Stanley Hornbeck, in his book *Contemporary Politics in the Far*

East, says of the occupation of Port Arthur by Russia that, "so far as is known, neither the British nor the Japanese Government made any protest." (33A) It is clear from the foregoing pages why Japan did not protest. Her silence was purchased by concessions made to her in Korea by Russia. (34) The position of the British Government, however, was different. It attempted to persuade Russia not to proceed with her plan of retaining Port Arthur; (35) it put itself formally on record as opposed to it. (36) But a protest could not be effective unless it could be backed up by force. This the British were not prepared to do alone. They had attempted to obtain the support of Germany (37) and Japan (38) to that end. But they had failed. (The policies of these Powers were inconsistent with that of Britain. They were not opposed to the dismemberment of China. Britain was opposed to it.) Agreement between them and the Russo-French despoilers was therefore possible; agreement between them and Great Britain was not.

The policy of Great Britain in China was no longer a free and independent policy. It was forced upon her by the action of the four other Powers, in particular by the refusal of Germany and Japan to block the advance of Russia in China. Henceforth Britain was prepared, if need be, to make territorial acquisitions in China, to safeguard her commercial interests there and in general to maintain the balance of power. This action naturally ran counter to her policy of maintaining the territorial integrity of China enunciated on March the 1st, 1898, by Mr. Curzon, but it was a policy initiated by the other Powers and one which the British Government had foreseen it might have to adopt. Mr. Curzon had provided for this contingency when he said: "I can conceive of circumstances arising in the future, circumstances gravely affecting, and perhaps seriously imperilling, our interests in China which might tempt us, and even compel us, to depart from that attitude of reserve." (39)

In view of the foregoing it is tolerably clear why Mr. Brodrick, Parliamentary Under-Secretary for Foreign Affairs, one year later characterized the British resolution in favour of the independence of China as academic.

To give effect to the new political course which they had been compelled to adopt by the action of the other Chancelleries, British statesmen decided to ask of China the lease of Weihaiwei. This

place was situated on the Gulf of Pechili, opposite Port Arthur. Its possession by Britain would offset the increase of power and influence which would accrue to Russia by the possession of Port Arthur, and would regain for her the prestige lost in the preceding negotiations. British statesmen had not desired Weihaiwei as long as there seemed to be a possibility of dissuading Russia from taking Port Arthur and of maintaining intact their policy of Chinese territorial integrity. This fact is evidenced clearly by a despatch to their Minister at Peking, under the date of February the 25th, in connection with a proposal from the Chinese through Sir Robert Hart, the Inspector-General of the Chinese Maritime Customs, that Britain should take Weihaiwei. At that time the British Foreign Secretary said: "The policy which is at present being pursued by Her Majesty's Government aims at discouraging any alienation of Chinese territory," and that therefore "the discussion of any proposal for the lease of Weihaiwei would accordingly be premature, provided the existing position is not materially altered by the action of other Powers." (40) The foregoing pages, however, have demonstrated that the "existing position" had been materially altered. Britain could not therefore consider herself bound by this declaration any longer. To acquire Weihaiwei it would be necessary not only to obtain China's consent, but also that of Japan. Japanese troops were still in occupation of that place under the Treaty of Shimonoseki.

On March 15, 1898, the British Government inquired of the Japanese Government whether it "would be agreeable" to a British lease of Weihaiwei, "should Her Majesty's Government think it on general grounds advantageous." (41) The Japanese statesmen hesitated to give an immediate reply. On the following day, however, they replied that Japan intended to evacuate Weihaiwei in accordance with the terms of the Treaty of Shimonoseki and that ". . . it had been the desire of the Japanese that China should be able to hold that place, but from the moment that she is unable to do so, Japan has no objection to its possession by a Power disposed to assist in maintaining the independence of China." (42) This answer could hardly be deemed satisfactory. It did not mention the name of "the Power disposed to assist in maintaining the independence of China," nor was it clear what interpretation might be put upon the phrase "from the moment

she is unable to do so." Indeed, the reply was sufficiently vague to allow the Japanese to withdraw from a difficult position if they later found that it was not to their material advantage to support Britain. For the moment they took pains to emphasize that they were "anxious that this exchange of views should be regarded as confidential." (43) Apparently they regarded this secrecy as essential if they were not to prejudice any opportunity which Russia might afford them to further their Imperial ambitions.

Lord Salisbury's Government was evidently not satisfied with this reply. He feared that "Japan may have obtained some undertaking from Russia that Port Arthur should not be used as a naval base in return for allowing her to occupy Weihaiwei." (43A) If this fear were realized, his Government would be embarrassed considerably. He therefore asked Sir Ernest Satow, on March 23, 1898, "whether, if the Japanese Government were made acquainted with the policy of Her Majesty's Government, they could be prevented from committing themselves to such an engagement." (43B) The British War Origin Documents do not disclose what this policy was. They leave you to infer it from the subsequent events. To Lord Salisbury's inquiry Sir Ernest Satow replied that, "in spite of the inquiries" which he had made, he could "not detect any indications of such an understanding being contemplated." It seemed to him "unlikely that the Japanese would regard the presence of Russia at Weihaiwei as in any way compensated by Port Arthur remaining unfortified. They would rather see it in the possession of any other Power, even Germany," (43C) who, it was feared, would occupy it if Britain did not do so. (43D) "But if China cannot maintain hold of it, they would prefer to see it occupied by Great Britain." (43E) Sir Ernest Satow then proceeded to consider the probable course of events in Tokio resulting from the Anglo-Russian crisis. He thought it very likely that Russia had intimated to Japan "that in return for the restoration of equality of influence in Korea, Japan would be expected to acquiesce in the recent demands on China in respect of Manchuria." (43F) Under the circumstances it was not to be expected that "Japan would openly oppose the action of Russia on her own account, and though she doubtless would be pleased to see Great Britain place a check on Russian progress, the Government (of Japan) would be unwilling to associate themselves with the action of Her Majesty's Govern-

ment directed to this end." (43G) Japan's statesmen held that it was comparatively unimportant to exclude Russia from Port Arthur if that Power were allowed to lease Talienwan Bay to establish a naval base there and to bring a branch of the Siberian Railway to that place. "They, moreover, held that the construction of the railway would eventually be followed by the acquisition of Manchuria." (43H) It is not surprising, therefore, that Sir E. Satow reported: "The Japanese Government, and especially the present Minister President, are anxious to avoid any kind of foreign complication. They have the appearance of being thoroughly disheartened, and do not seem to appreciate the value of diplomacy except as a preliminary to the use of force." (43I) Japan temporarily resigned herself to the inevitable. Russia had secured an outlet to the China Seas (the Gulf of Pechili). The Sino-Japanese War had failed to provide against this. It was impracticable to oppose Russia now. Another war would be necessary to dispose of the Russo-Japanese conflict. Japan therefore, made strenuous efforts to put her naval and military establishments on such a footing as to enable her to cope with Russia in the future. (43J)

With this careful analysis to guide him, Lord Salisbury could reasonably feel that Japan would not oppose Great Britain at Weihaiwei. He therefore telegraphed to Sir Claude MacDonald on March 25, 1898, when he already knew that it was impossible to dissuade Russia from her firm intention to insist upon a lease of Port Arthur: "Balance of power in the Gulf of Pechili is materially altered by the surrender of Port Arthur by the Yamen to Russia. It is therefore necessary to obtain in the manner you think most efficacious and speedy the refusal of Weihaiwei on the departure of the Japanese. The terms should be similar to those granted to Russia for Port Arthur. British fleet is on its way from Hong-Kong to the Gulf of Pechili." (43K)

To ensure the success of this measure Lord Salisbury attempted to elicit from the Japanese Government a definite promise of their concurrence and support. On March 31, 1898, he instructed his Minister at Tokio to inform the Japanese Government of Britain's demand for Weihaiwei upon the evacuation of Japanese troops. He added that he gathered from Sir E. Satow's communication "that the proposal, which we believe to be in the common interest, would so be regarded by the Japanese Govern-

ment. We trust that it will have their concurrence and support." (43L) .

Japan's statesmen replied expressing "concurrence in the contemplated lease after the evacuation by their forces," (43M) and added that "in the event Japan should at any time in the future find it necessary to take similar measures in order to strengthen her defences or to promote her interests, the Imperial Government ~~trust~~ that they may count upon the concurrence and support of the British Government." (43N) They also asked that this exchange of notes should be treated in the strictest confidence. (43P)

Upon receipt of the Japanese reply, Sir Ernest Satow drew the attention of the Japanese statesmen to the discrepancy between the British request and the Japanese reply. Britain had asked for "the concurrence and support" of Japan. The latter, however, had only promised her "concurrence," while asking Britain, as compensation for this, to promise Japan not only "concurrence" but also "support" "in case Japan should hereafter find it necessary to adopt similar measures herself." (43Q) The Japanese statesmen admitted that it was an omission, but said that the matter would have to be dealt with by their Cabinet. Under the circumstances it became necessary for Sir E. Satow to arrive at the reasons for the omission of the word "support" from the Japanese reply. He advised his Government that he had "no doubt that it was intentional. The Japanese Government are evidently afraid of giving umbrage to the three Powers whom they, on the whole, believe to be acting in concert in Far Eastern Affairs. Hence their marked desire that these suggestions should be kept secret. They felt, moreover, that if they promised support as well as concurrence they would be completely committed to Her Majesty's Government, without any guarantee of protection against the hostility which they would probably incur at the hands of the three Powers. Another factor in the matter may be that they wished to avoid having to give instructions to the Japanese Minister in Peking to support the demand for Weihaiwei . . ." because "if the understanding became known it might affect the course of" the Russo-Japanese negotiations. (43R)

The British War Origin Documents give no indication whether Japan finally consented to include the promise of "support" in her assurance to Britain, nor do they state the objects, if any, for which the British Government promised its concurrence and

support to Japan. To secure merely the concurrence of Japan for the British lease of Weihaiwei, Britain was apparently compelled to promise her "concurrence and support" for undefined Japanese objects—for on April 6, 1898, after China had already consented to lease Weihaiwei to Britain, Lord Salisbury telegraphed to his Minister in Tokio: "Have you any indication as to what are likely to be the similar measures to strengthen the defences and promote the interests of Japan for which the Japanese Government trust hereafter to have our concurrence and support?" (43s) The British Documents do not answer this question. We are left to infer the answer from the subsequent demands made upon China by Japan. To secure Weihaiwei and to redress the balance of power in the Pacific, Britain was compelled to pay Japan a price. It would seem that this price was her concurrence and support in obtaining for Japan from China a non-alienation declaration concerning the Province of Fukien, which lies opposite Formosa. Indeed, the price may have been even greater.

To anticipate any opposition from Germany and to allay any fears which she might entertain of British intentions towards her, Lord Salisbury telegraphed his Ambassador in Berlin, Sir Frank Lascelles, on March 26, 1898, that ". . . Her Majesty's Government have demanded a reversionary lease of Weihaiwei, and it is possible that the German Government will address you with regard to our occupying territory which forms part of the Province of Shantung. Should this be the case, you are authorized to explain that Weihaiwei is not at present, and cannot, we believe, be made, a commercial port by which access can be obtained to any part of the province. We do not wish to interfere with the interests of Germany in that region. The action, in our opinion very regrettable, of Russia with respect to Port Arthur, has compelled us to take the course we are now pursuing." (44) This assurance was evidently intended not only to win Germany's support for the British project, but also to facilitate the negotiations for the alliance, by removing points of conflict between the two Powers. Indeed, the anticipatory action of Britain in seeking Japanese and German approval before they proceeded with the acquisition of Weihaiwei, rendered nugatory the attempts of the Russian Government to prevent the occupation of it by the British. Russia had proposed to Japan that she should join her in securing Weihaiwei to China. Japan, having committed herself already to Great

Britain, refused to do this.(45) Russia had also expressed her preparedness to guarantee Weihaiwei to China by treaty in return for an undertaking by China not to cede it to any Power. In this she sought the support of Germany.(46) But Germany kept her hands free and awaited the development of events. She desired to exploit the new situation, to further her own interests in China. Britain was still free to press her demands upon the Chinese Government. At first the latter was unwilling to part with Weihaiwei and refused to give an immediate reply to Britain's demand. The British Government was eager for a *fait accompli*. It knew that prompt action alone could obtain Weihaiwei. The British Minister therefore made it perfectly clear to the Chinese statesman that any delay upon the part of the Chinese Government in reaching a decision would be tantamount to a refusal and that "the matter would then be out of" his "hands." (47) The Chinese Government was aware of the presence of the British fleet in Chinese waters. It accordingly bowed before the threat of naval action, and declared itself prepared to grant to Britain the lease of Weihaiwei on the three following conditions : (i) that the lease should be for such a term as Russia remained in occupation of Liaotung; (ii) that China be allowed the use of Weihaiwei for her men-of-war; (iii) that Britain declare herself satisfied with Weihaiwei and refrain from making any further territorial demands "even if the other Powers obtain territorial concessions on account of Weihaiwei." (48) The British Government agreed to the first two conditions. It was obvious that it could not agree to the third. To have done so would have been tantamount to a renunciation of the principle of the balance of power. It assured China, however, that it would make no greater demands than were necessary to offset the gains of the other Powers. China had attempted to arrest the game of counter concession that had been proceeding at her expense, but she had failed. On the 2nd of April, 1898, she assented to the lease of Weihaiwei to Great Britain under the first two conditions only.(49) This lease was formally concluded between the two Governments on July 1, 1898.(50)

The British Government had been compelled to use a threat to achieve its end. It attempted, however, to convince China that its action was based on no desire to dismember her, but on the contrary to prevent such action by balancing Russia's newly

acquired political and military power by reason of her presence at Port Arthur.

The problem which now confronted the British Foreign Office was how to hold Weihaiwei in the face of Russian and possible German opposition. Sir F. Lascelles had assured the German statesmen concerning Weihaiwei in the sense instructed by his Government on the 26th of March,(51) emphasizing that his Government's action was not directed against their country, but against Russia. This communication was made to Germany on the 4th of April, 1898.(52) On the same day Russia also proposed to her a guarantee of Weihaiwei to China.(53) Germany had to give a reply to two conflicting requests. Her statesmen determined to exploit the British predicament for the ends of German policy. (They knew that Britain required their approval, and could not afford to encounter the combined opposition of Russia, France and Germany at Weihaiwei. They therefore proposed to barter their approval of the British project for British approval of their plans in China. They had already defined a sphere for their country in the Province of Shantung. They had been confirmed in that sphere by Russia in exchange for their promise not to oppose the policy of Russia in the north of China.(54) They now desired to obtain a British confirmation of their sphere in Shantung in exchange for a promise of no German opposition at Weihaiwei.) This confirmation they hoped to obtain by a modification in the British assurance to them concerning Weihaiwei under the threat of joint action with Russia against Britain.(55)

Count Bülow accordingly informed his London Ambassador of the Russian proposal and stressed the urgency of an immediate acceptance by Britain of Germany's modification,(55A) "which I can invoke as an assurance of German interests." (56)

In communicating to Count Hatzfeldt the delicate position of the German Government in the matter, Count Bülow stated that German opinion "from the highest circles to the lowest held that German interests were also threatened by England's action at Weihaiwei and was therefore favourable to the Russian proposal" to guarantee Weihaiwei to China.(57)

The German Government, however, preferred to reach an understanding with Britain rather than to co-operate with Russia. Count Bülow therefore told Count Hatzfeldt: "We shall postpone answering this Russian inquiry till we have received the

British reply to the declaration which I presented to the British Ambassador to-day relative to the safeguarding of our interests in Shantung and which reaches your Excellency simultaneously with this. I request your Excellency to impress upon the Government there that not only the English but also the German Government is on the eve of a serious decision." (58)

The assurance which the German Government desired was the following :

"In establishing herself in Weihaiwei, Britain formally declares to Germany that she does not intend to encroach upon or contest the rights and interests of Germany in the Province of Shantung, nor to place any difficulties in her path in that province, and more particularly does not propose to establish any railway communications in the said province." (59)

The character of the assurance which the German Government asked of Britain differed considerably from the one which Britain had voluntarily offered to it. The declaration of Sir Frank Lascelles merely amounted to an assurance that Britain's action at Weihaiwei was not directed against Germany. In substance he affirmed that his Government did not intend to make of Weihaiwei "a commercial port," nor to "connect it by railway with the Province of Shantung" and, above all, that the "demand had no relation with German interest in Shantung which" Britain had "no desire to prejudice." (60) The declaration requested by Germany went further than this. It involved British approval of her activities in Shantung. Britain was asked to undertake not "to encroach upon or contest" Germany's "rights and interests" in that province nor to create "difficulties" for her there, and to refrain from establishing "any" British "railways in that province." (61) If Britain accepted this, she would clearly preclude herself from undertaking enterprises in that province, and would be giving to Germany recognition of a sphere in which her rights had to be respected. Britain until then had refused to recognize that any Power had rights in any part of China which merited a formal undertaking upon her part not to encroach upon them or contest them. What Germany asked for was a new departure in Britain's China policy. But the British statesmen had no alternative. The German request had to be substantially complied with, or they would be faced with the collapse of their whole China policy. The spectre of a resurrected Dreibund of

Germany, France and Russia, which might not only deprive her of Weihaiwei and block her interests in China, but also make its influence felt in other regions with which British policy was concerned, was a factor in inducing Britain to grant the German modification. On April the 20th the two Governments finally agreed upon a formula.

"England formally declares that in establishing herself at Weihaiwei she has no intention of injuring or contesting the rights and interests of Germany in the Province of Shantung or of creating difficulties for her in that province. It is especially understood that England will not construct any railroad communication from Weihaiwei, and the district leased therewith, into the interior of the province." (62)

With the exception of the railway clause, the undertaking was the one which Germany had required. The railway clause was worded in such a way as to enable Britain to fulfil her obligations in respect of the Tientsin-Chinkiang Railway concession, though, as we shall see later, that part of the railway which traversed Shantung was reserved to Germany. (63) Germany had made no commitments to Britain in China or elsewhere. Britain, on the other hand, had limited her rights in China considerably in order to adjust her position there. She had paid a heavy price to Germany, as she had to Japan, for her acquiescence in the British lease of Weihaiwei. She had not only formally undertaken certain definite obligations towards Germany in China, but had thereby admitted the principle of "spheres" in China. By the British undertaking towards her, Germany emerged from the Anglo-Russian crisis consolidated in her sphere in Shantung.

Indeed, the British Government of the day was attacked in Parliament for its change of policy. But Mr. Balfour sought to pacify the opinion of the House by pointing out to it that not to have followed the course the Government had would have been a "*most fatal policy for British commerce.*" In reply to a criticism he said: "*Spheres of influence we have never admitted; spheres of interest we have never denied.*" The distinction may be a fine one, but the House will observe that for us not to admit spheres of interest would have been a most fatal policy for British commerce. We hold, we have always held, that throughout the length and breadth of China, citizens of this country have equal commercial rights with citizens of all other countries. In that sense we admit no division of spheres at all. But when it comes to other matters

in which we are deeply concerned, I think the Right Honourable Gentleman would be the first to admit that this country has certain spheres of interest in China, and that, having certain spheres of interest itself, it would be selfish and impossible to maintain that no other country should be admitted to share them. That proposition of mine can be tested in a very simple manner. Would the Right Honourable Gentleman, or any of his supporters, see with equanimity and without any remonstrance a port leased in the middle of the Yangtze Valley by some other Power than ourselves, and great concessions for railways leading to that port placed under the control of other Governments and capitalists than our own? Neither in the law of China nor in the law of nations is there any obstacle to such a policy being pursued by any country; but I am certain the Right Honourable Gentleman would think it an unfriendly act of any nation to pursue such a policy with regard to us; and, if that policy would be unfriendly with regard to us, a corresponding policy pursued by us would be, *mutatis mutandis*, unfriendly with regard to another nation. Therefore let the House remember that, if it resolves not to admit anything which we have described as a sphere of interest with regard either to Germany or any other country, that carries as its inevitable corollary that we should have no right to remonstrate with or to resist if what we regard as a sphere of our own interests were invaded by other countries." (64)

In this speech Mr. Balfour did three things :

(a) By stating that it would be regarded as an unfriendly act if another Power did in the Yangtze Valley the very two things which Britain had undertaken not to do in Shantung, viz. establish a commercial port and construct railways therefrom into the hinterland; he had asserted a relation of the Yangtze Valley to Britain analogous to that of Shantung to Germany.

(b) This relation, which he designated as that of a "sphere of interest," he purposely avoided explaining clearly, in order that Britain's rights, instead of being defined by any declaration on her own part could, since they were always to be *analogous*, immediately be declared to include anything the other Powers might succeed in asserting for their spheres.

(c) Lastly, since the admission of spheres in any form at all was a compromise enforced by necessity, and the next best thing

for British interests was to keep them as little exclusive as possible, Mr. Balfour

- (a) emphatically denied the existence of political spheres—"spheres of influence we have never admitted";
- (b) reserved "equal commercial rights with citizens of all other countries . . . throughout the length and breadth of China."

But with all the vagueness and limitations with which he had enshrouded the conception of "sphere of interest," the outstanding fact is that he had not only admitted the existence of a certain species of sphere but had asserted for Britain the possession of such a sphere in the provinces bordering on the Yangtze Valley.

This was a new political position which the British Government was compelled to adopt consequent upon the action of Russia at Port Arthur and the demands of Germany upon Britain at the time of the Weihaiwei incident. The British Government had hitherto never claimed nor admitted spheres of interest in any matters, but, on the contrary, had asserted that China was open to all the world alike. But under the circumstances this departure from the original policy was calculated to serve British interests best. Mr. Balfour was jockeying for position. The British Government had recognized that Germany had a sphere of interest. The other Powers had already claimed theirs. He was now attempting to secure for his country what British diplomats had either failed or neglected to obtain when admitting German pretensions in Shantung. We shall have occasion to see how Britain fared in this.

It is interesting to note that despite the foregoing, Count Bülow declared in the Reichstag that Germany had "no sort of agreement with England," and that "England volunteered to give the assurance, published in the *Reichsanzeiger*, which gives us a guarantee that England will not use Weihaiwei as a *point d'appui* in order to interfere with our *political* and *commercial* sphere of interest." (65) We have seen, however, that the assurance which Britain had in fact given was not the one she had volunteered to give, (66) and that, being the result of negotiation between the two Governments and granted against consideration in the form of Germany's acquiescence to Britain's acquisition of Weihaiwei, it was "a sort of agreement." Furthermore, Count Bülow's

interpretation of the assurance is clearly inconsistent with that of Mr. Balfour. Mr. Balfour, in his interpretation of the 29th of April, of the Weihaiwei assurance, which did not define what "rights and interests of Germany" in Shantung were to be respected, explicitly excluded any political connotation from "spheres of interest" when he said: "spheres of influence we have never admitted." (67)

On the same day that Mr. Balfour had sought in the British Parliament to draw the distinction between "spheres of influence" and "spheres of interest," and had admitted the right of Germany to a sphere in Shantung, Count Bülow, speaking to the Budget Commission of the Reichstag, in effect likewise admitted the British sphere, as well as for the first time in a public utterance explicitly recognized Russia's sphere and even France's. His words were: "It was undeniable that the centre of English interests was more in the Yangtze Valley. But as Hong-Kong was in the neighbourhood of the French sphere, so Weihaiwei was in the neighbourhood of the Russian sphere. England had a window out of which she could look at the waters of the Yellow Sea as Russia could out of Port Arthur. Germany had no objection to these two Powers watching from these two windows the play of the billows. No one could say whether or no this position would lead to complications. The German Government hoped sincerely that this would not be the case. In the meanwhile, they did not feel in the least affected by the position of Russia in North China, which had always been recognized by Germany as the Russian sphere." Count Bülow added that Germany "had no differences with Japan." (68) In this concise statement the Reichskanzler had announced publicly Germany's policy of recognizing the spheres of Russia and of Britain, and of not opposing Japan. He had also referred incidentally to the French sphere as a matter of course. By retaining a free hand throughout this period the German diplomats had achieved their policy most completely. They had won a place in "the Chinese Sun," and had succeeded in their first enterprise in *Weltpolitik*. Of the China policies of all the European Powers theirs had been the most successful. Russia had obtained Port Arthur and Talienwan, but had been unsuccessful in preventing Britain from acquiring Weihaiwei. Britain had balanced Russia's position in Port Arthur by taking Weihaiwei. This, however, represented

a compromise of her political programme, and she had only been able to achieve it by introducing a further modification in her policy by recognizing German rights in Shantung and by promising Japan "concurrence and support" for certain indefinite objects. Germany had made no concessions either to Britain or Russia. She had merely supported their policies, which did not conflict with her own, and therefore involved no sacrifice; and for this she had been confirmed in her sphere by both of them.

Bülow summarized the German position before the Reichstag on the 27th of April, 1898. He said that Germany would not take the initiative in the partition of China. ("All we have done is to provide that, come what may, we ourselves shall not go empty-handed. The traveller cannot decide when the train is to start, but he can make sure not to miss it when it does start. The devil takes the hindmost.") The strategical and political position which Kiaochau assured her, enabled Germany "to look on with complacency on the development of affairs." Germany would "never play the part of the mischief-maker," but neither would she play "that of Cinderella." (69)

The failure of Great Britain to arrest the encroachment of Russia in the north of China was not without its consequences upon the French demands for concessions in the south of China. Supported by successful Russia, France knew that Britain could not oppose her demands and that China would not.

Britain, in keeping with her policy, had attempted to prevent France from acquiring any territorial rights in China, by means of pressure upon China. China had been "warned" by her as early as the 19th of March, 1898, "that the lease of a coaling station" to France "would inevitably be followed by similar demands from other Powers, including Great Britain." (70) She asserted that she "had, so far, refrained from asking even for an extension of territory at Kowloon, which was urgently required (for Hong-Kong) for fear of giving a pretext to other Powers, but if China" made it evident "that only the Powers which showed no regard for her integrity obtained concessions and that those who exhibited forbearance were left out in the cold, we should have to protect ourselves and demand our share." (71) This warning was repeatedly reiterated during the course of the whole negotiations between France and China, and the point emphasized that any "concession to France would

necessarily involve counter concessions" (72) for Britain. Yet, despite this warning, the Chinese statesmen agreed to France's demands. The latter had used the usual threat of force to obtain them and had been supported by Russia in this. (72A) China was therefore in no position to take issue with France. Nor was British resistance to their realization any longer a practical step in view of the failure of British policy in respect of Russia. On the 9th and 10th of April, by an exchange of notes between France and China, (73) France acquired the following concessions :

1. The lease of a bay on the south coast of China.
2. The concession of a railway connecting Tongking with Yunnanfu by the Red River.
3. An engagement by China never to alienate the territories of the provinces contiguous with Tonking.
4. An engagement by China never to cede to any other Power the Island of Hainan.
5. The assignment of the direction of the Chinese Postal Service to a French subject. (74)

By virtue of the first concession, France acquired a lease of the Bay of Kuang-chow-wan for ninety-nine years as a naval station and coaling depot, and thereby strengthened strategically her position in the south. The second concession had been granted to her in 1897, as pointed out previously. Its form, however, now became public and definitive, and China agreed to furnish the land for the road and its dependencies. (75) The third demand, formally made on the 4th of April and complied with by China on the 10th, assured to France the non-alienation of the provinces bordering on Tongking. The reasons which France had offered for requesting this declaration were not commercial, as in the case of Britain, but the following three :

1. To assure "the relations of neighbourliness and friendliness between China and France."
2. To maintain "the territorial integrity of China."
3. To take care "that no change be introduced in the existing situation as regards the provinces bordering on Tongking." (76)

Any or all of these may have been the motives of the French for making this demand, but their previous conduct would suggest that the third was their principal motive and that they regarded the above concessions as a safeguard by which to exclude from that area others than themselves. Nothing in the declaration gave

France any title to these provinces. Yet France has always regarded these as her sphere because the declaration had been made to her. Indeed, an interesting appreciation of the British Government's attitude towards the French concession is afforded by the demand made by Britain that China also give to her a declaration of non-alienation in respect of two out of these three provinces. If Britain considered that this declaration was intended as a *bona-fide* non-alienation declaration giving France no preferential territorial rights in that area, it is clear that she would not have put forward any similar demands.

Like the second, the fourth demand had been conceded to France by a secret exchange of Notes in 1897, as already pointed out.(77) It merely made it public and more binding.(78).

The fifth demand was designed to limit the influence of Britain in the State counsels of China and to increase that of France there. Until then the Postal Service had been under the jurisdiction of the Chinese Maritime Customs Service, which was headed by a British subject. The undertaking which France obtained from China now was that "when the Chinese Government organizes a definite Postal Service and places a high functionary at its head, it proposes to call for the help of foreign officers, and declares itself willing to take account of the recommendations of the French Government in respect to the selection of the staff." (79)

China had now to meet the additional demands put forward by Britain as a result of France's gains. She had attempted to make the granting of Weihaiwei a counter-concession to French gains in the south, as well as to Russia's acquisition of Port Arthur. She had, however, failed in this.(80) Britain had offered to abstain from further demands upon China if the French demands were refused,(80A) and they had not been. (She was therefore compelled to consult her own interests and to follow the only policy open to her now, that of counter-concession in order to maintain the balance of power in the Far East.) The Chinese had been acquainted with the extent of Britain's demands, which were as follows :

1. A grant of all the land required for the military defence of Hong-Kong.
2. A railway concession to Britain.
3. Explicit assurances to Britain by the Chinese Government that no

exclusive privileges had been given to France in railway or mining matters.

4. Fulfilment of China's promise to Britain to make a treaty port of Nanning.
5. An Anglo-Chinese agreement as to the non-alienation of the provinces of Kwangtung and Yunnan.(81)

On the 24th of April, China was informed that the railway concession desired was for a line from Nanking to Shanghai and that the boundaries required for the military defence of Hong-Kong would be a line drawn from Deep Bay to Mirs Bay and including those bays and the neighbouring islands.(82)

To the fourth and fifth demands the Chinese Government offered resistance, despite the fact that in 1897 it had made a promise to Britain to open Nanning, and notwithstanding British trade preponderated in the Province of Kwangtung, whilst Yunnan was a border province of British Burma. It was not until May the 2nd that China intimated her readiness to agree to the greater number of these demands.(83) Under pressure from France she still refused to open Nanning.

The statesmen of Japan were not slow to avail themselves of the situation which had arisen on the mainland. (Like the Germans, they also decided to stake a claim there so as to ensure their participation in the heritage, if and when "the sick man," China, passed away.) They had won the assurance of Germany's non-opposition to their continental programme.(84) They had compromised differences with Russia by not opposing her at Port Arthur and they had facilitated the British occupation of Weihaiwei. It was evident that Japan could not be denied by the Powers a policy which they themselves had pursued. On the 22nd of April she accordingly made a formal demand upon China for a declaration of the non-alienation of the Province of Fukien.(85) Unlike the declarations of non-alienation given to the other Powers, this one embodies in it the instructions sent by the Japanese Government to their Minister in Peking, which the latter presented as a Note to the Chinese Government. It is blunt, brusque and brutal, with no attempt even to spare the susceptibilities of China. It sets out the motive for the demand very clearly and is in the nature of a preferential right of Japan to the designated territory. The quotation is as follows :

"It is to be apprehended that trouble may arise with con-

sequences disastrous to China. In all this there is no mistaking what our real purpose is. In view of the present state of affairs, the Government of Japan, mindful of its own interests, cannot act as if entirely in ignorance of passing events, but must take proper measures to meet any situation that may arise. You will ask the Government of China to make a declaration that it will not cede or lease to any other Power any portion of its territory within the Province of Fukien."

China gave the desired assurance to Japan on April the 26th, 1898.(86) Of all the Powers that had asked for a non-alienation declaration then, Japan was the only one that did not assert that her motive in so doing was to preserve the territorial integrity of the Chinese State.

Each nation except Britain had pegged its claim against the expected and desired breakdown and dismemberment of the Chinese Empire.(86A) Britain, too, had obtained a declaration of non-alienation of the Yangtze Valley, but her intentions in respect of that area are best illustrated by a statement of Mr. Curzon, the Parliamentary Under-Secretary of Foreign Affairs, in reply to a question in the British House as to the intention of His Majesty's Government. On April 5, 1898, he said : " I confess that I was absolutely astonished at the insinuation on the part of the Leader of the Opposition that the assurances which we have there received from the Chinese Government are inconsistent with our general policy. What are the terms of the assurances which the Chinese Government have given us ? That the territories of the provinces adjoining the Yangtze Valley shall not be mortgaged, leased or ceded to any other Power ; that is to say that *they are to remain in the hands of China*. Do not let us put any gloss upon these words. I decline respectfully to accept the gloss put upon them by the Leader of the Opposition, and still less am I prepared to accept the gloss put upon them by the Right Honourable the Member for the Forest of Dean. Let us take the words in their natural, elementary and obvious meaning. Surely if the Chinese Government pledge themselves not to mortgage, lease or cede these territories to any other Power, that is distinctly carrying out the policy which we accepted in this House on the 1st of March of maintaining the independence and integrity of China. What more obvious method can there be of carrying out that policy ? " (87)

NOTES

1. See p. 255, ref. 80.
2. *D.G.P.*, vol. xiv, part i, p. 195—Document 3781, Hatzfeldt to Auswärtige Amt, March 25, 1898.
- 2A. *Ibid.*, p. 213—Document 3789, Hatzfeldt to Hohenlohe, April 7, 1898.
3. *Ibid.*, p. 197—Document 3782, Hatzfeldt to Auswärtige Amt, March 29, 1898.
4. *Ibid.*
5. *Ibid.*, p. 213—Document 3789, Hatzfeldt to Hohenlohe, April 7, 1898.
6. *Ibid.*, p. 199—Document 3782, Hatzfeldt to Auswärtige Amt, March 29, 1898.
7. *Ibid.*, p. 213—Document 3789, Hatzfeldt to Hohenlohe, April 7, 1898.
8. *Ibid.*, p. 214.
9. *Ibid.*
10. *Ibid.*, p. 198—Document 3782, Hatzfeldt to Auswärtige Amt, March 29, 1898.
11. *Ibid.*, p. 216, footnote—Document 3789, Hatzfeldt to Hohenlohe, April 7, 1898.
12. See p. 258, ref. 86.
13. *D.G.P.*, vol. xiv, part i, p. 199—Document 3783, Bulow to Hatzfeldt, March 30, 1898 ; p. 217—Document 3790, William II to Auswärtige Amt, April 10, 1898.
14. *Ibid.*, p. 202—Document 3784, Hatzfeldt to Auswärtige Amt, April 1, 1898.
15. *Ibid.*, p. 204—Document 3785, Bulow to Hatzfeldt, April 3, 1898.
16. *Ibid.*, p. 205.
17. *Ibid.*, p. 202—Document 3784, Hatzfeldt to Auswärtige Amt, April 1, 1898.
18. *Ibid.*, p. 208—Document 3786, Hatzfeldt to Auswärtige Amt, April 5, 1898.
19. *Ibid.*
20. *Ibid.*, p. 215—Document 3789, Hatzfeldt to Hohenlohe, April 7, 1898.
21. *Ibid.*, pp. 200, 201—Document 3783, Bulow to Hatzfeldt, March 30, 1898.
22. See p. 240, ref. 48B.
23. *D.G.P.*, vol. xiv, part i, p. 215—Document 3789, Hatzfeldt to Hohenlohe, April 7, 1898.
24. *Ibid.*
25. *Ibid.*
26. *Ibid.*, p. 216, footnote.
27. *Ibid.*, p. 217—Document 3790, William II to Auswärtige Amt, April 10, 1898.
28. *Ibid.*
29. *Ibid.*, p. 217, also p. 207—Document 3785, Bulow to Hatzfeldt, April 3, 1898.
30. *Ibid.*, p. 217—Document 3790, William II to Auswärtige Amt, April 10, 1898.
31. *Ibid.*, p. 217, footnote—Document 3790.
32. *Ibid.*, p. 217—Document 3790, William II to Auswärtige Amt, April 10, 1898 ; p. 218, footnotes.
33. *Ibid.*, p. 211—Document 3788, Hatzfeldt to Hohenlohe, April 7, 1898.

- 33A. *Contemporary Politics in the Far East*, S. Hornbeck, ed. 1916, p. 226.
34. See p. 270, ref. 23.
35. See p. 275, ref. 31A.
36. See p. 280, ref. 56.
37. See p. 287, ref. 3.
38. See p. 265, ref. 5.
39. See p. 255, ref. 80.
40. *China*, No. 1 (1898), p. 41—Despatch 91, Salisbury to MacDonald, February 25, 1898.
41. *British War Origin Documents*, vol. i, p. 20—Document 29, Balfour to Satow, March 15, 1898.
42. *Ibid.*, p. 21—Document 30, Satow to Salisbury, March 17, 1898.
43. *Ibid.*
- 43A. *Ibid.*, p. 26—Document 40, Satow to Salisbury, March 26, 1898.
- 43B. *Ibid.*
- 43C. *Ibid.*
- 43D. *Ibid.*, p. 20—Document 29, Balfour to Salisbury, March 15, 1898, and footnote.
- 43E. *Ibid.*, p. 26—Document 40, Satow to Salisbury, March 26, 1898.
- 43F. *Ibid.*
- 43G. *Ibid.* It is a detailed account of a telegram of March 25, 1898.
- 43H. *Ibid.*
- 43I. *Ibid.*
- 43J. *Ibid.*
- 43K. *China*, No. 1 (1898), p. 54—Despatch 129, Salisbury to MacDonald, March 25, 1898; word order of this despatch slightly different in *British War Origin Documents*, vol. i, p. 25, Document 39.
- 43L. *British War Origin Documents*, vol. i, p. 30—Document 45, Salisbury to Satow, March 31, 1898.
- 43M. *Ibid.*, p. 30—Document 46, Satow to Salisbury, April 2, 1898.
- 43N. *Ibid.*, p. 30—Document 46, Note Verbale, Japanese Government to Satow, April 2, 1898.
- 43P. *Ibid.*
- 43Q. *Ibid.*, p. 32—Document 52, Satow to Salisbury, April 4, 1898.
- 43R. *Ibid.*
- 43S. *Ibid.*, p. 32—Document 50, Salisbury to Satow, April 2, 1898.
44. *China*, No. 1 (1898), p. 54—Despatch 130, Salisbury to Lascelles, March 26, 1898.
45. *Ibid.* (1899), p. 27—Despatch 30, Satow to Salisbury, April 19, 1898.
46. *D.G.P.*, vol. xiv, part i, p. 163—Document 3762, Bulow to Hatzfeldt, April 4, 1898.
47. *China*, No. 1 (1899), pp. 106, 110—Despatch 154, MacDonald to Salisbury, April 16, 1898.
48. *Ibid.*, and *British War Origin Documents*, vol. i, p. 29—Document 43, MacDonald to Salisbury, March 31, 1898.
49. *Ibid.* (1898), p. 61—Despatches 144, 145, MacDonald to Salisbury, April 3, 1898.
50. *Treaties with and concerning China*, MacMurray, vol. i, p. 152 (1898, 14).
51. See p. 298, ref. 44.
52. *D.G.P.*, vol. xiv, part i, p. 161—Document 3760, Memo of Klehmet, April 4, 1898.
53. *Ibid.*, p. 163—Document 3762, Bulow to Hatzfeldt, April 4, 1898.
54. See p. 212, refs. 131, 132.

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55. *D.G.P.*, vol. xiv, part i, pp. 162, 163—Documents 3761, 3762, Bulow to Hatzfeldt, April 4, 1898.
- 55A. *Ibid.*, p. 169—Document 3762, Bulow to Hatzfeldt, April 4, 1898.
56. *Ibid.*, p. 162—Document 3761, Bulow to Hatzfeldt, April 4, 1898.
57. *Ibid.*
58. *Ibid.*, p. 163—Document 3762, Bulow to Hatzfeldt, April 4, 1898.
59. *Ibid.*, p. 162—Document 3761, Bulow to Hatzfeldt, April 4, 1898.
60. *Ibid.*, p. 161—Document 3760, Memo of Klehmet, April 4, 1898.
61. See p. 301, ref. 59. The instructions to Sir F. Lascelles, contained on p. 31 of *British War Origin Documents*, vol. i, Document 47, make no mention of German "rights" in Shantung. They refer to "interests" only.
62. *D.G.P.*, vol. xiv, part i, p. 171—Document 3770, Bulow to William II, April 21, 1898.
63. See p. 364, ref. 53.
64. *British Parliamentary Debates* (authorized edition), pp. 1582, 1583, April 29, 1894 (italics my own).
65. *China*, No. 1 (1899), p. 66—Despatch 64, Enclosure, April 27, 1898, statement made in Reichstag.
66. See p. 298, ref. 44 ; p. 301, ref. 59.
67. See p. 302-3, ref. 64.
68. *China*, No. 1 (1899), p. 68—Despatch 65, Enclosure, Proceedings before Budget Commission of the Reichstag, April 29, 1898.
69. *Ibid.*, p. 67—Despatch 64, Enclosure, Statement to Reichstag, April 27, 1898.
70. *Ibid.*, p. 103—Despatch 151, MacDonald to Salisbury, April 15, 1898.
71. *Ibid.*
72. *Ibid.*
- 72A. *La livre Jaune* (1894-8), p. 46—Despatch 61, Hanotaux to Montbello ; p. 49—Despatch 65, Dubail to Hanotaux, April 11, 1898.
73. Text, *Treaties with and concerning China*, vol. i, MacMurray, pp. 98 (1897, 2), 123 (1896, 6), 124 (1898, 7), 125 (1898, 7).
74. *China*, No. 1 (1899), p. 19—Despatch 22, Monson to Salisbury, April 13, 1898. *La livre Jaune* (1894-8), *La Chine*, p. 44—Despatch 59, Hanotaux to Dubail, March 7, 1898.
75. *Ma Mission en Chine*, A. Gerard, p. 202.
76. *Treaties with and concerning China*, MacMurray, vol. i, p. 123 (1898, 6).
77. *Ibid.*, p. 98 (1897, 2).
78. *Ma Mission en Chine*, A. Gerard, p. 203.
79. *Treaties with and concerning China*, vol. i, MacMurray, p. 124 (1898, 7).
80. See p. 299, ref. 48.
- 80A. *China*, No. 1 (1899), p. 109—Despatch 154, MacDonald to Salisbury, April 16, 1898 ; p. 19—Despatch 21, Balfour to MacDonald, April 13, 1898.
81. *Ibid.*, p. 19—Despatch 21, Balfour to MacDonald, April 13, 1898 ; p. 31—Despatch 40, MacDonald to Salisbury, April 25, 1898.
82. *Ibid.*, p. 31—Despatch 40, MacDonald to Salisbury, April 25, 1898.
83. *Ibid.*, p. 71—Despatch 69, MacDonald to Salisbury, May 3, 1898.
84. See p. 207, ref. 93.
85. *Treaties with and concerning China*, vol. i, MacMurray, p. 126 (1898, 8).
86. *Ibid.*
- 86A. In March 1899 the Italian Government demanded from China a lease of Samnen Bay in the Province of Chekiang. It was intended to make of Chekiang and the surrounding islands an Italian sphere of influence. In this demand the Italians had the approval of Britain, France and Germany.

The attitude of Russia was doubtful. The approval was limited to diplomatic support and conditioned by an assurance given by Italy that she would not use force to attain her object. However, the Italian Envoy in Peking issued an ultimatum to the Chinese. For this he was disavowed and recalled. Thereupon China resisted the demand. In May Italy declared that she "had no intention of pursuing a policy of occupation in China" (see H. B. Morse, *The International Relations of the Chinese Empire*, vol. iii, pp. 124, 125, for fuller account). British support was apparently secured as compensation for the conclusion of the Anglo-French African Agreement, which impaired Italy's position in Tripoli and its hinterland. (See *British War Origin Documents*, vol. i, p. 203—Document 247, Currie to Salisbury, April 4, 1899; p. 23—Document 17, Salisbury to Currie, February 15, 1899.)

87. (British) *Parliamentary Debates* (authorized edition), p. 268, April 5, 1898.

CHAPTER XIII

BRITAIN'S FURTHER ALLIANCE OVERTURES

Mr. Chamberlain approaches Germany again—His threat—Germany's attitude—The Kaiser's marginal notes—Lord Salisbury's "living and dying" nations speech, May 4, 1898—An analysis—Its purpose—The Assassination of a French Missionary—French demands—Mr. Chamberlain's Birmingham speech on May 13th—An analysis—The genesis of the speech—The basis for a common Anglo-American policy—The *do ut des* principle—Chamberlain's motive—Lord Salisbury's attitude towards an Anglo-German Alliance—The two theories of Kaiser Wilhelm—His letter of May 30, 1898, to the Czar of Russia—The Czar's reply—Effect of the correspondence—Osten Sacken's communication of June 10, 1898—The decision of the Kaiser and his Chancellor, Bülow—Alliance impracticable—The only course open to Britain.

FOUR days after Britain and Germany had arrived at the Weihai-wei formula, which recognized German interests in Shantung, i.e. on the 23rd of April, Mr. Chamberlain again approached Germany for an alliance with Britain.(1) He made his object perfectly clear. He no longer desired to contest the gains which Russia had already made, but to check a further Russian advance. He desired to do this conjointly with the Triple Alliance, "but by no means to bring about a war with Russia. On the contrary, he held a joint declaration that Russia must content herself with the acquired gains and, at any rate, not go beyond a certain point, to be the only means of avoiding a future war with Russia by the Powers interested in China, because Russia would realize the impossibility of adhering to her further plans. England could not undertake this alone." (2) This was very much the attitude which Mr. Chamberlain had adopted earlier in the month, but at this interview, unlike the others, he intimated to Count Hatzfeldt that if this understanding with Germany should come to naught Germany could expect no agreeable treatment from him in colonial matters, and that, if necessary, Britain would be prepared to arrive at an understanding with France and Russia.(3) But this threat did not make German statesmen alter their previous decision to avoid the alliance. They met Mr. Chamberlain with

a repetition of their former arguments against the present conclusion thereof. Germany took the view that, in the alliance question time was not of the essence. She believed that it would take years before Russia, who must first consolidate and organize her present conquests, could move further.(4) She therefore again proposed an adjustment of minor questions outstanding between the two Chancelleries for the sake of improving the public opinion of both countries, and also suggested that overtures for an alliance be made at Rome and Vienna.(5)

In this manner Germany placed herself in the position of postponing the question and not of rejecting the idea definitely.(6) But the attitude of the German Government towards the alliance at that time is best revealed in several of the Kaiser's marginal notes upon the document reporting Count Hatzfeldt's interview with Mr. Chamberlain. They follow: "I don't want to bar the advance of the Russians. The more the Russians get involved in Asia, the quieter they are in Europe," and the joint declaration "won't bother Russia at all. She will make England a big offer. England will accept it and leave us others in the lurch. As we are bounded on the Continent by Russia, we will receive the blows, which will not be made from the sea but on land." And still further, "so we're to thank the Czar for helping us to get Kiaochau by prohibiting him from advancing in China just because it isn't to England's liking! Brilliant!" (7)

These remarks disclose no new reason for rejecting the alliance. Both of them had motivated the Germans in refusing to accept the first overtures. They merely confirm the original motive of the German Government in the matter.

The British were not, however, aware of these sentiments. They believed that an alliance was possible once public opinion could be won for the idea. Indeed, the statesmen of Britain were eager to make feasible their new policy—namely, that of alliance, as speedily as possible. On the 4th of May, 1898, Lord Salisbury took a step in this direction. Speaking at the Royal Albert Hall, in London, he attempted to prepare public opinion for an innovation in British policy. That part of his speech which is relevant to the Far East follows:

"Do not imagine that this imbroglio that has taken place in China is exceptional in its character or that similar things will not occur. If we look simply upon the world as it presents itself to us, if we could merely

count our colonies and our possessions and our growing enormous trade, we might indeed look forward to the future without disquietude. We know that we shall maintain against all comers that which we possess, and we know, in spite of the jargon about *isolation*, that we are amply competent to do so. *But that will not secure the peace of the world.*

"You may roughly divide the nations of the world as the living and the dying. On one side you have great countries of enormous power growing in power every year, growing in wealth, growing in dominion, growing in the perfection of their organization. . . .

"By the side of these splendid organizations, of which nothing seems to diminish the forces and which present rival claims *which the future may only be able by a bloody arbitrament to adjust*, by the side of these there are a number of communities which I can only describe as dying, though the epithet applies to them, of course, in very different degrees and with a very different amount of certain application . . . and in their various degrees they are presenting a terrible picture to the more enlightened portion of the world—a picture which, unfortunately, the increase in the means of our information and communication draws with darker and more conspicuous lineaments in the face of all nations, *appealing to their feelings as well as to their interests, calling upon them to bring forward a remedy*. . . . For one reason or another—from the necessities of politics or under the pretense of philanthropy—the living nations will gradually encroach on the territory of the dying, and the seed and causes of conflict amongst civilized nations will speedily appear. *Of course, it is not to be supposed that any one nation of the living nations will be allowed to have the profitable monopoly of curing or cutting up these unfortunate patients, and the controversy is as to who shall have the privilege of doing so, and in what measure he shall do it.* These things may introduce causes of fatal difference between the great nations whose mighty armies stand opposite, threatening each other. These are the dangers which, I think, threaten us in the period that is coming on. It is a period which will tax our resolution, our tenacity and imperial instincts, to the utmost. *Undoubtedly we shall not allow England to be at a disadvantage in any rearrangement that may take place.* On the other hand, we shall not be jealous if desolation and sterility are removed by the aggrandizement of a rival in regions to which our arms cannot extend." (8)

Lord Salisbury had summed up for the nation the Chinese problem. The Chinese were a dying nation and the living nations were encroaching upon her. By their rival claims they were giving rise to a conflict among the Powers. To-day the controversy is as to who shall have the privilege of "cutting up China . . . and in what measure he shall do it." The situation called for a "remedy" if the peace of the world was to be secured. He did not believe the policy of isolation which Britain had, until then, pursued would secure that peace. He did not suggest the

remedy definitely, but by stating that England was determined not "to be at a disadvantage in any rearrangement that" might "take place," although she would not be "jealous" of "the aggrandizement of a rival in regions to which" British "arms could not extend," he had suggested that the remedy should be "an agreement among the Powers."

Yet it would seem that he did not contemplate territorial acquisitions, for in the same speech he stated: "if the result of all these events is to bring the Chinese Empire to its collapse, there will commence a series of confusions which will sorely tax the energies and imperil the prospects of peace to all the nations concerned in Chinese commerce, and, I think, *may give opportunities of extension which we shall not welcome, to the Powers that stand upon her border.*" (9)

The purpose of this speech may have been one or more of three. It may have been to win public approval for the abandonment of the British foreign policy of isolation. It may have been meant as a gesture to Russia for an "agreement among the Powers." It may have been intended to win Germany to the alliance by the proposal to adjust differences with Russia.

At about the same time there occurred in China the assassination of a French missionary.⁽¹⁰⁾ The French immediately confronted China with new demands. The principal of these were punishment of the local authorities, the payment of compensation to the family of the victim, the erection of a chapel and the construction of a railway from Nanning to Pakoi, upon terms similar to those contained in the Dongdang-Longtcheou Railway contract.⁽¹¹⁾ The Chinese immediately granted them.^(11A) In addition it was "understood that the French, or the Franco-Chinese Company only, may construct all railways having Pakoi as their starting-point."^(11B) By this arrangement France was enabled to prevent all other foreign railway companies from making Pakoi their terminus, and she acquired for herself the port necessary for a railway from the sea to the Yangtze River. She was giving effect to the plans elaborated by the Mission sent out to China by the Chamber of Commerce of Lyons to which we have previously referred on pages 227, 229-31.

Whether as a consequence of these demands and of the realization that China was surrendering without resistance to the diplomats of France and Russia—which Britain could do

nothing to stop effectively—or of the opportunity which the Spanish-American War afforded him to further Britain's new policy of alliance, Mr. Chamberlain made a departure in diplomatic practice and frankly told the world the new policy of the British Government. Speaking at Birmingham on the 13th of May, he characterized the China question as "a national question" which might, "before long," compel "the Government—any Government—to appeal to the patriotism of the people as a whole," because "for some time past" there had been "a combined assault by the nations of the world upon the commercial supremacy of this country (Britain), and if that assault were successful our existence would be menaced in a way in which it has never been threatened since the time, at the very beginning of this century, when the great Napoleon attempted to lay an interdict upon British trade. . . . The crux of the situation" was that for fifty years "the policy of Britain had been a policy of strict isolation." "We have had no allies. I am afraid we have had no friends." This, he said, was partly due to envy of British success, suspicions of British motives and the belief that Britain desired others to pull her chestnuts out of the fire without being rewarded for it. Britain had gained many advantages by following the isolation policy, and she had escaped many quarrels thereby. "But," proceeded Mr. Chamberlain, "now in recent years a different complexion has been placed upon the matter. A new situation has arisen and it is right the people of this country should have it under their consideration. All the powerful States of Europe have made alliances, and as long as we keep outside these alliances, as long as we are envied by all and suspected by all, and as long as we have interests which at one time or another conflict with the interests of all, we are liable to be confronted at any moment with a combination of Great Powers so powerful that not even, the most extreme, the most hot-headed politician would be able to contemplate it without a certain sense of uneasiness. . . ." He therefore proposed that British statesmen should strive for a closer Imperial union and for a better understanding with the United States so as to minimize the danger involved for Britain in the existence of European alliances to which she was no party. Elaborating further upon this point, he added that it was not only desirable, but that it was their duty "to establish and to maintain bonds of permanent amity with our kinsmen across

the Atlantic. They are a powerful and generous nation," whose origin was British and who had an interest identical with that of Britain in the peaceful development of the world. "Mr. Chamberlain proceeded thus :

"I do not know what the future has in store for us. I do not know what arrangements may be possible with us, but this I know and feel—that, the closer, the more cordial, the fuller and the more definite these relations are, with the consent of both peoples, the better it will be for both and for the world. And I even go so far as to say that, terrible as war may be, even war itself would be cheaply purchased if in a great and noble cause the Stars and Stripes and the Union Jack should wave together over an Anglo-Saxon Alliance. . . . At the present time these two great nations understand each other better than they have ever done since more than a century ago. They were separated by the blunder of the British Government."

Mr. Chamberlain then went on to consider the situation created in China which necessitated the change in British policy. "He referred to the promises made by Russia and then broken by her, to Britain's attempt at an understanding with Russia and its failure, and concluded that "Who sups with the Devil must have a long spoon. . . . We have in the future," said he, "to count with Russia in China, as we have to count with Russia in Afghanistan, and with this difference—in China we have no army and no defensive frontier." Britain had two courses open to her, either to reach an understanding with Russia or to declare war upon her to settle the China Question. As for the first course, she had attempted it already and had failed ; as for the second, the matter was more difficult.

"I am one of those," stated Mr. Chamberlain, "who think that for any country there are worse things than war ; there is loss of honour ; there is loss of those interests which are so vital to the security of the existence of the nation. But, in any case, I hope I am sensible enough never to give my voice for war unless I can see at the commencement of war a fair probability that at the end of the war the objects of the war will have been obtained. Now, what does history show us ? It shows us that unless we are allied to some great military Power, as we were in the Crimean War, when we had France and Turkey as our Allies, we cannot seriously injure Russia, although it may also be true that she cannot seriously injure us. If that is the case, it is a case which deserves the serious consideration of this country. It is impossible to overrate the gravity of the issue. It is not a question of a single port in China ; that is a very small matter. It is not a question of a single province,

it is a question of the whole fate of the Chinese Empire, and our interests in China are so great, our proportion of the trade is so enormous, and the potentialities of that trade so gigantic that I feel that no more vital question has ever been presented for the decision of a Government and the decision of a nation. . . . One thing appears to me to be certain: if the policy of isolation, which has hitherto been the policy of this country, is to be maintained in the future, then the *fate of the Chinese Empire may be, probably will be, hereafter decided without reference to our wishes and in defiance of our interests*. If, on the other hand, we are determined to enforce the policy of the open door, to preserve an equal opportunity for trade with all our rivals, then we must not allow Jingoes to drive us into a quarrel with all the world at the same time, and we must not reject the idea of an alliance with those Powers whose interests most nearly approximate our own." (12)

Mr. Chamberlain had spoken to the British people very frankly. Russia had created a situation in China which might involve the fate of the Chinese Empire and the collapse of the policy of the open door and equal opportunity for trade in China. These were "interests vital to the security of the existence of the nation," which might necessitate an appeal to patriotism of the people. But history had shown that Britain alone could not seriously injure Russia. To effect her purpose it would therefore be necessary to abandon the policy of isolation which she had until then followed. Only in this way could "the combined assault upon the commercial supremacy of Britain" be arrested and the possibility be averted that "the fate of the Chinese Empire would hereafter be decided without reference to Britain's wishes and in defiance of her interests." He therefore recommended an alliance "with those Powers whose interests most nearly approximate our own," and in particular made a gesture to the great American people, hinting at the readiness of the British people to render it military support in the Spanish-American War in return for an alliance. The following words, coming a day after the London *Times* had declared that Britain would oppose a continental coalition against America, (13) are rather significant and lend weight to this view: "I do not know what arrangement may be possible with us . . ." but "terrible as war may be, even war itself would be cheaply purchased if in a great and noble cause the Stars and Stripes and the Union Jack should wave together over an Anglo-Saxon Alliance."

Mr. John Hay, the American Ambassador in London at the time, and later Secretary of State of the American Republic, sheds

some light upon the origins of this speech. He says in a letter to Sen. Lodge under date of May 25, 1898: "Mr. Chamberlain's startling speech was partly due to a conversation I had with him, in which I hoped he would not let the opposition have a monopoly of expressions of good will to America. He is greatly pleased with the reception his speech met with on our side, and says he don't care a hang what they say about it on the Continent." (14) As a matter of fact the continental Press, including that of Germany, did not receive Mr. Chamberlain's address favourably, but the American Press did, particularly the *New York Tribune*, whose editor was a Republican and an intimate friend of the President.

It commented that "the trend of events in the last few months certainly seems to have inclined the American people to regard such an alliance with greater favour than ever before." (15) Under the circumstances it is extremely likely that the Colonial Minister acted upon the suggestion of Mr. Hay. The quest for an alliance was in conformity with the new British policy, and America was the only country with whom Britain was then able to effect one. (Russia had refused her offer for an understanding, Japan was unprepared for an alliance, and Germany had shown herself reluctant to enter into one with England and was therefore free and liable to resume at any time the rôle of a central link in the severed chain of the 1895 Dreibund.) The United States had need of support as much as Britain. The former had proved the value of her fighting force in her war with Spain, the latter had proved her friendship for America by refusing to enter upon the proposed continental coalition against her. Each was menaced by the same group of European States, the potential new Dreibund. They therefore had a basis upon which to set up a common policy. And furthermore it is not impossible that the American Ambassador held out some hope for the conclusion of the alliance for Mr. Chamberlain to have spoken so boldly and freely. Indeed, so intimate were the relations between the two Governments at the time, that Hay could write Lodge on April the 5th, 1898, more than a month earlier: "If we wanted it—which, of course, we do not—we could have the practical assistance of the British Navy—on the '*do ut des*' principle naturally." (16) In the foregoing speech Mr. Chamberlain had offered the aid of British war forces as the "*do*" in return for an alliance as the "*des*."

His speech, therefore, was not mere diplomatic bluff. It had a sound foundation and represented the attitude and policy of the British Government. He had enunciated a policy to which his Government had sought to give effect ever since the early days of 1898, when the Chinese Problem had first presented itself in all its magnitude. He, no doubt, however, also hoped by his strong and emphatic language to influence Russia to accept the proposed agreement concerning China suggested by Salisbury on May the 4th, to prepare public opinion for an alliance programme with those Powers having "interests which most nearly approximate our own," viz. Germany and Japan and the United States, and, above all, to make a bid for an American Alliance. Whether negotiations for an Anglo-American Alliance followed immediately after this speech or took place concurrently with the negotiations for an Anglo-German alliance one cannot say with certainty. But according to the following extract from a letter written by John Hay, the American Ambassador in London until September 1898, to C—— S—— H—— on October 29, 1900, Britain offered the United States an alliance to preserve the integrity of China and the "open door" there, not later than September 1898. Mr. Hay said :

"I saw in the evening papers the news of the Anglo-German Agreement to defend the integrity of China and the open door. This is the greatest triumph of all. Lord S. (Salisbury) proposed this to me before I left England. I could not accept it because I knew that unspeakable Senate of ours would not ratify it, and ever since I have been labouring to bring it about without any help, and succeeded as far as was possible for one Power to do." (16A)

Though America did not accept Britain's proposal to preserve China's integrity and the "open door," it at least is a "working hypothesis" that some kind of understanding was reached between the two Governments in respect of these two objects, which was, however, to become operative only in certain contingencies. This would seem to find some confirmation in a letter written by John Hay, Secretary of the United States, to Henry White on September the 24th, 1899. This letter reads as follows :

"The fact is, a treaty of alliance is impossible. It could never get through the Senate. As long as I stay here, no action shall be taken contrary to my conviction that the one indispensable feature of our

foreign policy should be a friendly understanding with England. But an alliance must remain, in the present state of things, an unattainable dream." (16B)

At all events, whatever the arrangements were, if any, Britain showed herself less eager for the Anglo-German Alliance at this time. In fact, by May 11, 1898, Lord Salisbury had told Count Hatzfeldt that "you ask too much for your friendship," and that it was therefore more advisable to wait with treaties until the need for them arose. (17) Lord Salisbury, back at the helm of State again, may have adopted this attitude not simply on account of his French sympathies, but because Britain and France were on the eve of settling their Niger difficulties, (17A) because he had a natural antipathy for alliances of any sort or because he had realized the error of Mr. Chamberlain in giving the proposed alliance an anti-Russian point. In any case, in the German Foreign Office the impression prevailed that, for the time being, Britain did not desire an alliance with Germany, and that if she did, the kind of combination desired would be a general and not an anti-Russian alliance. (18) The Kaiser, in an unsigned and undated memorandum, attempted to analyse the motives which induced the British to make Germany the offer of an alliance and to judge whether German interests could be furthered thereby. In this document he sets out two theories. The first is based on a suspicion of Britain's *bona fides*. The Kaiser suggested that the offer was the result of Britain's apprehension of the consequences of Germany's progress in the construction of her fleet, which, if united with others, would be a menace to Britain by the beginning of the next century and that by the alliance Britain hoped to be able to reduce the rate of Germany's naval development. The second theory is founded upon the *bona fides* of Britain in seeking an alliance with Germany. If this were so, says the Kaiser, "the union would be excellent for the future and our colonial trade would be secured. How long Russia-Gaul will maintain peace out of fear of such a combination is, indeed, questionable, but it is not impossible. On the other hand, suppose we refuse England and achieve a firm union with Russia, which is a condition precedent to the refusal—then England may be able to tear France away and crush us together with Russia—first of all destroy our entire trade, as it is now still unprotected and Russia cannot help defend it. On the other hand, we could throw the whole force

of our army, reinforced by Russia, destructively upon Gaul, and could save our State." (19)

The Kaiser had, indeed, recognized that an alliance with Britain would compel Russia and France, "out of fear of such a combination," to maintain peace. In this respect he paid a tribute to the peace plan of Mr. Chamberlain. But either because he preferred to put faith in his first theory or because he believed that German interests would be served best by "a firm union with Russia," he turned towards Russia to that end. On May the 30th he addressed "a private and very confidential" letter to the Czar of Russia, in which he made a bid for a Russo-German Union. In it he informed him that "about Easter a celebrated politician *proprio motu* suddenly sent for my Ambassador and *à brûlé pourpoint* offered him a *treaty of alliance* with England ! . . . after Easter," it continued, "the request was *urgently* renewed but, by my commands, coolly and dilatorily answered in a colourless manner. I thought the affair had ended. Now, however, the request has been renewed for a third time in such an unmistakable manner, putting a *certain short term* to my definite answer and accompanied by such enormous offers, showing a wide and great future opening for my country, that I think it my duty to Germany duly to reflect before I answer. Now, before I do it, I frankly and openly come to you, my esteemed friend and cousin, to inform you, as I feel that it is a question, so to say, of life and death. We two have the same opinions; we want peace and we have sustained and upheld it till now ! What the tendency of the alliance is, you will well understand, as I am informed that the alliance is to be with the Triple Alliance and with the addition of Japan and America, with whom *pourparlers* have already been opened ! What the chances are for us in refusing and accepting you may calculate yourself ! Now, as my old and trusted friend, I beg you to tell me what you can offer me and will do if I refuse. Before I take my final decision and send my answer in this difficult position I must be able to see clearly, and clear and open, without any back-thoughts, must your proposal be. Should you like to meet me anywhere to arrange by mouth, I am ready every moment, at sea or on land, to meet." (20) The truth, however, is that Britain had not made Germany three offers for an alliance. It had only made two, referred to previously. This fact is established by the editors of the *Grosse Politik der Europäischen*

Kabinette.(20A) The Kaiser was puffing his case in order to get better conditions from Russia.

The Russian Emperor's reply, however, did not contain the proposals desired by the Kaiser. Nicholas exchanged confidences with the Kaiser but limited himself to an assurance to the Kaiser to the following effect: "You can . . . rely fully on my country's peaceful and quiet attitude." The letter of the Czar, written in an equally quaint English, bearing the date of June the 3rd, 1898, said in part :

"Three months ago, in the midst of our negotiations with China, England handed us over a memorandum containing many tempting proposals, trying to induce us to come to a full agreement upon all the points in which our interests collided with hers. These proposals were of such a new character, that I must say that we were quite amazed; and yet their very nature seemed suspicious to us; never before had England made such offers to Russia. That showed us clearly that England needed our friendship at that time, to be able to check our development, in a masked way, in the Far East. Without thinking twice over it, their proposals were refused. Two weeks later Port Arthur was ours. As you know, we have arrived at an understanding with Japan upon Corea, and we have been since a long time on the best of terms with North America.

"I really do not see any reason why the latter should suddenly turn against old friends—only for the *beaux yeux* of England's ?

"It is very difficult for me, if not quite impossible, to answer your question whether it is useful or not for Germany to accept these often-repeated English proposals, as I have not got the slightest knowledge of their value.

"You must, of course, decide what is best and most necessary for your country.

"Germany and Russia have lived in peace since old times, as good neighbours, and God grant they may continue so, *in close and loyal friendship* !

"Our countries have luckily no political frictions, and nowhere do our interests come into collision.

"The story of Kiaotschau is a good example of what I have just said, and I am perfectly sure so it will also be in the future ! You know my ideas and convictions, and you can therefore *rely fully* on my country's peaceful and quiet attitude. . . ." (21)

Though no positive results accrued to Germany from the foregoing correspondence, it was not without significance for the politics of the Far East. Now that Russia knew that Britain had failed to reach an understanding with Germany on the Far East, she was enabled to proceed with greater confidence in

unfolding her plans there. In fact, she was free to exercise pressure upon China without fear of effective opposition from Britain.

Although no "firm union" resulted from the letters, the two monarchs had clarified their attitude towards each other. Moreover, on June the 10th, 1898, Count Osten Sacken, the Russian Ambassador to Germany, pointed out in Berlin that it was the opinion of the Czar that "if Germany wished to ally herself with Britain, Russia could not prevent this. If such an alliance were to turn its spear-head against Russia, Russia would endeavour to defend herself, but she would in no case assume any offensive whatsoever and hoped in Europe, as in Asia, never to get into a conflict with Germany." (22)

By the 5th of June, 1898, the Kaiser and his Chancellor, Bülow, had definitely come to the conclusion that a general agreement either with Britain or with Russia was to be avoided irrespective of the wording of the agreement. They were convinced that any agreement with Britain must be directed against Russia, and any agreement with Russia against Britain. The first would be injurious to Germany's position in Europe from a military point of view. The second course would prejudice her prospects in the colonial field. It therefore was evident that general agreements were to be avoided and that the proper course was to confine negotiations "to concrete separate matters." (24)

For the time being a British-German Alliance directed against Russia was impracticable from the point of view of Germany. The very purpose of the alliance ran counter to the policy which she had pursued since 1895. Britain desired by means of it to arrest the activities of Russia in China, whereas Germany was keenly interested in encouraging Russia to look to China for expansion. In this way she hoped to ease the military pressure upon her eastern frontier. To have entered into the alliance then without an effective territorial guarantee would have endangered the safety of the German State, for as the Kaiser pointed out, "In East Prussia, Germany had only one Prussian army corps to face the three Russian armies and nine cavalry divisions standing hard on her frontiers from which no Chinese wall separated them nor British cruiser protected them." (25) Nor could the German Government forget Russia's support of them in the acquisition of Kioachau and her readiness to recognize their sphere in Shantung. They could not now with any show

of grace attempt to persuade Russia to halt her advance upon China after they had so consistently encouraged her in that direction and had led her to believe that she need expect no opposition from them in her encroachments upon the Chinese State. The plain truth is that the Teuton statesmen had no desire to do so. An arrested expansion in the direction of China would have changed Russia's entire political system. She would, as she did, in fact, after the Russo-Japanese War, shift her political pressure to the Balkans, where Germany would become involved, as she later did, through her ally, Austria. As matters stood, it was Britain who had to deal with Russia and not Germany. The alliance could therefore serve only British interests and not German interests.

Despite the foregoing the German statesmen had not definitely turned their backs on the project. There were certain circumstances under which it might prove acceptable to them. They were bent upon improving their status in *Weltpolitik*. They had not considered the recent British offer definite enough nor large enough to justify them in incurring the enmity of Russia, with whom their relations were peaceful and friendly. They were of the belief that time operated against the British and in favour of their own country. They therefore determined to keep their hands free as long as possible, ready to throw their weight, at any moment, on that side which paid the highest price. Their policy, however, was sound only as long as Britain and Russia remained antagonistic to each other. They were, however, by their attitude forcing a *rapprochement* between these Powers and laying the foundation for their own isolation. The British Government was now in the position where it had to arrive at some working arrangement with the Powers, if British interests in China were to be preserved.

NOTES

1. *D.G.P.*, vol. xiv, part i, p. 221—Document 3793, Hatzfeldt to Hohenlohe, April 26, 1898.
2. *Ibid.*, p. 223.
3. *Ibid.*, p. 224.
4. *Ibid.*, p. 222.
5. *Ibid.*
6. *Ibid.*, p. 225.
7. *Ibid.*, p. 227, footnote.

8. *The London Times*, p. 7, May 5, 1898, cols. b, c.
9. *Ibid.*
10. *China*, No. 1 (1899), p. 94—Despatch 127, MacDonald to Salisbury, May 21, 1898; p. 113—Despatch 178, Monson to Salisbury, June 8, 1898. *La Livre Jaune* (1894-2) *La Chine*, pp. 54, 55—Despatches 72, 73, 74, Hanotaux to Pichon.
11. *Treaties with and concerning China*, MacMurray, vol. i, p. 125—Hanotaux to Pichon, May 2, 1892.
- 11A. *La Livre Jaune* (1894-3) *La Chine*, p. 55—Despatch 74, Pichon to Hanotaux, May 28, 1898.
- 11B. *Treaties with and concerning China*, MacMurray, vol. i, p. 125—Pichon to Hanotaux, May 28, 1893.
12. *London Times*, p. 12, May 14, 1898, cols. b, c, d.
13. *Ibid.*, May 12, 1898, p. 9.
14. *Life and Letters of John Hay*, W. R. Thayer, 1915, vol. ii, p. 169.
15. *London Times*, May 18, 1895, p. 7.
16. *Life and Letters of John Hay*, W. R. Thayer, 1915, vol. ii, p. 165.
- 16A. *Ibid.*, vol. iii, p. 199, printed but not published, 1908.
- 16B. *Ibid.*, W. R. Thayer, 1915, vol. ii, p. 221.
17. *D.G.P.*, vol. xiv, part i, p. 230, footnote—Document 3796.
- 17A. *British War Origin Documents*, vol. i, p. 154—Document 179, Monson to Salisbury, May 19, 1898.
18. *D.G.P.*, vol. xiv, part i, p. 230, footnote—Document 3796.
19. *Ibid.*, p. 239—Document 3799, Memo of William II.
20. *Brief Wilhelms II an der Zaren* (1894-1914), pp. 309-11, ed. Walter Goetz, 1920, original in English.
- 20A. *D.G.P.*, vol. xiv, part i, p. 250, footnote—Document 3803.
21. *Ibid.*, pp. 250, 251—Document 3803, Nicolas II to William II, June 3, 1898.
22. *Ibid.*, p. 252, footnote—Document 3804.
24. *Ibid.*, p. 248—Document 3802, June 5, 1898; p. 252—Document 3804, Bülow to Hatzfeldt, June 8, 1898.
25. *Ibid.*, p. 216, footnote—Document 3789.

CHAPTER XIV

BRITAIN'S EFFORTS FOR RECOGNITION OF HER SPHERE

The action of the British Minister to China, April 26, 1898—The Yangtze Valley Railway System—Britain's motive—The German Government's attitude—The case of the banks—Threat of the German Minister—The proposal of Lord Salisbury—Points of difference—The attitude of the German Government—Lord Salisbury's attitude—The merits of the case—Britain's proposal to China on June 8, 1898—The object—The indecision of the Chinese Government—The Peking-Hankow Railway—The fears of Britain's commercial community—Political fears—Overlach's view—Balfour's communication to the Chinese Government, June 9, 1898—Peking-Hankow Railway contract signed June 26, 1898—The assurances from the Chinese Government—Britain's warning to China—The Shanhaikuan-Newchang Railway concession—The action of the Russian Government—Britain's note to China—The basis of China's decision—The Slav's demands—China's decision—Article III of the Russo-Chinese Agreement of May 1898—Russia's reason—Lord Salisbury's "battle of concessions" telegram—The China Association's communication of July 8, 1898—The two policies suggested—Their practicability—The object of the sphere policy.

ONE day after Britain had renewed the overture for an alliance with Germany, i.e. on April 26th, her Minister at Peking took a step designed to give effect to the new policy of his Government, namely, to obtain the recognition of the Powers that Britain also had a sphere in China. We have already seen how Mr. Balfour took a step of a different nature a few days later with the same object.(1) The British envoy to China informed his German colleague of his intention to demand of China the right to construct the Shanghai-Nanking Railway "as a political concession." (2) This was to be claimed as an offset to the advantages which France had obtained by her exchange of Notes with China under dates of April 4, 9 and 10, 1898.

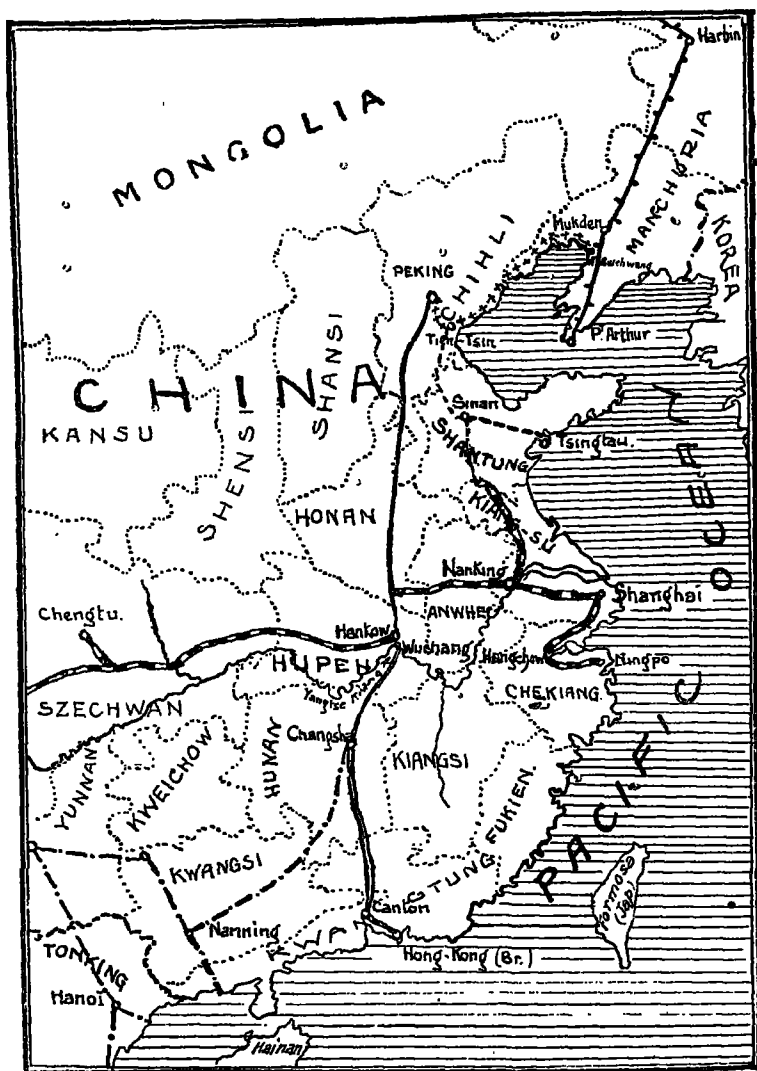
This railway was intended to be the beginning of a Yangtze Valley Railway system. The fosterers of the project hoped to prolong the Shanghai-Nanking Railway. Their plan for its extension is put forth by P. H. Kent on page 130 of his book, *Railway Enterprises in China*. He says of it :

"Starting from Pukow on the opposite bank of the river (from Nanking), it will run across country to Hsinyang. Between Hsinyang and Hankow the Ching-Han line will be utilized. From Hankow the system will be continued due west across country to Ichang, and thence, according to present ideas, by way of Wanhsien, to the Chengtu plateau, in the rich 'Red Basin' of Szechuen. In the fullness of time, doubtless, there will also be a branch from Wanhsien to the treaty port of Chungking, destined to become the Saint Louis of the Far East, if we may believe Well William's prophecy."

Indeed, if this should be connected with the projected Burma-Yangtze Railway, Shanghai would be linked to India. Up till to-day, however, only the sections of the railway from Shanghai to Nanking, from Hangchow to Ningpo, and from Ichang to Wanhsien have been constructed. Though each of these were excellent commercial projects, and served real needs of the China trader, the demand for the Shanghai-Nanking Railway now, and that put forward several months later for the Soochow-Hangchow-Ningpo and Pukow-Sinyang Railway concessions had, however, a political side as well. Britain was attempting by the same means as France, Russia and Germany had employed—namely, by the construction of railways in a particular area—to assert for herself a sphere in China.

This latter fact is demonstrated clearly by the course of the ensuing negotiations between Britain and Germany which went on simultaneously with the alliance negotiations, and in particular by the words of the British Minister in communicating to the German Minister his intention in respect of the Shanghai-Nanking Railway. He expressed the hope "that since Britain was leaving us a free hand in Shantung we would not offer her any opposition on the Yangtze." (3) But the German Government refused to fall in with the suggestion of accepting an obligation concerning the Yangtze Valley towards Britain similar to that which Britain had undertaken towards Germany in the Province of Shantung. Indeed, the attitude of the German Government was set out clearly in a telegram of the Kaiser to his Minister in Peking which stated: "that is impossible! We have great interests which prohibit us from leaving the Yangtze behind for Britain. Besides, a big German syndicate is already at work trying to get the railway. . . ." (4)

The syndicate to which the German Emperor referred was the Deutsch-Asiatische Bank. It had an interest in the Shanghai-



RAILWAYS PROJECTED IN 1898

- BRITISH
- x- RUSSIAN
- ... FRENCH
- ▲ AMERICAN (U.S.-French)
- GERMAN
- CHINESE

RAILWAY MAP

Nanking Railway concession in virtue of an arrangement with the Hong-Kong and Shanghai Bank—a British institution—under which each shared the concessions which the other obtained in China. But the arrangement had been terminated by the withdrawal of the British Bank. It had declined to continue under the arrangement because of Germany's action in refusing it participation in the Shantung Railway concession.(5) The position which the British Bank adopted was that if it were excluded from Shantung concessions the German Bank ought to give it a free hand in the Yangtze. In this view it had the support of the British Government. But Germany still maintained that she possessed certain rights to the Shanghai-Nanking project. It was therefore natural that the German Government should not acquiesce in the British request. Nor was Count Bülow slow to see the political aspect of the question and to realize that it might provide an opportunity to improve his Government's position in China.(6) His Ambassador in London therefore informed Lord Salisbury that since the railway was demanded as "a political concession," it was a political question necessitating an agreement between the two Governments. Moreover, he stated emphatically that "If we did not come to an understanding, that must, according to my conviction, result in a definite clash between German and British interests in China in such matters, and nothing would remain for us but everywhere to oppose British pretensions of this sort in the future." (7)

This threat could not be regarded lightly by the British Cabinet. They had no desire still further to complicate their difficult position in China, by adding the opposition of Germany to that of Russia and France. Lord Salisbury accordingly proposed that the two banks should negotiate upon the railway concession in question.(8) A conference was held in due course to deal with the matter. It, however, achieved no practical results. This was due to the difference in the points of view of the two national groups. The German group were prepared to discuss only the Shanghai-Nanking Railway project. The British group were prepared to discuss it, but declined to dissociate it from the position of Germany in Shantung.(9) They desired to obtain for Great Britain a sphere in the Yangtze similar to that which Germany had succeeded in asserting for herself in Shantung. Indeed, this is made tolerably clear by a proposal of Lord Salisbury that Germany

should be admitted to an equal share in the profits of the concession, but that the name and management of the company should be British.(10) The German Government sensed the significance of this proposal, and therefore would not agree to it. By the 11th of May, 1898, Lord Salisbury was apprised of this fact.(11)

The attitude which the German Government adopted was that they had equal rights with Britain in the Yangtze Basin and special rights in Shantung. Their Minister contended that Germany "by her occupation of Kiaochau, and by her Agreement with China respecting Shantung, has acquired a special position in that province, which consequently is not unreservedly open to British enterprise, whereas Great Britain, not having occupied any place in the Yangtze region, that region is still unreservedly open to German enterprise. . . ." (12)

This limitation upon the rights of Great Britain Lord Salisbury declined to accept. Assuming the same tone as Mr. Balfour had on April 29th, he pointed out to the German Ambassador that he regarded "Britain's position in the Yangtze as identical with that of" Germany "in Shantung." (13) This was a reiteration of the claim to the same vague rights which Mr. Balfour had asserted on April 29th.(14) The Prime Minister based his claim upon the Chinese declaration of non-alienation made to Great Britain on February 11, 1898. Furthermore, he continued that if Germany insisted that she had a right to be admitted to the Yangtze by reason of the "open-door" policy which Britain herself had enunciated—a right which Germany in fact claimed—Britain could not be excluded from Shantung. The "open-door" policy, in his view, was intended to apply equally to every part of China, and not to the Yangtze alone.(15) The German Government, however, averred that Britain was not excluded from Shantung, but that Germany only had preferential rights there.(16)

Logically the position of the British Government was perhaps sounder than that of the German Government, but no agreement was reached between the two at the time. For the Germans to admit the British contention that the "open door" prevailed everywhere would have been to undo everything which their diplomacy had achieved in China. They were not desirous of doing this. They wished to retain their preferential sphere in Shantung—which would in practice no doubt amount to an

exclusive one—and at the same time to retain the right to operate in the Yangtze Valley on equal terms with the other Powers. To Britain this would mean that not only would she be placed in a secondary position in Shantung, but that she would also have to deal with German competition in the Yangtze.

Having failed to win Germany's approval of the Yangtze as a British sphere, she next attempted to procure that of China herself. On June 8th her Minister proposed at Peking that China should "make a rule that, other things being equal, railways in the Yangtze Kiang region should be conceded to English companies, and in the Province of Shantung should be conceded to German companies." (17) It was quite evident that an undertaking that railways in the Yangtze region should be conceded to English companies would, regardless of its context, be in practice expanded so as to exclude not only German but also the French, Russian, and other non-British claims in the Yangtze. It would in fact be the very basis of that recognition which Britain desired, i.e. that the Yangtze Valley was the British sphere. The Chinese Government were, however, indecisive, and Britain again failed to secure for herself what each of the other Great Powers already possessed—a sphere in China.

In the latter part of May 1898 Britain was confronted with new complications in the Yangtze Valley which arose out of the activities there of other Powers than Germany. These, however, merely strengthened the conviction of the British Government that it was vital for its interests that the Yangtze should be recognized as a British sphere, if they were not to be squeezed out of China altogether. The *London Times* of May 22, 1898, indicated the new developments which had taken place there. It reported that negotiations were being conducted by China with a Belgian syndicate supported by France and Russia for the construction of the Peking-Hankow Railway. (18) We have stated previously that the concession had been promised to Belgium in 1897. (19) The terms of this concession were being revised now. But the active support of the claim by France and Russia with the report that foreign control of the line was assured caused great concern in British circles. The Peking-Hankow line would cut through the Yangtze Valley, and thereby control the distribution of much of the trade of the Yangtze Valley, which was predominantly British. As a principle Britain favoured

an increased railway construction programme. It would under ordinary conditions result in improved trading facilities for everybody. But the conditions which prevailed in China at the time were not ordinary. Here other practical considerations came into play. The commercial interests of Britain feared that foreign control of this railway would result in the establishment of preferential rates thereon which would strangle British trade in this most profitable market of China. Indeed, in the light of all that has been said in this and the preceding chapters there does not seem to be any reason to doubt that the desire of Britain for a sphere at the time was primarily a desire to safeguard her immense commercial interests in the Yangtze. As a result of the construction of this railway China would eventually be encircled by a Franco-Russian Railway cordon, all under some measure of foreign governmental control. It was the foreign control of these three great railways—(North) the Chinese Eastern (Russian); (Centre) the Peking-Hankow (Belgian-French-Russian); and (South) the Tongking-Yunnanfu (French)*—which exposed British traders to the danger of “a combined assault upon the commercial supremacy of Britain.” This fear was justifiable in view of the difference in the control of the British and other foreign railways. The other foreign railways were Government controlled, and might easily be “subverted to national ends.” The British railways were simply commercial enterprises. This is also the view of Overlach, who points this out in his book *Foreign Financial Control of China*. After an analysis of the various financial agreements concluded by China with the Powers, he says:

“But we have to emphasize that the British Government, though it had forced the Chinese Government to grant railway concessions to British subjects within the sphere, had no part whatsoever in construction or control.(20) . . . British control in China consists of nothing more than safeguards for the protection of the bondholders and bankers, guaranteeing proper loan fund expenditure and adequate return. It is exercised exclusively by private corporations, and is therefore essentially financial and non-political.” (21)

But Britain also had a political motive in opposing the mooted “Belgian” concession. It involved an extension of the influence of Russia and France in China, and an intrusion by them into that area which Britain desired the other Powers to regard as

* See map on page 332.

her sphere. Moreover, a suspicion existed that Russia hoped to gain an easy access to the north-eastern frontiers of India through China, and that she also intended by means of this railway to bring central China under her domination. Under the circumstances it is not surprising that British statesmen regarded this new Russo-French advance as a challenge to their country's position in the Yangtze. Lord Salisbury accordingly informed his Minister at Peking on June 9, 1898, that Britain objected to the concession being granted to the Belgian syndicate, and instructed him as follows:

"Her Majesty's Government entertained objection to the Hankow-Peking line when they originally heard of its being granted to Belgian Syndicate. When there is likelihood of Russo-Chinese Bank, which is tantamount to Russian Government, financing southern section of that railway, that objection is greatly increased. A concession of this nature is no longer a commercial or industrial enterprise, and becomes a political movement against British interests in the region of the Yangtze. You should inform the Tsungli Yamen that Her Majesty's Government cannot possibly continue to co-operate in a friendly manner in matters of interest to China if, while preferential advantages are conceded to Russia in Manchuria and to Germany in Shantung, these or other foreign Powers should also be offered special openings or privileges in the regions of the Yangtze. Satisfactory proposals will be forthcoming if the Chinese Government will invite the employment of British capital in the development of those provinces." (22)

We have pointed out heretofore that on the previous day the British Government had suggested to China that railways in the Yangtze should be confined to Britain and in Shantung to Germany. By analogy it may be supposed that railways in Manchuria were intended to be confined to Russia. That attempt to safeguard British interests in the Yangtze by setting up a British sphere there was fruitless. This protest was also fruitless. China could not resist the pressure of Russia and France. On June 27th, the Peking-Hankow Railway contract was signed. (24) Britain's attempt to preserve intact the Yangtze Valley had failed. The Russo-French group had succeeded in penetrating into it. Britain was still without her sphere.

Having failed to prevent China from granting the Peking-Hankow Railway to the Russian-French-Belgian group, Britain attempted to obtain another kind of guarantee for her interests in the Yangtze region. It was less valuable than that which she desired, but it could at least serve as a basis for a claim against

China if British interests were, in fact, injured by the Peking-Hankow Railway concession. On June 20, 1898, Britain obtained from China an assurance that the "Russo-Chinese Bank was not in any way interested in the Belgian concession for the Peking-Hankow line," (25) and the Chinese Government supplemented this by a statement made on August 6, 1898, to the effect that it "would not ratify" the railway agreement "if it were found to contain . . . provisions which showed that the railway was financed by the Russo-Chinese Bank." (26) Britain on her part warned the Chinese Government "against permitting preferential rates or duties of any kind whatever," since it "would conflict seriously with China's treaty obligations, and would be strenuously opposed" by the British Government. (27) We shall have occasion to revert to this again.

In the meantime, British interests were encountering difficulties elsewhere as well. The Hong-Kong and Shanghai Bank had secured on June 15, 1898, a concession for a loan to the Chinese Government to enable it to construct an extension of the northern line from Shanhaikuan to Newchang. (28) The line would link up the hinterland with Newchang, where British trade preponderated and approximated £4,000,000 per annum. It, however, lay within Manchuria, i.e. within the Russian sphere. The Russian Government accordingly, through its *Chargé d'Affaires* in Peking, opposed this loan. It took exception to the terms of it. So emphatic was its protest, that it was reported, although later denied, that the Russian Government had threatened to seize either the Chinese Province of Ili (Turkestan) or Kuldja as compensation if the loan were made. (29) Whether in fact this threat was levelled against China it is difficult to state with certainty. At all events there seems to have been a genuine fear that it had been made, for on July 22, 1898, Great Britain saw fit to inform Chinese statesmen that "Her Majesty's Government will support them against any Power which commits an act of aggression on China by reason of China having granted to a British subject permission to make or support any railway or similar public work." (30)

The Chinese statesmen were not prepared to avail themselves of the promise of British support and protection. They had lost Port Arthur to Russia in seeking that Power's support against Germany at the time of the Kiaochau incident. It was safer

to acquiesce in the demands of the Slavs. In their essence these were as follows:

1. The Shanhaikuan-Newchang line should not be mortgaged or pledged as security to any foreign creditor or Power.
2. There should be no foreign control or management of any kind either now or in case of default—not even an inspection of accounts.(31)
3. China should give an assurance that the line would never pass out of her complete control.

By August 6th China informed Britain of her inability to fulfil the terms of the preliminary contract.(32) She averred that the control and mortgage provisions were contrary to a Russo-Chinese Agreement of May 1898. It is difficult to comprehend this contention, since Article III of that agreement says in part :

“It is further agreed in common that railway privileges in districts traversed by this branch line shall not be given to the subjects of other Powers. *As regards the railway which China shall (may) herself build hereafter from Shanhaikuan in extension to a point as near as (lit. nearest to) possible to this branch line, Russia agrees that she has nothing to do with it.*” (33)

Yet despite this Russia refused to give her consent to any condition whereby the railway might at any time pass out of the complete control of China. The Russians viewed this enterprise as a means of penetrating the Russian sphere in Manchuria. It was for this reason, in reality, that they were opposing every measure which might subsequently be converted to political use there.

The attitude of Russia towards the conditions of the loan bade fair to destroy the possibility of its successful flotation, by depriving it of adequate security. The British Government had protested to China against the interference by Russia with a simple commercial agreement.(34) The protest was of no avail. British diplomacy was conscious that it was losing ground to the diplomacy of France, Russia and Germany. Lord Salisbury gave utterance to this fear in a telegram to Sir Claude MacDonald, the Queen's Minister at Peking, under date of July 13, 1898. In it he said :

“It does not seem that the battle of Concessions is going very well for us, and that the mass of Chinese railways, if they are ever built, will

be in foreign hands, is a possibility that we must face. One evil of this is, that no orders for materials will come to this country. That we cannot help. The other evil is, that by differential rates and privileges the managers of the railways may strangle our trade. This we ought to prevent, by pressing that proper provisions for equal treatment be inserted in every 'Concession.' (35)

This was the germ of the "open-door" policy as enunciated later.

If the British Government needed confirmation of its fear of the dangers involved for British and Chinese commercial interests in the construction of railways in the Yangtze provinces by foreign States, it received it in a communication addressed to it by the China Association (London) under date of July 8, 1898. In the Association's view :

"The question of supreme moment is railway development, and no one interested in the Far East can view without anxiety the international rivalry to which it is giving rise. This might be immaterial if the rivalry were solely financial. Under a Government sufficiently strong to maintain autonomy, it matters little who makes railways—the essential thing is to get them made. But the Government of China is politically helpless, and it is impossible to banish apprehension that railways constructed by foreign States, under State auspices, with State aid, may be held in the future to constitute territorial claims." (36)

This would clearly endanger British commercial interests in China. The attitude which they had consistently held, and which the Association now reiterated, was that "the maintenance of Chinese integrity appears to . . . consist best with the interests of British commerce." (37) It urged upon the Government that "the political element in these concessions cannot be ignored, and circumstances are conceivable in which preferential freight and differential rates might be made to subserve national ends." (38) To meet the latter danger it made a practical proposal that a 'Railway Bureau should be organized by China "capable of imposing some measure of uniformity, and of exerting such a degree of control as to prevent rival concessions assuming national hues, and being administered under different systems on exclusive lines." It stated that it would "be immeasurably preferable that important trunk lines should be made by China herself with foreign capital, because foreign capital is necessary, but foreign capital attracted, as it might be attracted, by provisions for foreign management under impartial control and Imperial guarantee." (39) But failing this it recommended that Great Britain undertake

to guarantee the cost of the construction of the Peking-Hankow line.

It based this proposition "on the assumption that England is interested in maintaining the Yangtze region intact, and that the control of its approaches is a matter of Imperial concern," and upon "the further assumption that the Russo-Chinese Bank is a Russian State Bank, and that an enterprise executed by a State Bank has a political aim. . . ." It admitted that "it may be contrary to British precedent for Her Majesty's Government to finance a railway on foreign soil, but," it asserted that "the circumstances are novel. . . ." (40)

" . . . A great trunk line leading from North China into the heart of the Yangtze Valley is an enterprise too pregnant with political importance to be disregarded. The contract with Belgium appears to be scarcely less transparent than the alleged transfer of the Changting-Taiyuen Concession to France. The real control rests, in each case, with the predominant partner in the alliance (Russia), which seems to hold China in its grip. . . . It is felt that Russia's declaration of interest in Manchuria thinly veils practical annexation, and that she is extending her influence over Northern China as rapidly as she was spreading it over Northern Manchuria twelve months ago. . . . The pretension to push forward a Franco-Russian railway into the vital centre of the district (the Yangtze Valley) is regarded as an intrusion that would be vehemently resented if the case were reversed. . . . Manchuria has been given up to Russia. . . . It would be consistent to expect that Russia should refrain from encroaching on the British sphere." (41)

To cope with the situation created by the development of these events the Representative Association of British interests in China suggested two courses for its Government :

1. To encourage and help China to assert her rights of sovereignty,
2. To define "spheres of national interest from which alien enterprise shall be excluded." (42)

The first suggestion was obviously impracticable in view of all that had preceded. The British Government were not prepared alone to help China assert her rights of sovereignty. No other Power was willing to help Britain. The second course was a development of the claim which Britain had asserted through Mr. Balfour on April 29, 1898, and an outgrowth of the political situation created by Germany and Russia. It was to this second course that the China Association was really directing the attention of its Government.

Germany had asserted preferential railway rights in Shantung.(43) This was a limitation of Britain's rights there. Russia claimed exclusive railway rights in Manchuria.(44) This excluded Britain from that region. Both Russia and Germany claimed equal rights with Britain in the Yangtze Valley. The effect of this was to place Britain in an inferior position to that of these two Powers—since each had a sphere as well as general rights, whilst Britain only had general rights in the Yangtze. The China Association was asking its Government to insist upon a position in the Yangtze similar to that of Germany in Shantung and Russia in Manchuria. This demand could easily be fitted into the vague "sphere of interest" of Mr. Balfour. By procuring this "sphere of national interest from which alien enterprise shall be excluded"—a right already held by Russia and Germany—it was hoped to safeguard British trade in the Yangtze from the political and economic danger to it involved in the foreign control of railways traversing the Yangtze region. The exclusion of alien railways alone would assure British commercial interests that railways would not—at least in the Yangtze, where most of the British trade was centred—be political weapons directed against their supremacy there, nor would preferential rates and tariffs be established on the Yangtze railways.

Consequently they suggested as a preliminary measure that Britain obtain the concession for the Peking-Hankow line; as an ultimate measure they recommended the establishment of exclusive railway spheres. It is to be noted, however, that the exclusiveness of these spheres was limited to enterprises, and that there is no suggestion of the acquisition of any political rights therein. The motive for its creation as far as Britain was concerned was primarily commercial and, unlike that of Russia and Germany, non-political. Henceforth the policy of the British Government was to be directed to the attainment of recognition of a more precise sphere than that which she had heretofore claimed with such indifferent success.

NOTES

1. See pp. 302-4.
2. *D.G.P.*, vol. xiv, part i, p. 172—Document 3771, Bülow to Hatzfeldt, April 30, 1898.
3. *Ibid.*
4. *Ibid.*, p. 173—Document 3771, Bülow to Hatzfeldt, April 30, 1898.
5. *China*, No. 1 (1899), p. 4—Despatch 5, Hong-Kong and Shanghai Banking-Corporation to Foreign Office, April 4, 1898.
6. *D.G.P.*, vol. xiv, part i, p. 173—Document 3771, Bülow to Hatzfeldt, April 30, 1898.
7. *Ibid.*, p. 176—Document 3775, Hatzfeldt to German Foreign Office, May 5, 1898.
8. *Ibid.*
9. *Ibid.*, p. 178, footnote—Document 3776.
10. *Ibid.*
11. *Ibid.*
12. *China*, No. 1 (1899), p. 83—Despatch 96, Salisbury to Lascelles, May 13, 1898.
13. *D.G.P.*, vol. xiv, part i, p. 178—Document 3776, Hatzfeldt to Hohenlohe, May 12, 1898.
14. See p. 304.
15. *D.G.P.*, vol. xiv, part i, p. 178—Document 3776, Hatzfeldt to Hohenlohe, May 12, 1898.
16. *Ibid.*, p. 180—Document 3777, Bülow to Hatzfeldt, May 15, 1898.
17. *China*, No. 1 (1899), p. 117—Despatch 173, Salisbury to MacDonald, June 8, 1898.
18. *Ibid.*, p. 96—Despatch 135, Salisbury to MacDonald, May 24, 1898.
19. See p. 180, ref. 34.
20. *Foreign Financial Control of China*, T. W. Overlach, p. 50.
21. *Ibid.*, p. 60.
22. *China*, No. 1 (1899), p. 117—Despatch 175, Salisbury to MacDonald, June 9, 1898.
23. See p. 335, ref. 17.
24. *China*, No. 1 (1899), p. 139—Despatch 210, MacDonald to Salisbury, June 29, 1898.
25. *Ibid.*, p. 132—Despatch 196, MacDonald to Salisbury, June 21, 1898.
26. *Ibid.*, p. 189—Despatch 278, MacDonald to Salisbury, August 13, 1898.
27. *Ibid.*, p. 189—Despatch 275, MacDonald to Salisbury, June 24, 1898.
28. *Ibid.*, No. 2 (1899), p. 2—Despatch 4, MacDonald to Salisbury, June 15, 1898.
29. *Ibid.*, p. 2—Despatch 5, Salisbury to MacDonald, July 8, 1898.
30. *Ibid.*, No. 1 (1899), p. 169—Despatch 243, Salisbury to MacDonald, July 22, 1898.
31. *Ibid.*, No. 2 (1899), p. 3—Despatch 9, MacDonald to Salisbury, August 6, 1898; p. 6—Despatch 13, Balfour to Scott, August 12, 1898; p. 76—Despatch 117, Scott to Salisbury, March 22, 1899.
32. *Ibid.*, No. 2 (1899), p. 3—Despatch 9, MacDonald to Salisbury, August 6, 1898.

33. *Treaties with and concerning China*, vol. i, MacMurray, p. 127—Russia and China, May 7, 1898 (1898, 9).

34. *China*, No. 2 (1899), p. 6—Despatch 12, MacDonald to Salisbury, August 10, 1898; p. 7—Despatch 15, Balfour to MacDonald, August 13, 1898.

35. *Ibid.*, No. 1 (1899), p. 164—Despatch 232, Salisbury to MacDonald, July 13, 1898.

36. *Ibid.*, p. 141—Despatch 214, China Association to Salisbury, July 8, 1898.

37. *Ibid.*

38. *Ibid.*

39. *Ibid.*

40. *Ibid.*

41. *Ibid.*

42. *Ibid.*

43. See p. 334, ref. 16.

44. See p. 338, ref. 29.

CHAPTER XV

THE MODIFIED "OPEN-DOOR" POLICY

Mr. Balfour's parliamentary speech of August 10, 1898—A criticism—The prevailing conception of the "open door"—The reason of the Government—Mr. Balfour's reply to the two interpellations—Section III Kiaochau Agreement, March 6, 1898—Mr. Balfour's claim—Britain's policy—Britain's efforts with Germany—The suggestion of the Russian Chargé d'Affaires—Balfour's view—Muravieff's attitude—The British note of August 17, 1898—The terms of the Peking-Hankow Railway contract—The financial provisions discussed—Their effect—The separate agreement—The British protest—The basis of it—The communication of the Chinese Government, August 10, 1898—Sir Claude MacDonald's interpretation—Contract ratified August 12, 1898—The views of the Chinese Government—The opinion of the French semi-official Press—The Kaiser's letter to the Czar, August 18, 1898—Britain's attitude—"Punishment for bad faith"—Mr. Balfour's telegram to Sir Claude MacDonald—Telegraphic instructions of the "gravest character"—China assents—"The combined assault"—A more favourable situation—The Kaiser's interview with Sir Frank Lascelles—The Kaiser's communication to Radolin—His motive—The effect of the communication—The Czar's approval—The Anglo-German railway sphere arrangement—Resulting settlements—The Tientsin-Chinkiang Railway settlement—Results—The attitude of the Governments.

ON August 10, 1898, before the House of Commons, Mr. Balfour defined the attitude of Her Majesty's Government upon the railway situation in China. In substance he announced as its policy the suggestion made by the China Association on July 8, 1898. At the outset he emphasized that what the Government aimed at in China was not a political sphere of influence. He said: "I do not think anybody in this House has ever advocated that we ought to desire it or to aim at it in the present position of affairs. I do not look forward to the future; I do not venture to prophesy; but I say with regard to the present, with which alone we are concerned, that neither this country nor any other country, I believe, desires the partition of China in the sense of which the right honourable gentleman speaks" [i.e. involving responsibility of government, defence, internal order, and the whole machinery of civilization as was the case in Africa].

However, with consummate parliamentary skill Mr. Balfour went on not only to admit the existence of spheres of a different sort, which may be called "spheres of concessions or enterprise," but to assert such a sphere for England in the Yangtze Valley—all this under the very nose of an unsuspecting House. This he did by giving to the "open-door" policy a new and particular definition, which was in fact a limitation of the "open door" as hitherto conceived. Mr. Balfour said in part: "Now I do beg the House to clear its ideas upon this question of the 'open door' and equal treatment. In that embracing phrase are contained, in my opinion, two sets of considerations dealing with two matters entirely separate—so separate that they cannot be dealt with by the same formulæ or pursued by the same policy. There is, in the first place, the question of what may be called equal trade opportunities, the right, that is to say, of importing goods at the same rate as any other nation imports goods, the same right of using railways as any other nation has. That evidently has nothing whatever to do with spheres of interest or influence. It is, or ought to be, of universal application. We ought to have all over China the same right of importing or transporting goods that the French, the Belgians, the Germans, or the Americans have. There is," continued Mr. Balfour, "a wholly different set of questions connected with concessions, and they cannot be treated in the same simple and obvious manner." He declared that the "open door" "in the only true and legitimate sense" . . . "namely, of markets for British manufacturers, which would be under no disadvantage from hostile tariffs or anything equivalent to hostile tariffs . . ." had "never been shut," nor had they any "evidence that either in connection with any line which has been constructed, or any line which is in process of construction, is there the slightest intention to put tariffs against British goods; at all events, we say that has not been done at present, and that there is no apparent probability of its being done." (1) He went on to say: "If it is admitted, as it must be, that in the only sense in which my right honourable friend the Chancellor of the Exchequer used the phrase 'open door' the door is still open, I come to the other branch of the subject—the question of concessions. Here it must be perfectly manifest to everyone that the laws of nature themselves prevent us from having absolute equality of treatment between the different nationalities, because

a concession must be given to someone, and when the someone has got it, other people must be excluded. . . . That is not inequality of treatment. It is inequality inseparable from the nature of the concession. Whenever concessions are made they must be given to somebody, and everybody else must be excluded. That inequality is inevitable and cannot be avoided, and no complaint can be made of it." (2)

In stating that the granting of a concession to "someone" is "not inequality" the First Lord of the Treasury was contradicting the previous policy of his Government.

During the Kiaochau negotiations it was reported that the fifth demand of Germany was that preference should be given to her for the construction of a Shantung railway provided her terms were lower. The attitude which the British Government adopted towards this fifth demand was expressed in a despatch under date of December 8, 1897. In it it said: "Her Majesty's Government will feel themselves compelled, if the fifth point is conceded, to demand equality of treatment for British subjects under the most-favoured-nation clause of the treaties, and that compensation will be required on points in respect to which the rights secured by treaty have been disregarded." (3) This earlier attitude evidently contradicted the new attitude of the Government to the effect that "a concession must be given to someone, and when the someone has got it, other people must be excluded. . . . *That is not inequality of treatment.*" The Government in those days held that it *was* inequality of treatment.

Open to far more serious criticism, however, is the earlier part of the paragraph under discussion. "Here it must be perfectly manifest to everyone that the laws of nature themselves prevent us from having absolute equality of treatment *because* a concession must be given to someone, and when that someone has got it other people must be excluded." While it is absolutely true that once a concession is given to one party no one else can have it, it is not on that account "perfectly manifest . . . that the laws of nature themselves prevent us from having absolute equality of treatment," i.e. free competition. In commerce, too, the business "must be given to someone, and when the someone has got it other people must be excluded," yet it would never occur to anybody to argue from this that in commerce "the laws

of nature themselves prevent us from having absolute equality of treatment."

The British statesman had not, therefore, given any sound reason why concessions must be excepted from the "open-door" policy. But his claim that (with concessions so excepted) the "open door" was still open may have been true in the sense which that phrase had been employed by the Chancellor of the Exchequer not, however, in the commonly accepted meaning. Mr. Balfour seems to have felt this weakness of his case himself when he said, "If it is admitted . . . that in the only sense in which my right honourable friend the Chancellor of the Exchequer used the phrase 'open door' the door is still open." (4)

The prevailing conception of the "open-door" policy is well expressed in the words uttered in the same debate by Mr. Harcourt, the leader of the Opposition. "What we do want is that which is guaranteed to us by the Treaty of Tientsin—equal facilities and equal rights to all the nations of the world. That is what we understand by the policy of the open door." (5) This was not only the Opposition's interpretation of the "open door," it was the generally accepted one, and the one which was obviously that of Balfour's own Government at the time of the sending of the previously cited Note on the matter of the Kiaochau concession when they declared that "Her Majesty's Government will feel themselves compelled to demand *equality of treatment for British subjects*." No wonder an editorial in *The Times* of October 20, 1898, commenting on a statement by the Chancellor of the Exchequer (Sir M. Hicks Beach) says: "Sir Michael was the Government orator who used the biggest and the boldest words about the policy of the open door in the spring. It is childish, and not perhaps altogether ingenuous, to pretend that the Ministers desired or intended the country to place the same interpretation on that phrase (open door) then (in the speech of Sir M. Hicks Beach to which Mr. Balfour referred in the above utterances) which they themselves now seek to put upon it." (6)

We have seen that the exception of concessions from the open-door formula was contrary to the previous policy of the Government in power. We have also seen that the reason for this exception which Mr. Balfour gave is unsatisfactory. What then was the Government's real reason for making it? In the

absence of a candid statement we have to fall back on probability. The most obvious hypothesis is that the Government had found itself unable any longer to assert the "open door" for concessions. In March 1898 Germany had obtained preferential rights in Shantung which made it ridiculous for the British Government to pretend that it still reserved the right to equality of treatment in the matter of concessions in that province, whilst Britain's attempt to secure the loan for the Shanhaikuan-Newchang Railway in Manchuria was meeting with Russian opposition. (7)

What policy, since the "open door" did not apply to concessions, Britain was to pursue for the safeguarding of her interests in this field Mr. Balfour did not state explicitly; but in a roundabout way, in a reply to two interpellations made at the point in his speech which we have reached, he quite unmistakably asserted exclusiveness of concessions within spheres of interest, including the British sphere of interest in the Yangtze Valley. In this reply he denied that the British Government had in the Weihaiwei declaration "endorsed the pretensions that they (the Germans) had special rights there (Shantung) *possessed by no other Government.*" (7A) "There is not one word," said he, "as far as I am aware, in the despatch which implies that Germany is in possession of any other rights than those which she actually possesses by existing treaties, and if there are such words I should be glad to know what they are." (8)

But the German Government had by existing treaties special preferential rights in Shantung. Mr. Balfour had endorsed these. The relevant section of the German-Chinese Treaty is Section III of the Kiaochau Convention signed on March 6, 1898. It reads as follows: "The Chinese Government binds itself in all cases where foreign assistance, in persons, capital or material, may be needed for any purpose whatever within the Province of Shantung to offer the said work or supplying of materials in the first instance to German manufacturers and merchants engaged in undertakings of the kind in question. In case German manufacturers or merchants are not inclined to undertake the performance of such works, or the furnishing of materials, China shall then be at liberty to act as she pleases." (9) Mr. Balfour had undoubtedly endorsed these pretensions. He did not deny that. He denied that he had endorsed pretensions to special rights "*possessed by no other Government.*" (9A) He claimed

that "Germany has no more rights in Shantung than we have in the Valley of the Yangtze as I understand it," (10) and that "it would have been a very unfriendly act to insist, for instance, to the Chinese Government on a railway through the Shantung Peninsula to Kiaochau just as it would have been an unfriendly act on the part of Germany to have insisted on a railway from one of our ports to another port in China." (11)

A consideration of the foregoing indicates what was the policy of the British Government which Mr. Balfour had set forth. Britain claimed in the Yangtze rights similar to those possessed in Shantung by Germany. These rights were preferential. She had therefore repudiated the "open-door" policy as applied to concessions. She had admitted the right of a Power to exclude others, not only from any enterprise which it had obtained itself, but from all the enterprises within its recognized sphere. In asserting the "open-door" policy she no longer conveyed any political or territorial implications. It was now purely a trade doctrine. It was to concern itself henceforth only with preferential tariffs and duties. Clearly, therefore, if Britain had a preference to enterprise within a circumscribed area, and had a right to exclude others from participation therein, she had in effect a sphere "from which alien enterprise could be excluded." (12) This was the policy which the China Association had advocated to the Government on July 8th, as pointed out previously. This was the policy to which the British Government now sought to give effect.

To realize this policy it was essential to secure the adherence of Germany and Russia to it. Mr. Balfour therefore took measures designed to attain this end. The British concession for the Newchang-Shanhaikuan Railway enabled him to exert pressure upon Russia, and might conceivably become the basis for an arrangement between the two countries. The railway penetrated Manchuria, which Russia regarded as her sphere, and she viewed the terms of this concession as a menace to her position there. Similarly the demand for the Tientsin-Chinkiang Railway concession made by Sir Claude MacDonald on July 30, 1898, (13) provided a basis for an arrangement with Germany. It conflicted with the latter's demand for the same concession. Moreover, if British nationals secured this concession a foreign railway would penetrate a substantial part of the Province of Shantung, which was considered by Germany to be within her sphere. Britain

therefore had something with which she could bargain for an acceptance of her view that either the whole of China was to remain open to the enterprise of every nation, or if Britain was to retire from the spheres of the other Powers, the latter would have to agree to do likewise where Britain was concerned.

To attain this end conversations were engaged in between the German and British Governments, and their financial groups concerned with the Tientsin-Chinkiang Railway concession.*

With the Russians conversations were commenced on August 12, 1898. Mr. Balfour requested the Russian Chargé d'Affaires in London to call upon him to discuss the difficulties connected with the Newchang Railway concession.(14) One result of the interview was that M. Lessar, the Russian Chargé d'Affaires, stated that "he hoped that an arrangement might be come to with regard to the Newchang Railway, if in exchange for the concession on" the part of Britain "with reference to the mortgage on the line and its future management" Russia and Great Britain arrived at an agreement "by which the latter should be bound not to interest herself in railway or mining concessions in Manchuria, Russia on her part binding herself in a similar manner with regard to the richer and more populous district of the Yangtze." (15)

This suggestion was in conformity with the policy which the British Government had now set for itself, and a perusal of the documents suggests that the British were more anxious for this arrangement than the Russians. Mr. Balfour lends emphasis to this view, for in the despatch which he sent to Sir C. Scott at St. Petersburg concerning the interview with M. Lessar, he wrote:

"I said that for my own part I had always felt that great advantages would ensue if all nations concerned could come to an arrangement on the basis of spheres of interest as regards railway and mining concessions, or of even leaving the whole country equally open to the commerce of the world." (16) On the other hand, Count Muravieff declined for some time to commit his Government to the proposed arrangement, and regarded the suggestion of the London Chargé d'Affaires as a personal one.(17) That Mr. Balfour's enthusiasm for the arrangement was not shared in St. Petersburg is further evident from the sharp Note which he found it necessary to send to his representative there on August 17, 1898, in connection with the

action of Russia in the Newchang Railway question. Mr. Balfour stressed the fact that it constituted an infringement upon British treaty rights and a breach of Russia's pledges to respect them, and that above all "Her Majesty's Government cannot possibly acquiesce in an arrangement which leaves all China open to the railway enterprises of Russia, while excluding England from her share in the railway enterprises of Manchuria. If persisted in, such a pretension must inevitably produce international difficulties of the most serious kind. A feeling of great exasperation has already been aroused by it in this country." (18) The British Government proposed to overcome this inequality by an agreement among the Powers whereby each recognized the exclusive sphere of the others. The tone of this despatch goes a long way to confirm the belief that it was Britain who was forcing this policy upon the other Powers at this time. It was the only way in which she could still safeguard her commercial interests in China.) With Russia, as with Germany, she had adopted the same attitude—either the whole of China was to be open to British activity, or her sphere of interest must be recognized as not open to others. Her determined insistence at this date upon the concession for the Tientsin-Chinkiang Railway was bound up with this point of view. Britain could not be denied that which each of them claimed for itself. (Since it was evident that the statesmen of Russia and Germany preferred the sphere arrangement, British diplomats were compelled to attempt to secure a similar arrangement for their own country, unless in their desire to keep China open for every form of activity to all the world alike they were prepared to oppose the combined policies and forces of France, Russia and Germany. They were not so prepared. Common sense dictated to them the acceptance of a policy similar to that which the others had defined—the sphere policy.) They accordingly pressed their claims for equal privileges in that direction, but they also attempted to deny the virtually political nature of their claims and, for the time being at least, to give to them a commercial character.

The sharp Note of August 17th may have been intimately connected with the news which the British Foreign Office received in the second and third week of August of the terms of the Peking-Hankow Railway contract. At any rate, the facts connected with the concession were of a nature to emphasize the

need for a successful consummation of Britain's new policy. In the opinion of British financiers the terms of the agreement meant that the railway would be under Russian and French control, though nominally appertaining to the Belgian Company. This would therefore give to France and Russia a political interest in the provinces of Chili, Honan and Hupeh, which the railway traversed. This was ensured by the term of the loan which secured the sum advanced upon the whole length of the line, its stationary and rolling stock and receipts from Peking to Hankow, and which empowered the Syndicate to foreclose the railway in the event of the Chinese Railway Company defaulting in the execution of the obligations of the loan contract.(19) These conditions were such as might appear in any railway contract, and if it were a simple commercial contract it should have occasioned no alarm. But in the hands of France and Russia, with objects primarily territorial, any contract which might be made the basis for a territorial claim by them was viewed with concern.

The provisions which gave rise to the suspicion of French and Russian interest in the railway were the financial ones. The Belgian Company undertook to purchase outright 78,000 bonds,(20) and to pay 8,600,000 francs into the Russo-Chinese Bank, and the balance into a bank designated by the Director-General of the Chinese Railway Company and the Belgian Syndicate. This latter payment was only to be made against the receipt of the 78,000 bonds by the Russo-Chinese Bank in Paris, and upon the deposit there of the 147,000 bonds which formed the surplus of the loan.(21) The Belgian Syndicate retained the right to purchase this surplus at a 10 per cent. discount until December 1, 1901.(22) If they were purchased, they also were to be delivered to the Russo-Chinese Bank.(23)

The financiers of Britain held the view that the deposit of the script with the Russo-Chinese Bank as contemplated in this contract was an indication that the funds represented by it would be advanced by that bank. This view, they contended, was confirmed by Article 21 of the contract, which provided for the purchase of the balance of the bonds through the Russo-Chinese Bank.(24) If these suspicions were correct, the railway would be in effect the property, not of the Belgian Syndicate, but of the Russo-French group, who would not only own, but also control

the railway in virtue of Article 20, which empowered the bank to pay over to the Company monthly sums for the construction of the railway, thereby allowing it a certain control over the disposal of the funds,(25) and still more in virtue of Article 26, which provided that differences between the Company or the Chinese Government and the Syndicate were to be adjusted by a member of the Chinese Foreign Office and the Belgian Minister, and that in case of disagreement these two were to designate an arbitrator with decisive powers.(26) By a separate Note of June 26, 1898, China and the Syndicate agreed that the arbitrator should be "The Minister at Peking of the foreign country which shall have taken part in the subscription for the loan." (27) As French metallurgical interests took up three-fifths of the first loan for the railway,(28) the French Minister accordingly became the arbitrator of any eventual disputes, and France thereby acquired a certain control in the railway. By Article 28 of the contract China was also bound to "give cognizance of title to the Minister of the foreign country" subscribing "to the issue of the stock." (29)

British interests were not unreasonably concerned over the political significance of these Russo-French gains. The Slavogallic group had succeeded in entrenching itself in the Yangtze at all events until 1907, before which date China was unable to redeem the loan.(30) It had, through Belgium, acquired such extensive rights of control over the railway that British trade might quite easily be injured in the Yangtze.

Moreover, by a separate agreement the Company was charged with the construction, direction, administration and organization of the line for thirty years unless meanwhile, but not before 1907, the loan was redeemed. During this period it was vested with the right to fix ". . . the schedule of rates in the terms of concession contracts, collect revenues of all kinds, and pay the operating and management expenses of the company. . . ." (31)

It was this clause of the operating contract which alarmed the British Foreign Office, ever watchful for the commercial interests of its nationals. The policy which it had recently enunciated, the assurances which it had obtained from China, and the warnings which it had given to China against permitting the establishment of preferential rates upon any railways were all directed to remove the danger with which the above clause threatened British commerce in the Yangtze Valley. No pre-

ferential tariffs might ever be set up, but on the other hand the Franco-Russian group, who were the final arbiters, might decide to do so against the best intentions of the Chinese Government.

The British Government protested to China against the conclusion and ratification of the foregoing contract. It based this protest primarily upon the very wide powers which China had extended to the Russo-Chinese Bank and the French Minister. It feared that the receipt and payments of funds by the Russo-Chinese Bank, on behalf of the Belgian Syndicate, would pave the way for future interference with the construction and control of the line. These provisions, it maintained, were inconsistent with China's assurances of August 6, 1898, that the Russo-Chinese Bank were not interested in the railway, and that they would refuse to ratify the contract, if the provisions concerning the Russo-Chinese Bank were part of the contract.(32)

In view of this protest the Chinese Foreign Office informed the British Minister on the 10th of August that they would give him an interview when they received the contract.(32A) Sir Claude MacDonald on the following day advised the Tsungli Yamen that he understood this to mean that no ratification would take place before he had been seen. But under the influence of Li Hung Chang, the contract was in fact ratified on August 12, 1898, without an opportunity having been given to the British Minister to take exception to any of its terms.(33)

The Chinese Government maintained that the case which the British had built up against the contract was unfounded. In its view the powers of the Russo-Chinese Bank were strictly limited by Article 29 of the contract to the deposit and payment of funds. It insisted that the "sole responsibility" for the "construction and management of the line" was vested in the Belgian Syndicate, which had no power to transfer its rights to any nation, and it further denied that the Russian Government had purchased any shares in the railway through the Russo-Chinese Bank. The position of the bank towards the enterprise they declared was that of an agent—a position analogous to that held by other banks in connection with British concessions.(34)

The statement made by the Chinese Ministers was without doubt technically correct. Yet it was equally true that the French and Russian Governments had in fact obtained, as the British statesmen claimed, a measure of control, and had acquired a certain

influence in the project, the former through the rôle of its Minister as arbitrator, the latter through the Russo-Chinese Bank. Little Belgium was there to do their bidding.

The consummation of the project was a distinct success for the diplomacy of France and Russia. The semi-official Press of France was not slow to proclaim this fact. It said: "French enterprise in China cannot fail to derive happy results from the success obtained by our diplomacy at a moment when the railway question plays so important a part in the international relations of the Chinese Empire." (35) Nor did France alone regard this as a diplomatic victory. In Germany the same view was held. It was clear that Belgium was the dummy for the Franco-Russian group. The Kaiser William II, writing to Emperor Nicholas II on the 18th of August, supports this view, and incidentally stamps his approval upon the new Russian success. He says: "Your diplomacy has just scored another great success in China, to which I take the liberty of congratulating you, the more so as it was done without the firing of a single shot and without any unnecessary noise or bluster. The effect will be a great impetus given to your trade and the industrial establishments of your country." (36)

True to the policy whose obvious motives have already been clearly expounded, he also went on to encourage the Czar to seek further successes in this direction by informing him that as far as he could make out England was "trying hard . . . to find a continental army to fight for their interests." But, added the Kaiser, "I fancy they won't easily find one, at least not *mine*!" (37)

Under the circumstances, it is not surprising that British statesmen also regarded this as a success for the diplomacy of their rivals. They had sought to safeguard their interests by preventing the Russo-French group from acquiring interests in the Yangtze. In this they had not succeeded. On previous occasions when they had failed to prevent a foreign Power from getting concessions of a political nature, they had had recourse to the safeguard of counter-concessions. This time they did likewise, but it was clear that a mere balance to the gains of the French and the Russians might still leave them free to injure by their control of the Peking-Hankow Railway the imperilled British interests in the Yangtze Valley. The counter-concessions which the London Foreign Office now demanded were, however, calculated

to strengthen the position of the British interests in the Yangtze Valley, by extending them. They may also have been designed to render the Franco-Russian control of the Peking-Hankow Railway harmless to England by making her independent of that line.

In formulating their demand upon the Chinese Government the British statesmen took the view that it had dealt unfairly with them. They declined to accept China's interpretation of the significance of the contract, and maintained that its ratification was not in keeping with the assurance given by her on August 6th, nor with the assurance that the British Minister would be interviewed before the contract was ratified. They chose to regard this as "a breach of faith," and consequently demanded of China certain railway concessions as "punishment for bad faith." (38)

On August 17th, Mr. Balfour instructed Sir Claude MacDonald, in Peking, that the Chinese Government would have to assent to the construction by British companies of a number of railways, over which Britain had already been negotiating with China, upon the same terms as the Belgian Syndicate had secured for the Peking-Hankow line. (39) The railways which he indicated were the following :

1. From Tientsin to Chinkiang.
2. From Honan and Shansi to the Yangtze.
3. From Kowloon to Canton.
4. From Pukow to Sinyang.
5. From Soochow to Hangchow, with a possible extension to Ningpo. (40)

With the exception of the Kowloon-Canton line, all these lines converged upon the Yangtze.* The Tientsin-Chinkiang line was a sort of north to south line running somewhat parallel to the Peking-Hankow Railway. But whereas the latter served the provinces of Chihli, Shansi, Honan and Hupeh, the former would serve the provinces of Chihli, Shantung, Kiangsu and Anhwei. The second demand would enable Britain to tap the provinces of Honan, Shansi and Hupeh—the sphere of the Peking-Hankow Railway. The fourth and fifth demands would enable Britain to develop the Yangtze Valley Railway system as pointed out in the preceding chapter. These demands were part of the policy of counter concession. And the British Cabinet were determined that China should grant them so that British trade

* See map on page 332.

should not be excluded from any part of China. The Russians were attempting a north to south main line. The British might make themselves independent of the line by making trade flow from east to west, by way of the Yangtze Valley system which they planned to build. These lines were, however, for the most part necessary for that system. Mr. Balfour therefore telegraphed Sir Claude MacDonald as follows :

"You are authorized to inform them (the Chinese), if you have any reason to apprehend that they will delay compliance, that unless they agree at once we shall regard their breach of faith concerning the Peking-Hankow Railway as an act of deliberate hostility against this country and shall act accordingly.

"After consultation with the Admiral, you may give them the number of days or hours you think proper within which to send their reply. The delay should not be of too long duration." (41)

The British Minister did not, however, have to deliver this ultimatum to the Chinese Government. It was sufficient for him to advise it on the 20th of August that he "had received . . . telegraphic instructions of the gravest character which if necessary" he "should not hesitate to deliver." (42) The presence of the British fleet in Chinese waters was a sufficient intimation to the Tsungli Yamen of what the character of these instructions might be. By the 6th of September they had formally agreed to the British demands except with regard to the Tientsin-Chinkiang Railway, which was reserved for future discussion (43) because of conflicting demands made for it by the British and German Ministers. The threat of force had compelled them to acquiesce in these demands, as a similar threat made by Russia and France had compelled them to acquiesce in the Peking-Hankow contract. China was in no position to resist either Britain or the Russo-French combine.

The British Government had been compelled to use such strong language in order to adjust its position in China. Events had not been moving particularly favourably for it. Claims had been asserted by various nationalities for an extension of their settlements. At Shanghai France demanded an extension of the French settlement on both sides of the Yangtze River. (44) This, it was felt, could only have a political significance in view of the smallness of French trade and shipping there. In the north at Newchang Russia was opposing the efforts of British (45) traders

to purchase land there despite the fact that the trade and shipping of that port was practically confined to the British-American and Japanese merchants. In the railway question Russia was still opposed to various terms of the British concession for the Shanhaikuan-Newchang Railway, and Germany was not only opposed to the British claim to the Shanghai-Nanking Railway project, but also asserted rights to the concession for the Tientsin-Chinkiang Railway. Further, the attempts at an understanding with Russia and Germany had so far met with no success. Added to these difficulties were those Britain had with Germany in the Colonial field. Mr. Bertie recorded these in a memorandum of August 10, 1898: "Germany is pressing us to come to an immediate arrangement with her about Portugal in Southern Africa—east and west—and she makes the usual more or less covert threats that if we do not do so she will join Russia or France, or both of them, to our detriment all the world over." (45A) It began to look as if "the combined assault upon the commercial supremacy of Britain" might succeed. This was a possibility with which the British Government had to deal.

The British Ministers met the Chinese situation by adopting a determined attitude towards Russia, China and Germany in the matter of spheres and railway concessions. In the colonial question they were more conciliatory. On August 18, 1898, they proposed to Germany a definite draft agreement for a settlement of the Portuguese colonial question. Thereafter Germany became more disposed to co-operate with Britain, and the situation in China approached a solution. The British and German financial syndicates conferred with a view to combination in the Tientsin-Chinkiang Railway concession. The British Government stated its readiness to admit German participation in the concession, since this was entirely in accordance with the policy it was pursuing. Moreover it assured the German Government "that co-operation of British and German capital in China is what the British Government desires." (45AA). The path of co-operation had, indeed, been facilitated by the proposed Portuguese Agreement. In London, Count Hatzfeldt told Mr. Balfour "that his Government was not only animated by the friendliest feelings towards Great Britain, but was prepared to regard this agreement about South Africa as a new departure of the happiest augury for the future relations of the two

Empires." (45B) At Hamburg the Kaiser told Sir Frank Lascelles on August 21, 1898: "Colonial expansion had become a necessity for Germany. He would infinitely prefer to obtain what he wanted by a friendly arrangement with England, but if this were not possible he would have to seek assistance elsewhere, and to place himself under obligations to other Powers, as, indeed, had been the case with regard to coaling stations in China for which he had obtained the consent of Russia after many fruitless attempts to obtain the consent of England." (45C) The British Government, he said, "did not seem to perceive that Germany must and would obtain colonial expansion, and that it was to the interest of England to assist her to do so, instead of alienating her by opposing her attempts." (45D) At the same time, the Kaiser discussed with Sir Frank Lascelles the position of the Powers in China. He again defined the attitude of his Government that it must refuse to enter an arrangement with Britain "whose spearhead was directed against Russia," and told Sir Frank Lascelles "that it would really seem that Her Majesty's Government were unable to grasp the situation. . . . He criticized with some acerbity the action of Her Majesty's Government in China. Even now they did not seem to have realized that Russia had obtained a paramount position at Peking, and that the policy of the 'open door' had failed. It was not often that he found himself in agreement with Sir William Harcourt (the leader of the Opposition), but that statesman was right," in his opinion, "when he stated in the recent debate in the House of Commons that the policy of the 'open door' was entirely different from that of 'spheres of influence,' and that Her Majesty's Government were following a wrong path in attempting to combine the two." (45E) He contended that in China either the policy of the "open door" or that of the sphere of influence had to be followed. Both at the same time were an impossibility. (45F) In the Emperor's view the "open-door" policy had already been knocked on the head by the facts. Nor was it plain how England could keep the Russians out of North China. It was in Russia's power to amass armies there, and to train the natives as soldiers . . . no one could stop Russia from marching with her army to Peking after she had made her preparations." "The Russians," he said in fact, "are masters of Peking," and "England could never do anything from the water to a land Power such as Russia."

Therefore he recommended that Britain should "come to an understanding with Russia in friendship about mutual spheres of interest." (46)

In effect the Kaiser had declared for the sphere policy, since in his view the "open-door" policy had been knocked on the head by the facts, and his advice to Britain to come to an understanding with Russia upon the question foreshadowed a similar readiness upon the part of German interests. This could only be desired, since it was in keeping with the policy of the British Cabinet indicated by Mr. Balfour on the 10th of August to which he had already been seeking to give effect with the German and Russian Governments.

The Kaiser then took a step calculated to improve his own relations with Russia, and to aid Britain and Russia in arriving at a sphere arrangement. He transmitted to his St. Petersburg Ambassador, for communication to the Czar, a copy of his Memorandum of the interview with Sir F. Lascelles. (47)

It contained, as pointed out previously, the suggestion of an Anglo-Russian understanding upon the question of spheres of interest. It also set out as the view of the Kaiser that "with a little good will there was room for everybody there (China), for friendly competition, for the construction of railways, and for the opening up of the country to commerce." (48) The Kaiser stated that the motive for his remarks to Sir F. Lascelles concerning the strong position of Russia in the north and the desirability of coming to an understanding with her were "purposely made . . . in order to remove from him (Lascelles) the apprehension lest we might be bent on having England get into a conflict with Russia in Eastern Asia," and added "much more in order to emphasize my definite intention of not, as Mr. Chamberlain had more or less proposed, crossing Russian plans in Eastern Asia for England's sake." (49) He had made this suggestion hoping thereby to do the Czar a service by diminishing Anglo-Russian tension. And he had assigned to himself the rôle of honest broker.

As far as Britain was concerned this communication to the Czar had facilitated the realization of the new sphere policy of Great Britain. Germany had intimated that a British sphere should be recognized by Russia—heretofore it had not been either by Germany or by Russia, and the Czar, who was largely

under the influence of William of Germany, hereafter became more agreeable to the acceptance of the British proposal for mutual recognition of each other's sphere. On September 1, 1898, for the first time the Czar gave his approval for the attainment of such an understanding.⁽⁵⁰⁾ The understanding was formally arrived at some months later.

The negotiations for an Anglo-German understanding likewise proceeded favourably. On August 30, 1889, the Anglo-German agreement concerning the Portuguese Colonies was signed.^(50A) It now became evident that the arrangement concerning China which the Kaiser had foreshadowed in his interview of August 21st would also soon be concluded.

On the day upon which the Anglo-German Colonial Agreement was signed Count Hatzfeldt told Mr. Balfour that the Berlin Cabinet were glad to take note of his "declaration that the British action in Peking with regard to the Tientsin-Chinkiang line was not directed against German interests, and they participated in the wish" Mr. Balfour "had expressed for joint action by British and German interests in China on the basis of thorough equality of rights. . . . German capitalists were quite prepared to combine with British, on equitable terms in the case of the Chinkiang Railway. . . ."

He therefore asked Mr. Balfour to bring his "influence to bear on the British group represented by the Hong-Kong Bank" to withdraw their opposition to the German concession for a railway from Tsinan to Itshan. Baron Heyking, he said, had already been instructed to come to an arrangement with Sir Claude MacDonald with regard to the Tientsin-Chinkiang Railway, "but in any case to leave no doubt at Peking that Germany intended to stand on her treaty rights and to insist that German undertakings should be treated in accordance with most-favoured-nation principles." Furthermore, he told Mr. Balfour that "the German Government were in accord with the former observations of Lord Salisbury, to the effect that a discussion between the two Governments with regard to a delimitation of their respective spheres of influence would not be opportune and that a friendly understanding in each case as it arose would be preferable." But notwithstanding this indefiniteness he "stated that the Yangtze Valley could scarcely be asserted to extend north as far as Tientsin, and that Germany could not agree to such an extension of our

sphere of influence." Mr. Balfour replied that Britain "had never suggested that Tientsin was in the Yangtze Basin, and that for the rest Britain recognized that Germany had the fullest right to most-favoured-nation treatment." (50B) He also showed Count Hatzfeldt the telegram of instructions which he had sent to Sir Claude MacDonald on the subject of the Tientsin-Chinkiang Railway to guide him in his negotiations with Baron Heyking, i.e. "The best solution of the Tientsin-Chinkiang Railway question would, in my opinion, be the joint construction of the line by British and German syndicates. If the Germans wish specially to provide that the part passing through the Province of Shantung, if any, is to be constructed by German capital and the rest by English, I see no great objection *provided there are explicit regulations about running powers and through rates.* The simpler plan of a single joint enterprise covering the whole line would, however, I think be preferable. The representatives of the German and English syndicates are to meet in London immediately, and they will, I hope, come to some arrangement as above. . . ." (50C)

From the foregoing it would appear that the German Government recognized the principle of a British sphere in the Yangtze, although its extent was not defined, in return for Britain's recognition of a German sphere—and that the arrangement concerning the Tientsin-Chinkiang Railway had become the basis for this recognition.

On September 2, 1898, the banking groups of Britain and Germany entered into an agreement based on the foregoing diplomatic understanding. The agreement dealt with railway operations in China. There were three parties to this arrangement—the German Syndicate of Banks, the British and Chinese Corporation, and the Hong-Kong and Shanghai Bank (a British institution). The British and German Government were not privy to the arrangement. The Banks defined the spheres in which each would seek railway concessions for its nationals, and mutually undertook to refrain from seeking railway concessions in the sphere of the other. The respective spheres defined were as follows :

" 1. *The British sphere of interest, viz.*

"The Yangtze Valley, subject to the connection of the Shantung lines to the Yangtze at Chinkiang; the provinces south of the Yangtze; the Province of Shansi, with connection to the Peking-Hankow line at

a point south of Chengting and a connecting line to the Yangtze Valley, crossing the Hoangho Valley.

"2. *The German sphere of interest, viz.*

"The Province of Shantung and the Hoangho Valley, with connection to Tientsin and Chengting, or other point of the Peking-Hankow line, in the south, with connection to the Yangtze at Chinkiang or Nanking. The Hoangho Valley is understood to be subject to the connecting lines in Shansi, forming part of the British sphere of interest, and to the connecting line to the Yangtze Valley, also belonging to the said sphere of interest." (51)

This definition of spheres brought in its train the withdrawal of German opposition to the British concession for the Shanghai-Nanking Railway and a settlement of the Tientsin-Chinkiang Railway controversy. The arrangement of September 2nd recognized Shantung as the German sphere and the Yangtze as the British sphere, it therefore provided definitely that that part of the Tientsin-Chinkiang Railway which ran "from Tientsin to Tsinan, or to another point on the northern frontier of the Province of Shantung," should "be built and equipped and worked by the German group," and that the line "from the southern point of the Province of Shantung to Chinkiang" should "be built and equipped and worked by the English group." The capital for these was "to be raised jointly," and the lines upon their "completion" were to be worked for the "joint account" of the British-German groups. (53) Each group also undertook to obtain its Government's support for the interests of the other group.

As far as Britain and Germany were concerned the sphere policy would henceforth govern their attitude towards each other in China. German interests by this arrangement had been confirmed by British interests, not in a preferential position as regards enterprise in Shantung, but in an exclusive position.

Britain, on the other hand, had gained one step in the realization of her ambition to keep the whole of China open to trade and to retain the Yangtze—her special trade centre—as an exclusive British sphere of enterprise. This was assured by the stipulations of the Anglo-German arrangement, which provided for connecting facilities between the English railways and the German railways in China, and by those provisions by which German interests undertook to abstain from seeking a railway

concessions in the Yangtze. And although the agreement was not a governmental one, but one confined to private banks, nevertheless for practical purposes it was a working arrangement, and one which would not only remove causes of friction between the two Governments, but which would facilitate the activities of the entrepreneurs of Germany and Britain.

The British Government had declined to delimit its sphere, and the attitude of Germany was that it could not do so because of the obvious disproportion of the spheres.⁽⁵⁴⁾ What the Governments had hesitated to do, for fear of its political results, the financial groups did in practice for their respective Governments.

NOTES

1. *British Parliamentary Debates* (Authorized edition), pp. 826-7, August 10, 1898.

2. *Ibid.*, p. 829.

3. *China*, No. 1 (1899), p. 7—Despatch 17, Salisbury to MacDonald, December 8, 1897.

4. *British Parliamentary Debates* (Authorized edition), p. 829, August 10, 1898.

5. *Ibid.*, p. 807.

6. *London Times*, October 20, 1898, p. 7, col. c.

7. See p. 338, ref. 29.

7A. See ref. 9A.

8. *British Parliamentary Debates* (Authorized edition), p. 831, August 10, 1898.

9. *Treaties with and concerning China*, MacMurray, vol. i, p. 116, March 6, 1898 (1898, 4).

9A. *British Parliamentary Debates* (Authorized edition), p. 831, August 10, 1898.

10. *Ibid.*, p. 832.

11. *Ibid.*, p. 831.

12. See p. 341, ref. 42.

13. *China*, No. 1 (1899), p. 272—Despatch 368, MacDonald to Salisbury, September 13, 1898.

14. *Ibid.*, No. 2 (1899), p. 6—Despatch 13, Balfour to Scott, August 12, 1898.

15. *Ibid.*

16. *Ibid.*, p. 7.

17. *Ibid.*, p. 12—Despatch 23, Scott to Salisbury, August 18, 1898.

18. *Ibid.*, p. 8—Despatch 16, Balfour to Scott, August 17, 1898.

19. *Treaties with and concerning China*, vol. i, MacMurray, p. 137, Art. X (1898, 13).

20. *Ibid.*, p. 139, Art. XVII.

21. *Ibid.*, p. 138, Art. XVIII.

22. *Ibid.*, p. 140, Art. XXI.

23. *Ibid.*

24. *China*, No. 1 (1899), pp. 261-2—Enclosure 1 in Despatch 347, MacDonald to Tsungli Yamen, August 10, 1898.
25. *Treaties with and concerning China*, vol. i, MacMurray, p. 139 (1898, 13).
26. *Ibid.*, pp. 141, 142.
27. *Ibid.*, p. 149.
28. *Documents Diplomatiques*, June-October 1900, p. 23.
29. *Treaties with and concerning China*, vol. i, MacMurray, p. 142 (1898, 13).
30. *Ibid.*, p. 136, Art. V (1898, 13).
31. *Ibid.*, p. 143, Art II, Operating contract (1898, 13).
32. *China*, No. 1 (1899), p. 260—Despatch 347, MacDonald to Salisbury, August 19, 1898.
- 32A. *Ibid.*, p. 190—Despatch 278, MacDonald to Salisbury, August 13, 1898.
33. *Ibid.*, p. 260—Despatch 347, MacDonald to Salisbury August 19, 1898.
34. *Ibid.*, pp. 262-4—Despatch 347, Enclosure 2, Tsungli Yamen to MacDonald, August 14, 1898.
35. *London Times*, October 7, 1898.
36. *Briefe Wilhelm II an Den Zaren*, 1894-1914, ed. Goetz, 1920, p. 311.
37. *Ibid.*, p. 312.
38. *China*, No. 1 (1899), p. 286—Despatch 383, MacDonald to Salisbury, September 21, 1898; p. 190—Despatch 278, MacDonald to Salisbury, August 13, 1898.
39. *Ibid.*, p. 192—Despatch 286, Balfour to MacDonald, August 17, 1898.
40. *Ibid.*, p. 288—Despatch 383, Enclosure 2, Tsungli Yamen to MacDonald, September 6, 1898.
41. *Ibid.*, p. 192—Despatch 286, Balfour to MacDonald, August 17, 1898.
42. *Ibid.*, p. 286—Despatch 383, MacDonald to Salisbury, September 21, 1898.
43. *Ibid.*, p. 288—Despatch 383, Enclosure 2, Tsungli Yamen to MacDonald, September 6, 1898.
44. *Ibid.*, p. 375—Despatch 370, Enclosure 1, Brennan to MacDonald, August 29, 1898.
45. *Ibid.*, p. 192—Despatch 288, MacDonald to Balfour, August 20, 1898.
- 45A. *British War Origin Documents*, vol. i, p. 60—Document 81, Memo of Mr. Bertie, August 10, 1898.
- 45AA. *China*, No. 1 (1899), p. 210—Despatch 305, MacDonald to Balfour, August 29, 1898; p. 260—Despatch 347, MacDonald to Salisbury, August 19, 1898.
- 45B. *British War Origin Documents*, p. 68—Document 86, Balfour to Lascelles, August 20, 1898.
- 45C. *Ibid.*, p. 69—Document 87, Lascelles to Balfour, August 22, 1898.
- 45D. *Ibid.*, p. 100—Document 122, Lascelles to Balfour, August 23, 1898.
- 45E. *Ibid.*
- 45F. *D.G.P.*, vol. xiv, part i, p. 366—Memo of William II, August 22, 1898.
46. *Ibid.*
47. *Ibid.*, p. 334, footnote—Document 3865.
48. *Ibid.*, p. 337.
49. *Ibid.*, pp. 336, 337.
50. *China*, No. 2 (1899), p. 12—Despatch 25, Scott to Balfour, September 2, 1898.
- 50A. *British War Origin Documents*, vol. i, p. 71—Document 90, August 30, 1898.

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50B. *China*, No. 1 (1899), p. 211—Despatch 307, Balfour to Lascelles, August 30, 1898.

50C. *Ibid.*, p. 210—Despatch 306, Balfour to MacDonald, August 30, 1898.

51. *Ibid.*, p. 214—Despatch 312, Enclosure 1, September 2, 1898.

53. *Ibid.*, p. 214—Despatch 312, Enclosure 1, September 2, 1898.

54. *D G P.*, vol. xiv, part i, footnote, p. 181—Document 3777.

CHAPTER XVI

MR. CHAMBERLAIN'S BID FOR AMERICAN SUPPORT

Britain's need — Favourable circumstances — Russia's position — Britain acquiesces in Russia's objections — A concession to the British bank — Quasi-recognition of Russian sphere — Safeguarding terms — A special undertaking by China — Significance of the safeguarding terms to the British trader — The action of the British Government — Its motive — The Duke of Devonshire's Glasgow speech, October 18, 1898 — An analysis — The policy of the British Government — Its merit — Britain's pressure upon Russia — Her motive — Russian statesmen's attitude — The British view — Witte's view — His counter-proposal — Its reception by British Ministers — An analysis — The Spanish-American War — Lord Salisbury's speech at the Lord Mayor's Dinner, November 9, 1898 — The *Novoe Vremya's* interpretation — The *New York Times* of November 12, 1898 — The "open door" for the Philippines — The Colonial Minister's speech at Manchester, November 17, 1898 — A compromise of policy — The basis for it — Mr. Chamberlain's admission — The limited "open door" — The problem of securing it — "The collective influence of the trading nations" — "A combination which will fear no other alliance" — An interpretation — America's first public official pronouncement upon China — Its significance — A memorandum to the British Foreign Office — The arrangement — Chamberlain's Wakefield speech of December 9, 1898 — His gesture to Russia — His plea for the joint Anglo-German influence for unrestricted trade — Opinion in Germany — The *Débats* of December 11, 1898.

HAVING reached an agreement upon the railway sphere question with the Germans, it now became necessary for British statesmen to win the support of Russia and her acquiescence in a similar arrangement concerning Russian interests in Manchuria and British interests in the Yangtze.

Many circumstances favoured the British statesmen in the achievement of this. Internationally the prestige of Britain had been considerably enhanced by this time. Britain had been successful in her Sudan campaign against the Mahdi. She had won a diplomatic victory over France on the Fashoda question. She had effected an agreement with Germany upon Colonial differences, and had removed another source of conflict by the conclusion of the railway agreement for her China interests. And above all, her relations with America were of an extremely intimate character.

These circumstances doubtless assisted her diplomats in their negotiations with Russia for this agreement.

✓ Russia on her part was eager for the success of the first Hague Disarmament Conference summoned by the Czar, since it largely affected the security of her western frontier bounded by Austria. The adherence of England to the proposal was felt to be necessary to ensure the success of the Conference. The removal of Anglo-Russian causes of conflict therefore became a necessity for the realization of Russia's defence programme. The railway question in China was one of these causes of conflict.

Negotiations were accordingly continued with Britain for a delimitation of their respective spheres in China. To facilitate such an agreement British interests acquiesced in the objections which Russia had made to the conditions of the British loan to China for the Shanhaikuan-Newchang Railway. They agreed that the line should be a Chinese line, under Chinese control, and that it should not be mortgaged to a non-Chinese company.(1) For renouncing its right to a mortgage upon the line as security the British Bank was, however, granted a mining concession of a half interest in the Nanpiao Coal Mines—some of the most valuable in China (2)—and a mortgage upon the line up to west of the Great Wall—a distance of $257\frac{1}{2}$ miles—and a mortgage upon the freight and earnings of the balance of the line—a distance of 289 miles—from west of the Great Wall up to Newchang.(3)

In effect this arrangement was a quasi-recognition that the territory through which the Shanhaikuan-Newchang Railway ran was the Russian sphere. Yet despite this, British interests took precautions to ensure their participation in a fair share of the Manchurian trade, and to safeguard themselves against preferential rates upon the railway serving Newchang. This they achieved by the various terms of the loan agreement. "During the currency" of the loan, which could not be redeemed before 1905,(4) and which, unless, as was most unlikely, China was ready to pay a 20 per cent. premium upon that part of the loan which was redeemed prematurely, might not be redeemed before 1943,(5) the Engineer-in-Chief of the railways was to be a British subject, and the railway accountant and the principal members of the staff, Europeans.(6) This ensured a measure of British control and the efficient and responsible administration of the railway. The British Corporation received an option to supply funds for the

construction of branch lines named in the contract (7) as well as the right to transfer the contract or any part of it to another British Company. (8) China on her part undertook not to charge any other loan upon the security for the loan negotiated through the British Bank, except through it, as long as the loan remained unredeemed. (9) In addition, China undertook by Article V of the agreement to "hand to the British Minister in Peking a written undertaking on behalf of the Imperial Government of China that the railway lines named in this agreement shall never be alienated or parted with." (10) This was, in fact, given to Britain on December 24, 1898. (11)

These terms were in effect a guarantee to the British trader that as long as the loan remained unredeemed this artery of Manchurian trade would be subject to the protecting influence of a British Chief Engineer, who would safeguard British trade from preferential rates thereon. They were also an assurance to them that upon the redemption of the loan—since China undertook that these lines would "never be alienated or parted with"—the line would remain Chinese, and would under no circumstances come under the control of Russia or any other Power with exclusive tendencies. This, therefore, also safeguarded them against preferential rates upon the railway, because they could compel the Chinese Government to prohibit preferential rates upon a Chinese railway in virtue of Britain's most-favoured-nation status—a right of compulsion which would not exist once the railway fell under foreign influence or control.

To ensure the fulfilment of these important conditions the British Government took official "knowledge" of the loan, and consented "to take note of the promise of the Chinese Government as a binding engagement" (12) upon the latter.

This obligation upon the British and Chinese Governments as well as the foregoing conditions were undoubtedly stipulated the better to secure the loan, but that was not their only purpose. They had a wider significance and importance. They were designed to meet a situation which Britain had sought to obviate by other means hitherto unsuccessfully.

Whilst the modification of the conditions of this loan was under consideration the British Government had been negotiating with that of Russia for a delimitation of their respective spheres. As part of this arrangement Britain urged upon Russia the necessity

for a mutual undertaking to provide against preferential rates or differential treatment upon the railways in each other's sphere.(13) For nearly a month Britain continuously raised this question at St. Petersburg, but the Russian Ministers refrained from giving any definite assurances upon the point, and delayed a definite reply to the question.(14) To anticipate the pernicious consequences of a possible Russian negative decision on these matters the British Foreign Office proposed to assure itself, at all events in respect of the Peking-Shanhaikuan-Newchang line of no preferential rates or differential treatment thereon. Accordingly on September 27, 1898, it recommended to the Hong-Kong and Shanghai Bank that it should obtain the non-alienation clause (Article 5), and informed it of its readiness to regard it as a binding engagement upon the Chinese Government.(15) The Bank did as requested by the British Government, thereby again assisting general British interests.

The participation of the Government in the matter was therefore motivated not by a desire for political power, but rather by a desire to keep the Manchurian market open to British traders, in the face of the danger of it being closed to them once a sphere arrangement with Russia was either effected or refused.

The attitude of the British Government upon this question was put more clearly and forcibly eight days after the signature of the above agreement, i.e. on October 18, 1898, by the Duke of Devonshire. Speaking at Glasgow, he crystallized the policy of the Government and foreshadowed the line which Britain proposed henceforth to adopt in China. "Britain," he said, "had immense commercial interests in China—interests far transcending those of any other nation. These interests are secured by treaties which we do not intend to see torn up or evaded. We may see, I think, indications on the part of other nations to undermine those treaties, and to establish in China spheres of influence where those principles of commercial exclusion which are so dear to some of them may be set up to our disadvantage. When we have any tangible proof of any such intention the Government will feel it to be its duty to oppose those proceedings, intending to put their intention into prosecution to the utmost of their power." In these words the Duke explained the intention of the British Government. It would oppose to the utmost of its power any move calculated to exclude British

trade from any part of China. He, however, went on to point out the basis upon which Britain was prepared to recognize spheres in China, by showing that it was possible for spheres to exist without the right to trade in them upon equal terms being denied to Britain. He said " . . . an attempt has been made as to Chinese affairs to draw a sharp distinction between the two policies which are described as those of the 'open door' and the 'spheres of influence.' I do not think that there is anything inconsistent in those two policies. As to the ordinary operation of trade, we hold that we are entitled to the utmost of our power to maintain our rights to the principle of equal opportunities for all. But as to enterprises, or the development by capital proceeding from other countries, Lord Salisbury has pointed out that absolute equality is not possible in such cases because it is not possible that the same person can have the same concession in the same place. And as to this, he does not say it would be an inequitable arrangement. It may very well be an expedient arrangement, but some definition and delineation of the spheres of interest should be made within which the citizens of each country interested may have some prior claim to concessions of this description, and in which the citizens of other countries will undertake not to interfere with these claims. I do not say that any arrangement of this kind has yet been definitely arrived at, but communications in this sense have taken place, and I do not see that there would be anything inequitable in such an arrangement as this, under which the chief nations concerned—the Germans, the Russians and ourselves—should benefit." (16)

The Duke of Devonshire had not enunciated anything new in British policy. He had merely put forward more clearly and more definitely the policy which Mr. Balfour had developed in a veiled way in the British Parliament on August 10, 1898. (17) In the view of the Government the "open door," as it understood it, i.e. in the limited sense which excluded concessions, was not inconsistent with the existence of spheres of influence.

This was the policy to which the British Government publicly and formally adhered until the Washington Conference of 1921. Throughout this period it insisted that the "open door" at least in its newly defined and limited sense should be maintained.

The adoption of this policy marked a change in the traditional policy of Britain in China. British statesmen had always regarded

the whole of China as open to foreign enterprise, i.e. trade and enterprise, on equal conditions. They had sought to win the approval of their rivals for this conception, without success. This limited policy was a compromise of the earlier and larger one. Its merit lay in the fact that it recognized the *fait accompli* and was founded upon reality. The Powers had succeeded in mapping out their spheres in China and in giving to the railways within them an exclusive character. Britain had failed to prevent them from doing so. In order not to be at a disadvantage in China, she was compelled to do as they did. The aim of this new and limited policy was to keep open the spheres at least to her general commerce. It was a policy that was calculated to appeal to the trading nations in China, and to win their approval and support because of its universality. And, in fact, several months later it was accepted by the Powers having interests in China. Upon the formal invitation of Secretary Hay, of the United States, they entered into a declaration of policy which in effect confirmed the policy elaborated by the Duke of Devonshire, as quoted above. We shall have occasion to revert to this.

In the meantime the British Government were pressing the Russian Government to conclude the agreement for a delimitation of spheres, and for assurances that no preferential rates or differential treatment would be allowed on the railways within their respective spheres. The British Government's motive in seeking this arrangement was explained clearly to M. Witte, the Russian Finance Minister, by the British Ambassador to St. Petersburg. He said: "The sole aim of Her Majesty's Government in this question was to retain, for our trade and enterprise in China, equal opportunities, with a fair field and no favour, and that the object of the proposed Agreement was to prevent the development of the commerce and enterprise of both countries being blocked by the exercise of foreign diplomatic influence at Peking, in opposing the grant of railway concessions or loans for their construction, or by the creation of artificial barriers such as differential treatment or preferential railway rates in favour of any particular nation." (18)

But even this frank attitude did not commend itself to the Russian statesmen. Negotiations with them had been dragging along unsatisfactorily. They were not keen on arriving at any general agreement beyond that which had already been reached

upon the Shanhaikuan-Newchang Railway.(19) But Britain maintained, and rightly so, that the proposed general agreement formed part of the consideration for the modifications in the Shanhaikuan-Newchang Railway Agreement, and insisted upon the consideration being given.(20)

M. Witte was not prepared to accept the British agreement. He told the British Ambassador "frankly that he did not regard paper agreements on such concrete questions as the best way of securing that frank and satisfactory understanding on which both Governments apparently desired to see their future relations established." (21) He did not "regard the suggested terms of agreement as offering a sufficiently safe security to either side; it would," in his opinion, "be almost impossible to word the agreement in such a way as to guard against the possibility of an evasion of its conditions, and it would perhaps only give rise in the future to frequent irritating questions between the Governments as to the proper interpretation of its terms." (22) In other words, it would be difficult to make the terms of it "binding in practice on the private banks and syndicates interested in railway concessions in China." (23) A glimpse of M. Witte's motive in rejecting the proposed British agreement is to be obtained from the alternative proposal which he put forward to meet the difficulties which British trade sought to obviate. He advocated as "a far more solid basis" for future Anglo-Russian relations "a general agreement concluded between the two Governments, and ratified by their respective Sovereigns, recording a firm determination to establish their relations on a footing of frank and friendly understanding and engaging that on any occasion of a question arising in any part of the world which either Government regarded as involving a possible conflict between their respective interests they would at once submit it to frank and friendly discussion between them, with a firm resolve to seek its satisfactory adjustment by a due regard to the legitimate interests of both. . . . As regards China and rival railway and other enterprises, all these questions could, he thought, be easily adjusted under such general agreement," (23A) for in his opinion, as also in that of Count Lamsdorff, "there was no real antagonism between the aims and interests of the two countries, and . . . they could easily be reconciled by an agreement based on the recognition of this fact, and of

their equally firm intention to respect the integrity of the Chinese Empire." (23B) . He asserted " that Russia had no desire to expand her present sphere of interests . . . that such expansion was detrimental to her financial interests, and that there was no desire to block or hinder the development of British trade and enterprise in China." (23C) As an earnest of this he stated that " he did not think there would be any great objection to Britain's wish to have Talienwan declared a free port." (23D)

The reception which this proposal received at the hands of the British Ministers is best illustrated by the following remarks of Lord Salisbury and Mr. Balfour. The former said: " I am afraid that if we concluded an agreement in M. de Witte's language it would be a good deal laughed at." The latter said: " De Witte's proposal is derisory." (23E)

If Britain had accepted M. Witte's proposal, Russia would have been enabled to consolidate her position in China until she was prepared to undertake further encroachments upon her, secure from British antagonism. It would have enabled Russia to obtain the modifications in the Shanhaikuan-Newchang contract without a *quid pro quo*. But the suggestion could hardly be acceptable to Britain. Her own proposal was designed to give security, and M. Witte's gave no such security. It was far too vague, and lacked definiteness and finality. In fact, it would most probably have involved a controversy each time a concession was sought. Britain consequently pressed for a more satisfactory agreement. More than three months were to pass again before the Russians formulated a proposal acceptable to her.

The trend of international events assisted British statesmen in the realization of their policy in China. The Government of the United States, whilst proceeding against the Philippine Islands during the Spanish-American War, had become extremely suspicious of Germany's ambitions in respect of that Archipelago. It feared that Germany intended to occupy it. In the first days of May the Government of the latter had despatched two warships to Manila. These were followed in the succeeding month by others commanded by Vice-Admiral Diedrichs, who was under instructions to protect German life and property as well as to hold himself in readiness for the occupation of some of these islands. His conduct in engaging in conversations with the Spanish authorities, in ignoring the American blockade regulations, and

in familiarizing himself with the military situation, only intensified the suspicions and uneasiness of the American Government. Nor was this suspicion appeased by the refusal of the German Government to withdraw Admiral Diedrichs and his ships from Manila.(24) So close to war were the two Governments that President McKinley wired the American Commander in Cuban waters: "Don't risk a single ship; war with Germany imminent." (24A) The need for British friendship, under such circumstances, could only aid British policy elsewhere.

On August 6, 1898, Count Hatzfeldt, the German Ambassador in London, proposed to the British Prime Minister that the Great Powers should neutralize the Philippines.(24B) Lord Salisbury showed no inclination to agree to the proposal,(24C) and in all probability warned the American Government of the suggestion which had been made to him. On the 13th of August the American fleet, in co-operation with its land forces, attacked Manila, with a fleet less than that present under Von Diedrichs.(24D) The British Commander, Admiral Chichester, during the attack "moved his flagship, H.M.S. *Immortalité*, to a point which placed it between the American fleet and the vessels of the other European Powers." Upon the success of the American attack, the British ship alone saluted the American flag.(24E) This co-operation could hardly have been without significance.

On the day preceding the attack the two warring Governments signed a protocol wherein they agreed upon the occupation by the American forces of "the city, bay, and harbour of Manila pending the conclusion of a treaty of peace which shall determine the control, disposition, and government of the Philippine Islands." (24F) At first it appeared that the United States Government had no territorial ambitions in respect of the Philippines except to acquire a naval base and coaling station. But it soon became clear, upon information which it had received, that if the Philippines were left to Spain they would be purchased by other Powers.(24G) Rather than permit this, Secretary Hay, of the United States, instructed the Peace Commissioner on October 28, 1898, to demand their annexation by the American States.(25) (Their conquests in the Pacific gave the Americans a more direct interest in the affairs of that part of the world than they had heretofore had.) Lord Salisbury had not been slow to

realize the effect which the introduction of America into the Pacific would have upon the political situation there. He proposed to capitalize his friendship with America, and to use it as a lever with the other Powers for the realization of his policies in China.

Speaking of them, at the Lord Mayor's Dinner on November 9, 1898, he referred to the contest between nations "as to who shall be the heir to the nation which is falling away from its old position" and was decaying as a cause of war. He said that "the subject-matter of war" was "terribly prevalent on all sides." But as far as Britain was concerned, he regarded the entry of America into the colonial field as advantageous to Britain. The utterance of importance was that "no one can deny that their appearance among the factors of Asiatic at all events, and possibly of European diplomacy, is a grave and serious event, which may not conduce to the interests of peace, though I think it is likely to conduce to the interests of Great Britain." (25A)

The *Novosti*, a Russian paper of importance, interpreted this speech as a warning to all those "Powers" who were "not disposed to indulge England in her pretensions." (25B) The American Press, on the other hand, received the Guildhall speech favourably. The *New York Times* in particular was ready to appreciate the importance of Lord Salisbury's utterance at a time when the American Peace Commissioners were having difficulty in persuading Spain to cede the Philippines to the United States.

In its issue of November 11, 1898, it pointed out that America also needed "an ally in the Far East" if the Philippines were to be retained by her, in the face of continental opposition. A possible basis for such an arrangement was considered in the following paragraph :

"But if we proclaimed the 'open door' in the Philippines, we might rely upon the support of Great Britain, as she ought to have been able to rely upon our support when she demanded the 'open door' in China. It is true that for a time Great Britain would be the chief gainer by such a proclamation, a greater gainer than ourselves. But we need an ally in the Far East. Is there a single American Jingo who believes that we could withstand France, Russia and Germany together in the Philippines if we disaffected Great Britain? Yet disaffecting Great Britain would certainly be the result of our extending McKinleyism and Dingleyism to the Philippines, and of rejecting the British policy of the 'open door' for the continental policy of exclusive trade." (26)

The foregoing was, in fact, the very basis upon which the American Government had formulated its policy. In his instructions to the American Peace Commissioners on September 16, 1898, President McKinley stated the policy of his Government in these words:

"Incidental to our tenure in the Philippines is the commercial opportunity to which American statesmanship cannot be indifferent. It is just to use every legitimate means for the enlargement of American trade; but we seek no advantages in the Orient which are not common to all. Asking only the 'open door' for ourselves, we are ready to accord the 'open door' to others. The commercial opportunity which is naturally and invariably associated with this new opening depends less on large territorial possession than upon an adequate commercial basis and upon broad and equal privileges."

Protectionist America declared itself in favour of the British policy of the "open door" in the entire Orient. It expressed its readiness to adopt this policy in the Philippines, and met with no British or other opposition to the acquisition of those islands by her. She did not rest here, however. Henceforth she also became the protagonist of Britain's "open-door" policy in China, where she had until then considered that she had no policy which could be endangered. (27) This success of Britain's policy at this period, and the acquisition of the Philippines by America would seem to be intimately connected—in fact, it is likely that support of each other's plans alone made possible the realization of their own.

On November 16, 1898, the Colonial Minister of Britain continued the activity of his Government on behalf of the policy publicly elaborated by the Duke of Devonshire on the 18th of the preceding month. Speaking at Manchester, he restated the British policy and made it clear that Britain "did not want, and did not think it was in 'her' interest, to do anything which would hasten the dissolution of China." She had "no desire . . . for acquisitions" save such as seemed "necessary to secure and guarantee" her "naval position." "She was satisfied with the *status quo*." But she "did not think it was to the interest" of Britain "to give anything like a guarantee of the integrity and independence of an empire which appeared to be decaying." (28) Britain had attempted to obtain an understanding with Russia and an alliance with Germany for that purpose, as we have already

pointed out. Her failure clearly demonstrated to her that she would have to undertake the guarantee of Chinese integrity alone, and might be involved in a war with Russia to uphold it. She was undesirous of facing the consequences of such a guarantee single handed. Accordingly it was not "to the interest" of Britain "to give anything like a guarantee of Chinese integrity and independence."

Mr. Chamberlain could therefore truthfully continue. But

"holding these views as regards ourselves, we did not think it was necessary for us to impede the ambitions of other Powers. Whether we approve of them or not, whether we think they would be good for them or not, is another matter. Still, providing they did not interfere with certain great principles which we desire to see established, we did not think it was our business to appear as the champions of China, to defend her against the attacks that might be made upon her. The principle for which we did contend was that no acquisition of territory by any foreign Power should alter the existing state of things in this respect, that the markets of China should be open to fair and even competition to all through the open door." (29)

The attitude of the British Government as presented by Mr. Chamberlain was a compromise of the policy which Mr. Curzon had put forward in the House of Commons as the Government's policy on March 1, 1898.(30) That policy embraced as a fundamental principle the maintenance of the Chinese State, but as we have pointed out above, it was impractical for Britain "to impede the ambitions of other Powers" as well as "to appear as the champion of China" or "to defend her against attacks." The basis upon which British statesmen were prepared to make a compromise, therefore, was to give up the integrity clause and to modify the scope of the "open-door" policy in return for a guarantee of their commercial markets in China. Mr. Chamberlain herein admitted this latter fact frankly, whereas Mr. Balfour in dealing with the matter on August 10, 1898, had avoided an admission and attempted the suggestion that the Government had not altered its "open-door" policy. Mr. Chamberlain made his admission by pointing out the distinction between trade and concessions. In his view, the latter, because of their political value and interest requiring, as in the case of railways, "a mortgage upon some territory . . ." had to be taken "out of the category of ordinary trade. Therefore," said Mr. Chamberlain, "the policy of the 'open door' must receive some modification if applied

to the question of concession." (31) Henceforth the modified "open-door" policy recognized that in respect of enterprises Russia had special rights in Manchuria and that Germany had special rights in Shantung. The "open door" which the British Foreign Office would seek to uphold would be limited to commercial equality.

It was, however, faced with the problem of securing even this limited "open-door" policy. "An agreement with Russia" on this question was "a desirable thing," if possible. No agreement, however, could "be permanently valid, unless it" was in "the interest of both parties to maintain" it "or unless one party" was "strong enough to enforce it." Mr. Chamberlain stated that Britain wanted "a better guarantee than any paper agreement to ensure the policy of the 'open door.'" This guarantee, he believed, could be found in the common interest of the trading nations, viz. Britain, Japan, Germany and the United States, who "should have the same desire to keep the door open, and should be prepared to support a liberal trade policy in China, which" Britain had been "the first to proclaim."

Britain, he said, required no alliance "for her own security" or for the fulfilment of purposes that were exclusively British. If she entered an alliance she could give as much as she got. But, added Mr. Chamberlain,

"If we desire at any time to establish a principle of policy, not for ourselves alone, but for all others who have similar interests . . . *we have a right to ask whether we may not expect (that) in order to secure those results a collective influence will be brought to bear which, I think, will be practically irresistible.*" (32)

This was the manner in which the Colonial Minister indicated that his Government should like to see the limited "open-door" policy assured them. Russia had so far refrained from giving assurances upon this point, Germany had hesitated to enter an alliance or agreement with Britain to the above end. There remained, therefore, only the possibility that the "open door" would be maintained by "the collective influence of the trading nations." That which Mr. Chamberlain foreshadowed now was, in fact, achieved several months later upon the formal initiative of Secretary Hay of the United States in exactly the manner indicated by the Colonial Minister.

Mr. Chamberlain had directed the foregoing general remarks

to the Germans and Japanese, but primarily to the Americans. In particular he said: "I hold, therefore, that it is possible that we may without reference to anything in the nature of a permanent or general alliance, nevertheless come to a common understanding, may be able to remove prejudices despite suspicion; and in that case I think we may look in confidence—if the future should hereafter have need of change in these relations—we may look in confidence to even closer co-operation. . . ." (33) To the Americans, he said: "I know a hundred reasons why we should be friends, I know of none why we should be otherwise . . . a combination between the two great English-speaking peoples is a combination which would fear no other alliance . . . a combination of that kind would be a guarantee for the peace and civilization of the world." (34)

Mr. Chamberlain welcomed America into the Colonial field because she would be "animated by the same motives" and would "carry out the same methods" as Britain. This new departure in American political life, in his view, could only serve British interests by giving to each of the two nations a better understanding of the work of the other, by increasing their sympathies, by bringing them more closely together, and by making "easy and inevitable that most desirable co-operation." (35) This language could only be interpreted as an assurance to America in the Philippine question, and as a threat to the rivals of Britain in the China question.

The first-fruits of Mr. Chamberlain's efforts with America were soon to be culled. On December 5, 1898, the American Government made its first public official pronouncement upon the China question in a sense favourable to Britain. The President of the United States, in his annual message to the United States Congress, stated very clearly the attitude of his Government upon that question, and in particular upon the "open-door" policy, very clearly. "The United States," said he, "had not been an indifferent spectator of the extraordinary events transpiring in the Chinese Empire, whereby portions of its maritime provinces are passing under the control of the various European Powers," but the prospect that American trade there "may not be prejudiced through any exclusive treatment by the new occupants has obviated the need of our country becoming an actor in the scene." America intended to subserve her interest in that part of the

globe "by all means appropriate to the constant policy of our" Government, if, however, no discriminating treatment of American citizens and their trade be found to exist, or be hereafter developed, the desire of this Government would appear to be realized." (36)

At the same time he emphasized the seriousness with which his Government regarded the danger to the policy which he had just enunciated by indicating the "means," which it had taken to enforce it if the need for so doing arose. He said: "Warships have been stationed at Tientsin for more ready observation of the disorders which have invaded even the Chinese capital, so as to be in a position to act should need arise."

Nothing could be clearer than this address. It was a deliberate confirmation by the head of the American Republic of the policy enunciated by Britain through her Colonial Minister on November 16, 1898. This statement was very likely intended to be a reply to Mr. Chamberlain's speech and a gesture to indicate to the world at large that Britain and America stood upon common ground, at least upon the "open-door" question in China. Under the circumstances their collective influence in the matter would, as Mr. Chamberlain rightly said, be irresistible.

Indeed, it would seem that they stood upon common ground not only in principle, but also in practice. British interests and American interests had at about this time agreed to share their enterprises in China, and to win for these the support of their respective Governments. The President's speech and this Anglo-American Agreement seem to be very intimately connected. In fact, it would seem to be one of the bases for America's adoption of Britain's commercial policy in China. The existence of such an accord as that indicated between the two groups of entrepreneurs is evidenced by a Memorandum between the British and Chinese Corporation and the American-China Development Company (in the latter of which the Rockefeller and Harriman interests were represented) which was submitted to the British Foreign Office on December 13, 1898, and signed on February 1, 1899 (36A)

The Memorandum sets out as the belief of the contracting parties "that the Governments of their respective countries, by uniting in the assurance of protection of the rights of their respective subjects and citizens on which they have hitherto respectively relied in embarking capital in foreign countries, will afford an

effectual force for the protection of such enterprise," and "that such united action by their respective Governments will be promoted if arrangements are made for the co-operation and joint action of their respective subjects and citizens engaged in business in China, and in particular by the joint action of the Corporation and the Development Company." (37) The President had in effect "united" with Mr. Chamberlain "in an assurance of protection of the rights of their respective subjects and citizens."

To promote this idea of united action each of the two parties offered to the other a share in the Hankow-Canton Railway concession (American) and the Canton-Kowloon concession (British), and entered into a general agreement that "each party hereto shall offer to the other a participation of one-half of its own interest in any business hereafter obtained by it in the Empire of China a reasonable time after the same shall have been obtained, and the party to whom such participation shall have been offered shall have the option to accept or reject the same within a reasonable time, and shall be under no obligation to accept such participation. Any such offer, if not accepted in a reasonable time, shall be deemed to be rejected." (38)

Furthermore they undertook that "each party hereto shall use their best endeavour to try to obtain the support of the Government of their respective countries to the common undertaking of the parties expressed in these presents, and to render all such mutual assistance to each other in the furtherance of their common enterprise in the Empire of China as circumstances may require, it being the intention of these presents that, so far as practicable and possible, the parties hereto shall act in alliance and together in all undertakings obtained or prosecuted by either or both in the Empire of China, whether both parties shall participate in the business or not." (39) The conclusion of this agreement by these two powerful institutions must undoubtedly have affected the policy of the American administration in office at the time.

The declaration of the American President strengthened the hands of Mr. Chamberlain, and enabled him to exert pressure upon the other Powers for the acceptance of the "open-door" policy to which his Government now subscribed.

We see distinct evidences of this in his Wakefield speech of December 8, 1898, four days after the President's speech.

Adopting the tone that "there is no other combination that can make us afraid," he stated as his interpretation of the President's speech that "in the future" Britain would "not stand alone as the guardians of the open door" in China. In this conviction he could speak frankly, and say that "an agreement with Russia is desirable, and I would even say that it is necessary *unless very serious complications are to be encountered.*" (40) He stated it as his view that there were "no insurmountable obstacles to such a friendly arrangement," and that it was "quite possible to conciliate what we may call the reasonable ambition of Russia with the fixed and settled policy of this country to maintain equal opportunities in trade for all nations." He pointed out that such a settlement was very likely because it was not in the interests of Britain alone, but in those of Japan, Germany and the United States as well. In this forecast he was undoubtedly right, as we shall see.

In the same speech Mr. Chamberlain also made a bid for Germany's support in bringing to bear the collective influence of the Powers to maintain the "open door" in China. Addressing her in a friendly tone, he asserted that there was no part of the globe in which their interests conflicted, and indeed Britain had ascertained after friendly and frank exchanges of opinion with the German Government that there were many "important questions" affecting German interests as well as English interests in which *we can agree to assist and not to thwart each other's policy.*"

The "open door" in China was evidently one of these questions, for he added that he hoped "that in the future the two nations—the greatest naval nation in the world and the greatest military nation—may come more frequently together, and our joint *influence may be used on behalf of peace and of unrestricted trade,* in which case it would certainly be more potent than the influence of either Power alone." (41)

The German Press, as indeed the Chancellor himself, received this overture very favourably. The latter, in fact, admitted in the Reichstag that there were many points upon which Germany could co-operate with England "without prejudicing, and while completely maintaining our other valuable connections." (42) German trading interests favoured Mr. Chamberlain's policy. But their Government did not desire to choose between Russia and Britain as long as its interests did not dictate the choice. On

the whole Mr. Chamberlain's speech was well received upon the Continent. Its tone was not offensive. It was conciliatory, although the attitude and policy of the British Government was clear and determined. From all indications it seemed that the policy which Britain had advocated would find approval among the trading nations. Even the French paper *Débats* of December 11, 1898, hinted at the probable success of the Anglo-Russian Agreement, and the necessity for France "to ensure her legitimate sphere." (43)

NOTES

1. *China*, No. 1 (1899), p. 17—Despatch 37, Enclosure 1, August 16, 1898 ; p. 23—Despatch 48, Scott to Salisbury, September 22, 1898.
2. *Ibid.*, p. 38—Despatch 58, MacDonald to Salisbury, October 11, 1898.
3. *Ibid.*, p. 29—Enclosure 1, Despatch 57, Art. III, or MacMurray's *Treaties* (1898, 20), vol. i, p. 173.
4. *Ibid.*, pp. 30-1, Arts. IX and XVI.
5. *Ibid.*, p. 31, Art. II.
6. *Ibid.*, p. 30, Agreement with Despatch 57, Art. VI.
7. *Ibid.*, p. 29, Art. III.
8. *Ibid.*, p. 32, Art. XIX.
9. *Ibid.*, p. 30, Art. V.
10. *Ibid.*
11. *Ibid.*, p. 43—Despatch 65, MacDonald to Salisbury, December 28, 1895.
12. *Ibid.*, p. 53—Despatch 74, British Foreign Office to Hong-Kong and Shanghai Bank, January 26, 1899.
13. *Ibid.*, p. 15—Despatch 36, Salisbury to MacDonald, September 10, 1898.
14. *Ibid.*, p. 22—Despatch 48, Scott to Salisbury, September 22, 1898.
15. *Ibid.*, p. 24—Despatch 49, Salisbury to MacDonald, September 27, 1898.
16. *London Times*, October 19, 1898, p. 10, cols. *c* and *d*.
17. See p. 345 et seq.
18. *China*, No. 2 (1899), p. 26—Despatch 53, Scott to Salisbury, November 2, 1898.
19. *Ibid.*, p. 25—Despatch 51, Scott to Salisbury, September 30, 1898.
20. *Ibid.*
21. *British War Origin Documents*, vol. i, p. 38—Document 59, Scott to Salisbury, November 2, 1898.
22. *Ibid.*
23. *China*, No. 2 (1899), p. 27—Despatch 56, Scott to Salisbury, November 8, 1898.
- 23A. *Ibid.*
- 23B. *Ibid.*, p. 27—Despatch 54, Scott to Salisbury, November 8, 1898.
- 23C. *Ibid.*, p. 28—Despatch 56, Scott to Salisbury, November 8, 1898.
- 23D. *British War Origin Documents*, p. 38—Document 59, Scott to Salisbury, November 2, 1898.

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- 23E. *British War Origin Documents*, vol. i, Minute, p. 40—Document 59, Scott to Salisbury, November 2, 1898.
24. *D.G.P.*, vol. xv, p. 67—Document 4163, Memo of Richthofen, July 30, 1898.
- 24A. Eckhardstein, p. 312.
- 24B. *D.G.P.*, vol. xv, p. 71—Document 4166, Hatzfeldt to Foreign Office, August 9, 1898.
- 24C. *Ibid.*
- 24D. *Americans in Eastern Asia*, Tyler Dennett, p. 619.
- 24E. *Ibid.*, p. 620.
- 24F. *United States Foreign Relations*, 1898, p. 824, Protocol.
- 24G. *Ibid.*, p. 933, Peace Commissioners to Mr. Hay, October 25, 1898.
25. *Ibid.*, p. 937, Mr. Hay to Mr. Day, October 28, 1898.
- 25A. *London Times*, November 10, 1898, p. 8.
- 25B. *Ibid.*, November 12, 1898, p. 7.
26. *Ibid.*
27. See p. 74, ref. 79.
28. *London Times*, November 17, 1898, p. 10, col. c.
29. *Ibid.*
30. See p. 255, ref. 80.
31. *London Times*, November 17, 1898, p. 10, col. c.
32. *Ibid.*, col. d.
33. *Ibid.*
34. *Ibid.*
35. *Ibid.*
36. *U.S. Foreign Relations*, 1898, p. lxxiii.
- 36A. *Treaties and Conventions with or concerning China and Korea*, W. W. Rockhill, p. 345, ed. 1904.
37. *China*, No. 1 (1899), p. 325—Despatch 423, Memo of Agreement, December 13, 1898.
38. *Ibid.*
39. *Ibid.*
40. *London Times*, December 9, 1898, p. 7, col. b.
41. *Ibid.*
42. *Ibid.*, December 13, 1898, p. 5, col. a—Bülow on Foreign Affairs in Reichstag, December 12, 1898.
43. *Ibid.*, December 12, 1898, p. 7, col. a.

CHAPTER XVII

THE ANGLO-RUSSIAN RAILWAY SPHERE ARRANGEMENT

Russia's proposal—Its limitations—Clauses 3 and 6 of the Shanhaikuan-Newchang Railway Agreement—British fears—Britain's stand—A settlement—Difficulties arising out of the prospectus—Basis of agreement—The reservation—The Anglo-Russian Railway sphere arrangement, April 28, 1899—Its net result—The demand for a railway from the Manchurian line to Peking—Effect of the concession—China's assurances to Britain of May 10, 1899—British pressure—Its effect—Reply of Russia—British difficulties—British proposals for railways rejected—Clause 22 of Shanghai-Nanking Railway Agreement—China's point of view—Clause 12 of the Shansi Mining Contract—The proposed lines—China's stand—The Burma-Yunnan Railway—China's promise of April 11, 1898—China's view—Britain's stand—China's motives.

WITH the groundwork so well prepared for the consummation of Britain's open-door policy, Russian statesmen could not for long disregard the opinion of the trading nations which favoured it. In the month of February 1899 they resumed active negotiations with the British concerning the proposed agreement. The Russian statesmen made it clear at the outset that they did not intend to include in the agreement any assurances as to the inadmissibility of preferential rates such as had been desired by Britain. In their view it was too "technical" a question to be included in a preliminary agreement and one whose subject-matter should be delayed for later consideration.(1)

They were eager to avoid what they termed "questions of detail, which would be settled accordingly as the necessity might arise." They were ready "to lay down at once the Outlines of an Agreement on the basis of the division of the preponderance of interests in the spheres of economical or geographical gravitation of each of the two Powers." (2) To that end they proposed an agreement, the substance of which was that each Power should undertake not to infringe upon China's sovereign rights or existing treaties of the Powers and that each should refrain from placing obstacles in the way of railway enterprise in the other's sphere.(3)

Despite the narrowness of this proposal the British Government were prepared to accept it in its general scope. • They, however, pointed out to Russia the limitations of this new proposal.(4) By it England and Russia would each be bound to abstain from opposing the railway projects of the other in the latter's own sphere of interest, but would not be bound to abstain from projecting railways of its own into the other's sphere of interest.(5) It was upon the latter aspect that Britain in reality desired assurances. The events of the ensuing days, however, resulted in an alteration of the Russian proposal, so as to embrace this aspect also.

On the 26th of February, 1899, the Russian Government took exception to clauses 3 and 6 of the Shanhaikuan-Newchang Railway Agreement.(6) Clause 3 gave to the British syndicate "a first charge upon the freights and earnings of the new lines when constructed." Clause six stipulated for the appointment of a British Engineer-in-Chief and a European Accountant for the lines.(7) The Russians contended that this involved control of the railway and was therefore contrary to the assurances given to them upon this point in July of 1898. They also took exception to certain conditions contained in the prospectus of the loan.

The British Government feared that this was an attempt upon the part of the Russian Government to destroy the Shanhaikuan-Newchang Railway loan agreement obtained by British financial interests. They accordingly informed the Chinese Government that the agreement would have to stand. They made it clear that the understanding of September 1898 between Russia and Britain had adequately covered the matter and that Britain would "hold the Chinese Government responsible should they, in consequence of the representations made by the Russian Minister, repudiate or fail to adhere to an agreement formally and voluntarily entered into by them with the British subjects interested." They, however, promised the Chinese Government support in refusing to accede to the demands of Russia.(8)

This controversy over the question of control was, however, settled amicably by an exchange of views between the British and Russian Governments.(9) The settlement had been indirectly assisted by the conclusion of the Franco-British African Agreement in March 1899, as well as by the support which the Americans were giving to Britain in contesting the claims of France for an extension of her settlement at Shanghai. Russia therefore agreed

to extend the scope of the Anglo-Russian Agreement to that suggested in September 1898.(10) However, before the Anglo-Russian agreement could be formally signed, it was necessary to dispose of the difficulties that had arisen in connection with the prospectus of the Shanhaikuan-Newchang Railway.(11)

The attitude which the Russian Government adopted was that the prospectus disclosed facts of which it knew nothing officially. The prospectus stated that the Shanhaikuan-Newchang Railway would not run in a direct line between these two points, but would instead, run to a place called Sin-Min-ting, about one hundred and fifty miles north of Newchang and about thirty miles north of Mukden, which was on the Russian Manchurian line.(12) This extension would, in fact, parallel the projected Russian railway from Petuna, Kirin, Mukden and Newchang to Port Arthur, and would be separated from the Russian Railway at the widest stretch by no more than about seventy-five miles. The Russian Government could, with a great deal of reason, maintain that this line would conflict with their railway. On the other hand, it must be admitted that it had been slow in lodging its protest; for although it was not officially apprised of the route of the railway, its Minister had, in fact, seen the prospectus some time previously and had not protested against it then, although he was engaged in discussion with the British Government upon that particular railway.

An agreement, however, was reached upon this question. Russia undertook not to oppose the construction of the extension in return for an assurance that China herself would construct it subject only to the inspection of a British engineer.(13) She, however, reserved to herself "the right to support, if she considers it advisable to do so, any applications for railway concessions which Russian subjects or establishments may desire to obtain to the south-west of the main line towards Port Arthur, in the same region which is served by the line granted to the British and Chinese Corporation." (14) To this reservation Britain agreed.

There remained nothing now to impede the conclusion of the long-negotiated Russo-British Railway Agreement for China. The British had finally been successful in obtaining Russia's adherence to a policy which at least had the merit of being fair. But a great deal of patience and pressure had been required on their part to achieve this end. On April 28, 1899, by an exchange

of Notes, the two Powers defined their respective positions towards each other in China, and informed the Chinese Government of their agreement.

In substance the arrangement between them was as follows :

1. The two Powers expressed their intention of infringing in no way the sovereign rights of China or the existing treaties between China and the Powers.
2. Russia engaged not to seek for herself or on behalf of Russian subjects or others, any Railway Concessions in the basin of the Yangtze, and not to place obstacles, either directly or indirectly, in the way of railway enterprises in that region supported by the British Government.
3. A similar engagement, *mutatis mutandis*, by Great Britain with regard to railway concessions north of the Great Wall.(15)

Supplementary notes also provided that the above arrangement was not to prejudice the rights of the British Corporation under the Shanhaikuan-Newchang Railway Agreement, nor did it affect the right of the Chinese Government to appoint an English Engineer and a European Accountant to supervise the construction of the line and the expenditure of the money appropriated to it. This latter arrangement was interpreted to mean that it did not constitute "a right of property or foreign control and that the line . . . remained a Chinese line" under Chinese control which could not be alienated to a non-Chinese company. The Sin-Min-ting extension was also confirmed(16) with the reservation concerning a Russian railway in the same direction.(17)

The net result of this agreement was that Britain had finally won the recognition of Russia that the Yangtze was a British sphere of interest. She had been laboriously seeking to obtain this recognition ever since her policy of alliance to keep China intact had failed. We have previously pointed out how essential it was for her trade interests that the Yangtze be kept free from foreign railways which might throttle British trade by differential rates. Against German railways in the Yangtze she had been assured on September 2, 1898. By the present agreement she was also assured against Russian railways there. In return for these two assurances, however, she had to abstain from seeking railway concessions in Shantung and Manchuria respectively.

The agreement of April 29, 1899, had hardly been signed when the Russo-Chinese Bank began to press the Chinese Government

for the right to construct a railway from the Manchurian line to Peking.(18) The Russian financiers were quite within their rights to seek this concession. Their Government had specifically reserved the right "to support, if it thinks fit, applications of Russian subjects or establishments for concessions for railways which, starting from the main Manchurian line in a south-westerly direction, would traverse the region in which the Chinese line, terminating at Sin-Min-ting and Newchang, is to be constructed." (19) And in the drafting of the agreement, although Britain undertook not to seek "any railway concessions to the north of the Great Wall of China," (20) Russia did not undertake to abstain from seeking railways to the south of it. Her undertaking was limited to refraining from seeking "any railway concessions in the basin of the Yangtze," (21) and since Peking or the territory which the railway traversed was not in the Yangtze Basin, she was within her absolute right in seeking this concession.

Nevertheless the British considered that they had very good reasons for opposing her in this endeavour.

In the first place, the concession would have enabled Russia to link the Peking-Hankow Railway with her Manchurian line, thereby bringing Peking under her political and military domination. In the second place, this action of hers was interpreted in London as a hostile gesture directed against the construction of the Shanhaikuan-Newchang Railway by the British, since the proposed line would serve substantially the same territory as it. And, furthermore, a special significance attached to the Slav demand in view of the fact that only a month previously Belgium had, in the prospectus for the Peking-Hankow line, asserted that she held a preferential right for the construction of the Canton-Hankow Railway in the event of the American concessionaires abandoning their concession for it.(22) If this railway concession was granted Belgium and the concession now demanded by Russia was granted to her, the Russo-French Group would control a trunk line from Canton in the south to the Manchurian line in the north.*

Britain took steps immediately to avert this danger to her interests.(23) On May 10, 1899, she received from the Chinese Government an assurance that "neither the Belgian Agreement in twenty-nine clauses, nor the Supplementary

* See map on page 332.

Agreement in ten clauses, contains any such stipulation, and that there has been no subsequent arrangement of any kind." (24). The Belgian Syndicate did, in fact, in later years temporarily obtain control of the line. For the moment, however, Britain was assured against such control.

She now turned her attention to the Russian project and put pressure upon China to refuse to grant the concession demanded. In this way she hoped to prevent the realization of Russia's plan of bringing the Province of Chili under her influence.

The Chinese Government did refuse to grant the concession to Russia. (25) The governing group at Peking had already stiffened their attitude towards foreign demands upon them for railways. An edict of December 13, 1898, had approved of a memorial to the effect that "from the time of this Memorial forward, setting aside the lines which have been already decided on with foreign countries, no application to construct a branch line should be granted for the present." (26) The resistance of the Chinese to foreign encroachment was taking shape and form. Russia was advised that China intended "that all the railways directly touching Peking were being, or were to be, constructed by China herself out of her own resources." (27) She, however, gave Russia a formal undertaking to the following effect on June 1899: "We now wish to reiterate in the plainest terms that China agrees that if railways are in future built from Peking to the north or to the north-east towards the Russian border, China reserves the right to construct such roads with Chinese capital and under Chinese supervision, but if it is proposed to have such construction undertaken by any other nation, the proposal shall be first made to the Russian Government or to the Russian Syndicate to construct the railway, and on no consideration will any other Government or a syndicate of any other nationality be allowed to construct the railway." (28)

The effect of this assurance was to confirm the undertaking entered into by Britain towards Russia in the agreement of April 28, 1899, concerning railway rights in China. It, however, limited the rights of Britain under that agreement. Henceforth railways north or north-east of Peking, though south of the Great Wall, could not be constructed by Britain, though under the Anglo-Russian Agreement she possessed that right. It was now reserved for China and Russia alone.

The Russian Government replied to the Chinese communication cited above that •

“The assurances of the Chinese Government have been respectfully noted. While the Russian Government will not *at once ask* for the construction of a road connecting the main line of the Manchurian Railway with Peking, the demand of Russia for the construction of this road was based on the responsibility assumed by the Chinese Government in its Note of the thirteenth day of the sixth moon of last year (July 31, 1898), which is direct and incontrovertible, the failure to fulfil which involves an indemnity. This responsibility cannot be allowed to lapse.” (29).

Though the British Government had been successful momentarily in preventing the Russo-French-Belgian *bloc* from giving effect to its pretensions in China, it encountered difficulties in realizing its own plans there. It had removed first the German opposition and then the Russian, to British enterprise in the Yangtze Valley. It was believed that this would make of the Yangtze Valley an exclusive British sphere of enterprise in which British subjects would be able to obtain concessions without difficulty. Those who entertained such expectations, however, did not reckon with their host. It was China herself that now opposed the granting of further concessions there.

Before the Russo-British agreement was signed certain British interests under Sir J. Lister Kaye sought a concession for a line from Canton to Chengtu with branches along the Yangtze to Hankow and Siufu—a venture involving £18,000,000. China rejected the proposal as opposed to her railway policy of building no further branch lines, (30) enunciated on December 13, 1898.

On April 17, 1899, British interests asked China for the right to build an extension of the Shanghai-Nanking line from Hangchow to Kiangsin, (31) where it was expected to join a branch line of the Hankow-Canton line, the concession for which the American Development Company were seeking, (32) This would have connected Shanghai with Canton. The British based their claim upon the twenty-second clause of the Shanghai-Nanking Railway Agreement, (33) which read as follows :

“It is agreed that if at any time the Chinese Imperial Railway Administration wish to extend their lines, that the Syndicate shall have the option of undertaking extensions on like terms for Railways designed to run in connection with those herein mentioned *subject* to Imperial Edict being obtained for such extensions or branches by Memorial of the said Railway Administration and the respective Viceroys and Governors.” (34)

The Chinese statesmen also declined to grant this concession and availed themselves of the "subject" clause. They pointed out on the 23rd of April, 1899, that "the question of the advisability of building a line from Hangchow to Kiangsin must await the gradual completion of all the lines at present in hand. When the general railway administration has then, in conjunction with the Provincial Government, memorialized and received the sanction of the Throne, the matter may be arranged. It is not advisable to enter into any premature negotiations at the present time." (35)

On May 27, 1899, one month after the signature of the Anglo-Russian Agreement, the Peking Syndicate submitted to the Chinese Government an extensive railway project, within the confines of the Yangtze Valley which it claimed the right to execute by virtue of clause 17 of the Shansi Mining Contract. (36) The latter read in part "Whenever it may be necessary for any mine to make roads, build bridges, open or deepen rivers or canals, or construct branch railways to connect with main lines or with water navigation to facilitate transport of Shansi coal, iron, and other mineral products from the province, the Syndicate, on reporting to the Governor of Shansi, is authorized to proceed with the works, using its own capital without asking for Government funds. Regulations for branch railways are to be made in due time." (37)

The Syndicate proposed to build the following lines :

1. From Yühsien south to Taiyuanfu (100 li beyond the proposed Russian line as per agreement), then from Taiyuanfu south to Ping Yang-fu, from Ping Yang-fu south-west to the petroleum district of Puchou, and from Puchou to Tung-Kuan on the Yellow River.
2. From Ping Ting Chou south to Luanfu, Tsechow-fu and Hwai-Ching-fu.
3. From Ping-Yang-fu south-east to Tsechow-fu. (38)

The Chinese Government took exception to these proposals and refused to assent to them. It declared that the demands were not in accordance with the agreement between the Syndicate and itself. In a reply of June 9, 1899, it interpreted clause 17 to mean "that the construction of branch railways is to begin from the mines and such railways are to connect with main lines or to run to water ports, simply in order to insure

adequate facilities for the transport of the products of the mines." It maintained that "it was for this reason that nothing was stipulated at the time as to the number of such lines, or where they were to begin or end. After mining operations had actually commenced, the Syndicate were to report to the high provincial authorities, who would thoroughly investigate the circumstances of each case and decide in accordance with topographical requirements." It added that "the three railways, which the Peking Syndicate now seek to make, cover an area including territory belonging to the three provinces of Shansi, Shensi and Honan. The starting-point and termini of the various lines are utterly indefinite, and the Syndicate, instead of reporting to the Governors of the provinces concerned for their decision, have actually made their own plans and now ask outright for permission to construct. In all these respects they have failed to comply with the original agreement and we are unable at once to authorize their proposal." (39) The Peking Syndicate contended that it had examined the mining districts, made surveys of the routes, and was procuring the capital for the railway, and that it had, therefore, begun operations. (40) Their contentions proved ineffective and for the time being their project failed to meet with China's approval.

In the month of September 1899 the Yunnan Company—a British concern—asked for a railway concession "from the Burma Railway terminus to Mitu via Kunlong and Namting Valley; thence to Hsi Kuan and Talifu; also from Mitu to Yunnanfu via Chow Hsiong; and from some point between Talifu and Yunnanfu, a line to the Yangtze River, with the option of choosing any route they please for the latter." (41) The British based their claim upon a declaration made to them by China on April 11, 1898, to the effect that she was "quite willing to allow the extension into Yunnan of the Burma Railway." (42) In this case, too, the Chinese Government declined to grant the concession. They declared that they had only "made a verbal promise to the effect that they will be willing to discuss the question of the extension of our railway (Burma Railway) into China when it reaches the Chinese frontier." (43) The British Government did not, however, take the same view as the Chinese. Lord Salisbury had no intention of being deprived of this concession which he had been promised in April 1898

as a counter-concession for French gains. He therefore instructed his Minister at Peking to "inform the Chinese Government that Her Majesty's Government cannot admit that the application is one which they are free to reject, as they consider the promise made to Her Majesty's Minister by the Tsungli Yamen on the 11th of April as binding." (44) The Chinese Government still insisted upon its original view and refused to agree to the demand. (45) But Britain again emphasized that she "had no intention of abandoning" the standpoint expressed above. (46)

China's opposition to further railway construction was without doubt due to a realization on the part of her statesmen of the military and political consequences involved in their construction. The financial aspect of the question was, however, another equally important determining factor in their resolution. An increased construction programme would inevitably hurl the Chinese State into a financial abyss. The lines which had been contracted for mortgaged and absorbed the State revenues. As yet the railways yielded nothing financially to the State. The Chinese Budget showed a deficit of approximately 22 per cent. Revenues could not be increased easily, since the Customs tariff, the coast duties and the transit duties were fixed and regulated by treaty with the foreign States. To avert financial chaos it was therefore necessary to put a stop to the granting of concessions. China had until November 1898 given railway concessions to the extent of 2,800 miles to the British, 1,530 miles to the Russians, 720 miles to the Germans, 650 miles to the Belgians, 420 miles to the French, and 300 miles to the Americans. (47) The foreigners, intent upon obtaining further concessions, either failed to realize or disregarded the financial effect which their demands, if granted, must have upon the Chinese State. The Chinese statesmen could not disregard it. Nor could they lose sight of the fact that the provinces were definitely hostile to the concessions given by Peking, partly because locally, railways were unpopular, partly because the profits, if any, would go to Peking, and not to the Provincial authorities. (It was on this question of railway concessions that the Revolution broke out in 1911.)

NOTES.

1. *China*, No. 2 (1899), p. 57—Despatch 86, Scott to Salisbury, February 6, 1899.
2. *Ibid.*, p. 61—Enclosure 1 in Despatch 88, p. 61, Muravieff to Scott, February 7, 1899.
3. *Ibid.*
4. *Ibid.*, p. 63—Despatch 93, Salisbury to Scott, February 22, 1899.
5. *Ibid.*, p. 64—Despatch 97, Salisbury to Scott, February 27, 1899.
6. *Ibid.*, p. 65—Despatch 99, MacDonald to Salisbury, February 28, 1899.
7. *Treaties with and concerning China*, vol. i, MacMurray, p. 175 (1898, 20).
8. *China*, No. 2 (1899), p. 66—Despatch 101, Salisbury to MacDonald March 2, 1899.
9. *Ibid.*, p. 68—Despatch 106, Scott to Salisbury, March 9, 1899.
10. *Ibid.*, p. 71—Despatch 108, Scott to Salisbury, March 15, 1899.
11. *Ibid.*, p. 78—Despatch 118, Scott to Salisbury, March 29, 1899.
12. *Ibid.*, p. 79—Despatch 121, Scott to Salisbury, March 31, 1899.
13. *Ibid.*, p. 83—Despatch 126, Enclosure 1, Scott to Muravieff, March 9, 1899.
14. *Ibid.*, Enclosure 2, April 12th, Muravieff to Scott.
15. *Ibid.*, p. 90—Despatch 138, Enclosure 1, Scott to Muravieff, April 28 1899.
16. *Ibid.*, p. 90—Despatch 138, Enclosure 2, Scott to Muravieff, April 28, 1899.
17. See p. 389, ref. 14.
18. *China*, No. 1 (1900), p. 112—Despatch 130, Bax Ironside to Salisbury, May 10, 1899.
19. *Ibid.*, No. 2 (1899), p. 90—Despatch 138, Enclosure 2, Scott to Muravieff, April 28, 1899.
20. *Ibid.*, Enclosure 1.
21. *Ibid.*
22. *Ibid.*, No. 1 (1900), p. 90—Despatch 104, Salisbury to Bax Ironside, April 28, 1899.
23. *Ibid.*, p. 108—Despatch 117, Salisbury to Bax Ironside, May 4, 1899.
24. *Ibid.*, p. 156—Despatch 196, Enclosure 2, Tsungli Yamen to Bax Ironside, May 10, 1899.
25. *Ibid.*, p. 180—Despatch 226, Bax Ironside to Salisbury, May 25, 1899.
26. *Ibid.*, p. 22—Despatch 30, Enclosure 2, Memorial, December 13, 1898.
27. *Ibid.*, p. 180—Despatch 226, Bax Ironside to Salisbury, May 25, 1899.
28. *Treaties with and concerning China*, MacMurray, vol. i, p. 207 (1899, 5).
29. *Ibid.*, p. 208 (1899, 5).
30. *China*, No. 1 (1900), p. 79—Despatch 82, MacDonald to Salisbury, February 16, 1899.
31. *Ibid.*, p. 140—Despatch 174, Enclosure 2, Bax Ironside to Tsungli Yamen, April 17, 1899.
32. *Ibid.*, p. 139—Despatch 174, Enclosure 1, Jardine, Matheson & Co. to Bax Ironside, April 15, 1899.
33. *Ibid.*, p. 140—Despatch 174, Enclosure 2, Bax Ironside to Tsungli Yamen, April 17, 1899.
34. *Treaties with and concerning China*, MacMurray, vol. i, p. 404 (1903, 2)

35. *China*, No. 1 (1900), p. 140—Despatch 174, Enclosure 3, Tsungli Yamen to Bax Ironside, April 23, 1899.

36. *Ibid.*, p. 218—Despatch 246, Bax Ironside to Salisbury, June 18, 1899.

37. *Treaties with and concerning China*, MacMurray, vol. i, p. 701 (1908, 2).

38. *China*, No. 1 (1899), p. 219—Despatch 246, Enclosure 2, Bax Ironside to Tsungli Yamen, June 5, 1899.

39. *Ibid.*, p. 220—Despatch 246, Enclosure 3, Tsungli Yamen to Bax Ironside, June 9, 1899.

40. *Ibid.*, p. 228—Despatch 262, Bax Ironside to Salisbury, June 16, 1899.

41. *Ibid.*, p. 294—Despatch 335.

42. *Ibid.*, No. 2 (1898), p. 12—Despatch 17, MacDonald to Salisbury, April 12, 1898.

43. *Ibid.*, No. 1 (1900), p. 336—Despatch 367, Bax Ironside to Salisbury, October 11, 1899.

44. *Ibid.*, p. 336—Despatch 369, Salisbury to Bax Ironside, October 12, 1899.

45. *Ibid.*, p. 348—Despatch 378, Bax Ironside to Salisbury, October 21, 1899.

46. *Ibid.*, p. 348—Despatch 379, Salisbury to Bax Ironside, October 21, 1899.

47. *Ibid.* (1899), p. 344—Despatch 459, Enclosure 1, November 27, 1898.

CHAPTER XVIII

TRIUMPH OF THE MODIFIED "OPEN-DOOR" POLICY

The problem—America's "open-door" Note to Britain—The reply of Lord Salisbury, September 29, 1899—The communication of November 30, 1899—Germany's advice of December 4, 1899—Her policy—Her acceptance of the "open door," February 19, 1900—France's assurance, December 16, 1899—Japan's assurance, December 26, 1899—Italy's acceptance, January 7, 1900—The Russian reply, December 30, 1899—America's specific requests of Russia—The limitations of Russia's "open-door" assurances—The attitude of the American Government—The attitude of the other Powers—The "open-door" policy and the Monroe Doctrine—The scope of the "open-door" policy—The China Question and the Alaska Boundary Dispute—Jebb's opinion—The opinion of the two Canadian Judges on the Commission—Growth of American trade with China—Captain Mahan's opinion of future American policy—The "open door" and the Philippines—The Hay Doctrine—Mr. Chamberlain's idea—Culmination of Britain's policy.

THE railway agreements which had been concluded between Britain and Germany and between Britain and Russia had defined their respective spheres but had made no provision against preferential rates or differential treatment upon the railways within each Power's sphere. The British Government had attempted to secure these assurances but had failed. Its endeavours to keep the whole of China open to the trade of the world, irrespective of the existence of spheres, would always be in danger of frustration until these assurances were obtained. A renewed effort to procure them was made in September of 1899 by the Government of the United States of America. On the 6th of that month Mr. Hay, the Secretary of State, addressed instructions to his Government's representatives in London, Berlin and St. Petersburg to attempt to obtain formal declarations from Great Britain, Germany and Russia in favour of an "open-door" policy in the territories held by them in China. The Governments of France, Japan and Italy were only invited to adhere to the proposal after it became apparent that the three most interested Powers would give their assent to it. The American proposal is stated best and most

completely in the Note of Mr. Choate, the American Ambassador in London, to Lord Salisbury. It follows :

" I am instructed by the Secretary of State to present to Your Lordship a matter which the President regards as of great and equal importance to Great Britain and the United States—in the maintenance of trade and commerce in the East, in which the interest of the two nations differ, not in character, but in degree only—and to ask for action on the part of Her Majesty's Government, which the President conceives to be in exact accord with its uniformly declared policy and traditions and which will greatly promote the welfare of commerce.

" He understands it to be the settled policy and purpose of Great Britain not to use any privileges which may be granted to it in China as a means of excluding any commercial rivals, and that freedom of trade for it in that Empire means freedom of trade for all the world alike. Her Majesty's Government, while conceding by formal agreements with Germany and Russia the possession of 'spheres of influence or interest' in China, in which they are to enjoy especial rights and privileges, particularly in respect to railroads and mining enterprises, has at the same time sought to maintain what is commonly called the 'open-door' policy, to secure to the commerce and navigation of all nations equality of treatment within such 'spheres.' The maintenance of this policy is alike urgently demanded by the commercial communities of our two nations, as it is justly held by them to be the only one which will improve existing conditions, enable them to maintain their position in the markets of China, and extend their future operations.

" While the Government of the United States will in no way commit itself to any recognition of the exclusive rights of any Power within or control over any portion of the Chinese Empire, under such agreements as have been recently made, it cannot conceal its apprehensions that there is danger of complications arising between the Treaty Powers which may imperil the rights insured to the United States by its treaties with China.

" It is the sincere desire of my Government that the interests of its citizens may not be prejudiced through exclusive treatment by any of the controlling Powers within their respective 'spheres of interest' in China, and it hopes to retain there an open market for all the world's commerce, remove dangerous sources of international irritation, and thereby hasten united action of the Powers at Peking to promote administrative reforms so greatly needed for strengthening the Imperial Government and maintaining the integrity of China, in which it believes the whole Western world is alike concerned. It believes that such a result may be greatly aided and advanced by declarations by the various Powers claiming 'spheres of interest' in China as to their intentions in regard to the treatment of foreign trade and commerce therein, and that the present is a very favourable moment for informing Her Majesty's Government of the desire of the United States to have it make on its own part and to lend its powerful support in the effort to obtain from each of the

various Powers claiming 'spheres of interest' in China a declaration substantially to the following effect :

1. That it will in nowise interfere with any treaty port or any vested interest within any so-called 'sphere of interest' or leased territory it may have in China.
2. That the Chinese treaty tariff of the time being shall apply to all merchandise landed or shipped to all such ports as are within such 'spheres of interest' (unless they be 'free ports'), no matter to what nationality it may belong, and that duties so leviable shall be collected by the Chinese Government.
3. That it will levy no higher harbour dues on vessels of another nationality frequenting any port in such 'sphere' than shall be levied on vessels of its own nationality, and no higher railroad charges over lines built, controlled or operated within its 'sphere' on merchandise belonging to citizens or subjects of other nationalities transported through such 'sphere' than shall be levied on similar merchandise belonging to its own nationals transported over equal distances.

"The President has strong reason to believe that the Governments of both Russia and Germany will co-operate in such an understanding as is here proposed. The recent Ukase of His Majesty the Emperor of Russia declaring the port of Ta-lien-wan open to the merchant ships of all nations during the whole term of the lease under which it is to be held by Russia removes all uncertainty as to the liberal and conciliatory policy of that Power, and justifies the expectation that His Majesty would accede to the similar request of the United States now being presented to him and make the desired declaration.

"The recent action of Germany in declaring the port of Kiaochau a 'free port' and the aid which its Government has given China in establishing there a Chinese Custom-house, coupled with oral assurances given the United States by Germany that the interests of the United States and its citizens within its 'sphere' would in nowise be affected by its occupation of this portion of the Province of Shantung, encourage the belief that little opposition is to be anticipated to the President's request for a similar declaration from that Power.

"It is needless also to add that Japan, the Power next most largely interested in the trade of China, must be in entire sympathy with the views here expressed, and that its interests will be largely served by the proposed arrangement; and the declarations of its statesmen within the last year are so entirely in line with it that the co-operation of that Power is confidently relied upon.

"It is therefore with the greatest pleasure that I present this matter to Your Lordship's attention and urge its prompt consideration by Her Majesty's Government, believing that the action is in entire harmony with its consistent theory and purpose, and that it will greatly redound to the benefit and advantage of all commercial nations alike. The prompt

and sympathetic co-operation of Her Majesty's Government with the United States in this important matter will be very potent in promoting its adoption by all the Powers concerned.

"I have, etc.,

"JOSEPH H. CHOATE." (1)

Communications very similar to the foregoing were also addressed to Germany and Russia. Britain was the first to reply. On September 29, 1899, Lord Salisbury informed the American Ambassador as follows :

" . . . I will lose no time in consulting my colleagues in regard to a declaration by Her Majesty's Government and on the proposal that they should co-operate with the Government of the United States in obtaining similar declarations by the other Powers concerned. In the meantime I may assure Your Excellency that the policy consistently advocated by this country is one of securing equal opportunity for the subjects or citizens of all nations in regard to commercial enterprise in China, and from this policy Her Majesty's Government have no intention or desire to depart." (2)

This was put in more definite form by Lord Salisbury on November 30, 1899, in a Note replying to the American proposal "that a declaration should be made by foreign Powers claiming 'spheres of interest' in China as to their intentions in regard to the treatment of foreign trade and interest therein." He said :

"I have much pleasure in informing Your Excellency that Her Majesty's Government will be prepared to make a declaration in the sense desired by your Government in regard to the leased territory of Weihaiwei and all territory in China which may hereafter be acquired by Great Britain by lease or otherwise, and all spheres of interest now held, or which may hereafter be held by her in China, provided that a similar declaration is made by the other Powers concerned." (3)

On December 4, 1899, Germany informally advised the American Ambassador in Berlin that in the extreme Orient her policy was "*de facto* the politics of the open door," (3A) and that she proposed "to maintain this principle in the future." However, the position which she adopted was that she did "not wish the question to become the subject of controversy between the different Powers engaged in China. . . . If," said Count Bülow, "the other Cabinets adhere to the proposal of the United States Government, Germany will raise no objection, and Germany is willing to have the Government of the United States inform these

other Cabinets that no difficulty will come from her if the other Cabinets agree." (4)

This attitude was quite in conformity with Germany's policy. Count Bülow knew that the "open-door" question could become a subject of controversy only between Russia and England. He desired to be no party to it. He made this perfectly clear in a Memorandum which he gave to Prince Henry of Prussia on March 2, 1899, for his political orientation. In it he said :

"We seek, in so far as it does not compromise our dignity, and without prejudice to our status, to avoid conflicts between third Powers. This applies especially to the great Anglo-Russian conflict of interests."

The reason why Germany desired the friendship of both was that "in this way we do not prematurely tie our hands and can at a given moment go over to that side which then most suits our interest." (5) However, if the American suggestion met with the approval of the other Chancelleries, then, since no controversy would be involved, Germany's acquiescence was assured.

To begin with, the German Government, in fact, believed that its interests were best served for the time being by the maintenance of the open door. It had interpreted Britain's refusal to define her sphere of interest in her negotiations with it as an indication that she intended thereby to reserve to herself the Yangtze Valley in its widest sense and to assign to Germany the Hoangho Valley. (6) Whether this belief is well founded or not is no part of our investigation. The German Government, however, harboured it, and felt that there was too great a disproportion in these territories. It accordingly defined its policy in respect of this, in the Memorandum given to Prince Henry, thus :

"In order to combat the British aspirations to the Yangtze region, by far the most important of China, from which, therefore, we must not let ourselves be pushed away, we must seek to hold Britain down for as long as possible to the so-called policy of the 'open door,' as recently again enunciated by Lord Charles Beresford. Under the opposed principle, that of spheres of interest—or even of closed spheres of interest—we might under the present ratio of power come off badly." (7)

That being Germany's policy, the success of the American proposal, so long as it did not lead to a controversy, could not but be desired by her.

But there were other reasons as well which made her well

disposed towards it. The Samoa question remained unsettled, Germany's trade with the United States was immense and showed a favourable balance for the former. Germany was also purchasing the Carolines, the Palace Islands and the Mariannas (except Guam) from Spain, and was thereby becoming the neighbour of the United States in Polynesia. In all this the friendship of the United States could only be beneficial to German interests. It was therefore natural that the opinion of the German Foreign Office should have been that "an armed conflict with the Great American Republic, whose consciousness has been extraordinarily intensified by the successes over Spain, would at present (March 1899) be most undesirable for us. The Government of His Majesty the Kaiser is therefore at pains to straighten out the economic differences between the German Government and the United States amicably." (8)

Furthermore, it was feared that a rebuff to America might easily result in a closer *rapprochement* between Britain and the United States which might even blossom into an alliance. The German diplomats were not eager for this. (9)

The German Foreign Office had therefore a variety of inducements to show itself agreeable to the American proposal. On February 19, 1900, when Count Bülow knew already that Russia and Britain would accept the suggestion of Mr. Hay, he sent a formal Note to the American Ambassador in Berlin, telling him that the German "Imperial Government has, from the beginning, not only asserted, but also practically carried out to the fullest extent, in its Chinese possessions absolute *equality of treatment of all nations with regard to trade, navigation and commerce*. The Imperial Government entertains no thought of departing in the future from this principle, which at once excludes any prejudicial or disadvantageous commercial treatment of the citizens of the United States of America, so long as it is not forced to do so, on account of considerations of reciprocity by a divergence from it by other Governments." (10) In substance, therefore, Germany declared her readiness to grant equality of treatment, as long as she was assured the same thing for her traders in the spheres of the other Powers.

M. Delcassé gave the American Ambassador in Paris the desired assurance on behalf of France on December 16, 1899. He said that France

"desires throughout the whole of China and, with the quite natural reservation that all the Powers interested give an assurance of their willingness to act likewise, is ready to apply, in the territories which are leased to it, equal treatment to the citizens and subjects of all nations, especially in the matter of Customs duties and navigation dues as well as transportation tariffs on railways." (11)

Japan gave her formal assent to the American proposal on December 26, 1899, subject to the acceptance of it by the other Powers. (12)

The Italians gave their adherence to it on January 7, 1900. (13) The replies of the British, French, German, Japanese and Italian Governments were unequivocal. "They definitely accepted the American proposal subject only to its acceptance by the other Powers. The Russian reply of December 30, 1899, alone was vague. (14) The American Government, in seeking its declaration from Russia, had stated in its Note to her that "however gratifying and reassuring such assurances may be in regard to the territory actually occupied and administered, it cannot but be admitted that a further, clearer, and more formal definition of the conditions which are henceforth to hold within the so-called Russian 'sphere of interest' in China as regards the commercial rights therein of our citizens is much desired by the business world of the United States, inasmuch as such a declaration would relieve it from the apprehensions which have exercised a disturbing influence during the last four years on its operations in China." (15) The Russian Government, in its reply, disregarded this specific request. It expressed its attitude "to the principles which the Government of the United States would like to see adopted in commercial matters by the Powers which have interests in China," as follows: "In so far as the territory leased by China to Russia is concerned, the Imperial Government has already demonstrated its firm intention to follow the policy of the "open door" by creating Dalny (Talienwan) a free port; and if at some future time that port, although remaining free itself, should be separated by a Customs limit from other portions of the territory in question, the Customs duties would be levied, in the zone subject to the tariff, upon all foreign merchandise without distinction as to nationality. As to the ports now opened or hereafter to be opened to foreign commerce by the Chinese Government, and which lie beyond the territory leased to Russia, the settlement of

the question of Customs duties belongs to China herself, and the Imperial Government has no intention whatever of claiming any privileges for its own subjects to the exclusion of other foreigners. It is to be understood, however, that this assurance of the Imperial Government is given upon condition that a similar declaration shall be made by other Powers having interests in China." (16) No mention is made here of any Russian "sphere of interest," nor are any assurances given in respect of it. Russia's assurances were limited to such territory as she held by lease and were confined to Customs duties. No assurances were given by her concerning navigation dues nor against preferential rates on the railways. These two points she had deliberately refrained from even mentioning. This was in accordance with her conduct towards Britain in her negotiations with her in the previous months, as we have already pointed out. (17) And, indeed, in harmony with the attitude which she had adopted when the Note was first presented to her. John Hay, in a letter to Henry White dated April 2, 1900, described the reception which Russia gave the American proposal in the following words: "Russia would sign no paper, but her Foreign Minister, Count Muravieff, gave an oral promise to do what France did. Later he 'flew into a passion' and insisted upon it that Russia would never bind herself in that way; that whatever she did, she would do alone and without the concurrence of France." (17A) From the reply of the Russian Government it is evident that Russia carried out her intention "never to bind herself in that way."

But the American Government chose to treat the Russian reply as an acceptance. It therefore instructed its representatives in London, Berlin, St. Petersburg, Tokio and Rome to inform the Governments to which they were accredited that all the Powers had accepted the American proposal and that consequently the American Government considered the assent given by the particular Government to which they were accredited as final and definitive. Copies of each of these acceptances were then submitted to each Government. (18)

The Powers were not in law bound to observe the "open-door" policy. They had given their undertakings to America, subject to a proviso that the "open-door" policy would be accepted by the other Powers. Russia had not complied with this proviso. She had not, in fact, given a complete and unequivocal acceptance.

This automatically released the Powers from their promise to observe the "open door." However, they did not seek to avail themselves of this opportunity. Like the American Government, they apparently chose to treat the Russian reply as an acceptance and to hold Russia thereto.

The policy of the "open door" was adopted by the China Powers at the instance of Secretary Hay, of the United States. For that reason it has been called the Hay Doctrine by many writers on International Affairs.* But much misunderstanding apparently prevails among them, particularly among the American writers, as to the scope and character of this policy when first adopted by the Powers. It is therefore necessary to consider in detail the characteristics of this policy to obtain a true appreciation of it.

Many of these, in their enthusiasm for the policy, have characterized it as the Monroe Doctrine of the East. This characterization was unfounded before the Washington Conference held in 1921-2. Prior to that date the two policies differed considerably. [The Monroe Doctrine is essentially a territorial one. The Hay Doctrine, as the "open-door" policy has been termed by T. F. Millard, was essentially a commercial one.] The basis of the former was that in the future the American continent was not to be considered as a subject for colonization by any European Power.(19) This conception found no place in the declarations in favour of the "open door," obtained by Secretary Hay in 1899, and the first months of 1900.) As has been said, it was only by the Washington Conference that they were made to embrace that conception also. The fact is that the replies of the British and Russian Governments specifically make provision for the eventuality of European colonization. We have already had occasion to quote the relevant part of the British reply, but shall repeat it here for the sake of further clarity. The British reply said: "I have much pleasure in informing Your Excellency that Her Majesty's Government will be prepared to make a declaration in the sense desired by your Government in regard to the leased territory of Weihaiwei and all *territory in China which may hereafter be acquired by Great Britain by lease or otherwise, and all spheres of interest now held or that may hereafter be held by her in China*, provided that a similar declaration is made by other Powers concerned." (20) This alone would seem to be

sufficient to destroy the analogy set up between the Monroe and the Hay Doctrines.

There are, however, other distinguishing features. The President of the United States, in his address of the 3rd of December, 1901, speaking of the Monroe Doctrine, says: "This doctrine has nothing to do with the commercial relations of any American Power, save that it in truth allows each of them to form such as it desires." (21) This is in exact contradiction to the position which China holds towards the Powers. Under the Hay Doctrine, China has not the liberty to form with the Powers such commercial relations as she desires. The "open door" for trade must prevail in China.

In another sense yet, the doctrine of the "open door" differed from that of the Monroe Doctrine. The former may be interpreted by each and all of the nations; for the latter America is the sole interpreter. (22) This difference is fraught with many serious political dangers. Its importance came out in practice at the Washington Conference. The point at issue centred upon the scope of the original "open-door" declaration. The Japanese delegate, Baron Shidehara, gave it a limited scope. Secretary Hughes, of the United States, took a larger view of its scope. In the view of Baron Shidehara the "open-door" policy "was then limited in its scope, both as concerning its subject-matter and the area of Chinese territory to which it applied. (It simply provided in substance that none of the Powers having spheres of influence or leased territories in China should interfere with treaty ports or with vested rights, or exercise any discrimination in the collection of Customs duties or railroad or harbour charges." (23) Mr Hughes, on the other hand, maintained that "while Secretary Hay presented certain definite points in his proposal, he made it clear what was the scope and purpose of the policy that he advocated. . . ." (24) As evidence of this he cited the letter sent by Mr. Choate to Lord Salisbury, (25) and the agreements subsequently entered into by various Powers interested in China, particularly the Anglo-German Agreement of 1900, by which the two Powers agreed not to "make use of the present complication to obtain for themselves any territorial advantages in Chinese dominions and will direct their policy towards maintaining undiminished the territorial integrity of the Chinese Empire." (26) This was followed in later years by other engagements upon the

part of the various Powers in the same sense. But it would be going out of one's way to conclude that therefore any guarantee of Chinese sovereignty or territorial integrity was, as Mr. Hughes, would have us believe, contained in the "open-door" policy as first enunciated by Mr. Hay. The very facts which led up to its acceptance by the Powers negate such a suggestion. The proposal of the American Government to all the Powers interested in China, except Britain and Russia, contained no suggestion of a pledge to uphold her territorial integrity, (27) and as has already been stated, these two Powers, in drafting their replies, took care to preclude any commitment on that score. (28) As for the other Powers, they were obviously not bound by a proposal of the text of which they had no knowledge. They simply were not informed of any "scope and purpose of the policy Mr. Hay advocated" beyond those which appeared in the communications addressed to them by the American Government. These confined themselves to the three commercial matters spoken of by Baron Shidehara. And if additional light is required on the interpretation given to the "open-door" policy by at least the British Government after it had concluded the Anglo-German Agreement, it is furnished by the attitude adopted by it in the Anglo-German Shanghai Controversy in 1902. The British Government then declined to agree to the German suggestion that "the Peking Government and the Yangtze Viceroy should engage not to grant to any Power special advantages of a political, military, maritime or economic nature, etc." (29) The German Government, by way of explanation, stated that by "economic advantages" they had in mind only such grants as would entail the exclusion of free competition on the part of other States in a manner contrary to the principle of the "open door." (30) The British Government said then that it was "clear that the desire of the German Government is merely to maintain the principle which continues to receive the adherence of His Majesty's Government. That principle (the 'open door') is, however, they believe sufficiently safeguarded by existing international agreements, and His Majesty's Government strongly deprecate a proposal to modify these by an arrangement which would affect not only the economic but also the political, military and maritime conditions of the region concerned." (31)

The foregoing likewise confirms Baron Shidehara's contention

that the "open-door" policy was confined to commercial matters. It goes far to destroy the case which Mr. Hughes has sought to establish for the extended scope of Mr. Hay's "open-door" declaration of 1899.

From a consideration of the characteristics of the Monroe Doctrine and that of the "open door," it is evident that there was no real analogy between them until 1921. The Conference on Far Eastern Affairs held in Washington in that year set up an analogy between them by securing the consent of the Powers assembled there to an interpretation of the "open door" which involved not only commercial but also territorial implications. It was a return to the conception of the "open door" for which Great Britain had been the protagonist before she had been compelled to substitute for it in 1898 the "modified 'open door' policy."

What is remarkable, however, is that whilst the American Government of 1899 sought the adherence of the Powers to her "open-door" proposal, the latter, anxious to take advantage of Britain's preoccupation with the Boers in South Africa, offered the United States a slice of territory in China in return for her acquiescence in their spoliation of China. The American Government, however, declined to accept their proposal and pressed the Powers for their declarations in favour of the "open door." (32) Was America compensated for her altruistic action here, by gains nearer home?

The boundary between Canada and Alaska was a matter of dispute between Britain and the United States. At the time when America was tempted with territorial gains in China, Britain agreed to a provisional boundary-line in Alaska which practically gave effect to the American claims. (33) Later she also accepted the American basis of arbitration for the settlement of the dispute, one which in fact assured America that the award could not go against her, instead of the basis urged vigorously by Canadians. (34) These facts lend weight to the suggestion that Britain accepted the American proposal for the provisional boundary to secure the benevolent neutrality of the United States in the South African War and to maintain unimpaired Britain's position and policy in China.

Richard Jebb, in his book on Colonial Nationalism, gives utterance to the opinion which prevailed in Canada when the

Boundary Commission was first constituted to deal with the dispute. He says :

"In Canada the prospect was regarded with some misgiving. The chief anxiety came from the bitter knowledge of how England had acted on similar occasions in the past. England almost invariably sought to buy the good will of the United States by the surrender of Canadian rights, a far easier process for her than the sacrifice of English interests." (35)

It is difficult to say whether America had any assurances from Britain upon the question in advance. But it is significant that when the Boundary Commission was arranged the basis of its constitution was the American one, and the United States virtually obtained the territory which she had defined under the provisional arrangement with Britain of 1899. The two Canadian judges on the commission dissented from the judgment rendered. They declared in part that the judgment was "in direct contradiction of the previous and unanimous finding of the tribunal upon the meaning of the treaty of 1825 respecting the Portland Channel," (36) and that the decision upon certain islands in that channel was "no decision upon judicial principles. It was a mere compromise dividing the field between the two contestants . . . nothing less than a gross travesty of justice." (37) Lord Alverstone, the British judge, also shared the legal opinions of his Canadian colleagues, but his own Government, yielding to a violent threat from President Roosevelt, compelled him to alter the judgment which he had intended to render in favour of Canada.

There is no direct evidence that this arrangement was intended to compensate America for her conduct in China nor that any private assurances of any kind existed. But it is difficult to believe that jingoist America of 1899 would have refused an offer of territory in China unless it were compensated elsewhere.

It is, however, possible that there is no connection between the foregoing and America's conduct in China. She may have considered that the maintenance of an "open door" throughout the whole of China served her trade and general interests better than the acquisition of a lesser territory with a government of which she had no desire to be burdened.

Her commercial relations with China were becoming of increasing importance. In 1893 only 63 American ships had been engaged in the China Trade. In 1894 the number was 107. In 1898 it was 743. The tonnage of these ships increased

correspondingly. In 1893 it was 78,175 tons. In 1894 the tonnage was 129,127 tons. In 1898 it was 239,152 tons. And in 1899, though the number of ships fell to 716, the tonnage had increased to 310,107 tons.(38) Similarly, the value of this trade had steadily grown. In 1893 the value of the foreign and coast trade carried by American ships was 2,123,104 Haikuan taels. In 1894 this figure rose to 2,889,060 Haikuan taels. In 1898 it was 4,327,530 Haikuan taels. In 1899 it was 5,256,978 Haikuan taels.(39) The Americans were not slow to appreciate the importance of this ever-increasing market in China. Their policy towards China was apparently shaped by a consideration of the potentialities of this market for the future. This is to be seen from the attitude adopted by the representative of the United States Government at the First Hague Conference. Captain Mahan stated then that "his Government will, on no account, even discuss the question of any limitation of naval armaments," and that "he considers that the vital interests of America now lie East and West, and no longer North and South, and that the *United States will be compelled, by facts if not by settled policy, to take a leading part in the struggle for Chinese markets, and that this will entail a very considerable increase in her naval forces in the Pacific, which, again, must influence the naval armaments of at least five Powers.*" (40)

There is also another aspect of the question, which we have indicated previously, the connection of the "open-door" policy with the acquisition of the Philippines. If, as appears likely, there was any arrangement between Britain and the United States concerning the Philippines,(41) America was, in all probability, fulfilling her obligations under that arrangement when she took the initiative in September 1899 on behalf of the "open door" in China. She had just acquired the Philippines and had decided in favour of an "open-door" policy there. Their proximity to China made of them a commercial base for American enterprise in China, and assured the United States merchant of a fair participation in the China trade. Moreover, the agreement concluded between the American China Development Company and the British and Chinese Corporation threw open to American enterprise and capital the British sphere of interest in the Yangtze Valley. America therefore had no need of a sphere. Her traders could now only desire that the whole of China should be open to their trade.

Whether the arrangement between the two corporations was part of the price Britain paid for the action of the United States Government on behalf of the "open door" one cannot say with certainty. It did, however, create a community of interest between the two financial groups who undoubtedly exerted pressure on their respective Governments for "united" action to secure the "open door." In view of these financial arrangements the action of the American Government was quite intelligible.

These circumstances, by the side of the facts that America's trade with China at the time approximated only 8 per cent. of the value of China's foreign trade, whereas that of Great Britain approximated 62 per cent.,⁽⁴²⁾ and that just previous to his efforts to secure the assurances for the "open door" Secretary Hay had been United States Ambassador to Britain, suggest that the Government of the United States had merely been giving effect to a policy of Great Britain—that America had merely acted as the broker in the case. Indeed, there is reason to believe that the Hay Doctrine of the "open door" was the result of a suggestion made to the United States by Britain, just as the Monroe Doctrine was a result of a suggestion made to Mr. Rush, the American Ambassador in London, by the eminent British statesman, Mr. Canning. Mr. Joseph Chamberlain had suggested the method which Mr. Hay adopted to keep the door open in China. In his Wakefield speech of December 8, 1898, Mr. Chamberlain had indicated how this could be done. He said: "if we desire at any time to establish a principle of policy not for ourselves alone . . . we have a right to ask whether we may not expect (that) in order to secure those results a collective influence will be brought to bear which I think will be practically irresistible."⁽⁴³⁾ Mr. Hay succeeded in bringing to bear this collective influence. The acceptance of his proposal by the Powers was, however, but the consummation of British policy. Momentarily it resulted in relaxing the tension of conflicting policies of the Powers and in defining the position of each Power in China towards the other.

By the time the position of the Powers had become defined in this way a new factor became operative in China's outward history: native sentiment. Ever since 1894 that had been a negligible quantity. Just like the Cinderella of a large family, China had had to yield to any demand by any other member except in some cases where the demandor was unsuccessful—usually only for a

time—in appeasing the jealousy of another sufficiently powerful individual or of the whole group. The Celestial Kingdom itself had been too devoid of organization, coherence and solidarity, even to possess, let alone enforce, a collective will. But the encroachment of the Powers upon the Chinese State, the extensive diminutions of Chinese sovereignty, the extraordinary concessions that had been wrung from China on the most unreasonable pretexts, the favoured lot of those who enjoyed both the *de jure* privileges and the *de facto* abuses of extraterritoriality, the special position of the foreign missionary and the native converts to Christianity—they all gave to large groups in these vast regions the common bond of a fierce resentment at common grievances which developed into a venomous hatred of everything foreign, and resulted in the Boxer Rising of 1900. At this point the attention of the student of the history of China's foreign relations is at last claimed in a considerable degree by the Chinese themselves

NOTES

1. *Treaties with and concerning China*, MacMurray, vol. i, p. 225 (1900, 2).
2. *China*, No. 1 (1900), p. 312—Despatch 349, Salisbury to Choate, September 29, 1899.
3. *Ibid.*, p. 381—Despatch 415, Salisbury to Choate, November 30, 1899; *U.S. Foreign Relations*, 1899, p. 136.
- 3A. In December 1898 Bulow told Lascelles that Germany would not succeed in her colonial policy "unless she not only adopted English methods such as freedom of trade and the 'open door,' but also secured the good will of England. The commercial classes had become alive to the fact that it was to their interest to act with Britain in the Far East."—*British War Origin Documents*, vol. i, p. 108—Document 127, Lascelles to Salisbury, December 23, 1898.
4. *U.S. Foreign Relations*, 1899, p. 130—Mr. Jackson to Mr. Hay, December 4, 1899.
5. *D.G.P.*, vol. xiv, part i, pp. 181 et seq.—Document 3778, Memo of Bulow, March 14, 1899.
6. *Ibid.*
7. *Ibid.*
8. *Ibid.*
9. *Ibid.*
10. *Treaties with and concerning China*, MacMurray, vol. i, p. 224 (1900, 2)—Bulow to White, February 19, 1900.
11. *Ibid.*, p. 222—Delcassé to Porter, December 16, 1899.
12. *Ibid.*, p. 232.
13. *Ibid.*, p. 230.
14. *Ibid.*, p. 234.

15. *Treaties with and concerning China*, MacMurray, vol. 1, p. 232 (1900, 2).
16. *Ibid.*, p. 234.
17. See p. 374, ref. 19.
- 17A. *Life and Letters of John Hay*, W. R. Thayer, vol. ii, p. 243.
18. *Treaties with and concerning China*, MacMurray, vol. i, p. 235 (1900, 2).
19. *The Monroe Doctrine*, A. Alvarez, ed. 1924, p. 419.
20. *Treaties with and concerning China*, MacMurray, vol. i, p. 228 (1900, 2).
21. *The Monroe Doctrine*, A. Alvarez, ed. 1924, p. 496.
22. *Ibid.*, p. 419.
23. *Conference on the Limitation of Armaments*, Twentieth Meeting of Committee on Pacific and Far Eastern Question, p. 1250.
24. *Ibid.*, p. 1256.
25. *Treaties with and concerning China*, MacMurray, vol. i, p. 225 (1900, 2).
26. *Ibid.*, p. 263, October 6, 1900 (1900, 5)—Germany and Great Britain.
27. Text, *Ibid.*, pp. 221-35 (1900, 2).
28. See p. 407, ref. 20; p. 406, ref. 16.
29. *China*, No. 3 (1902), p. 7—Despatch 22, Eckhardstein to Lansdowne, October 7, 1902.
30. *Ibid.*
31. *Ibid.*, p. 9—Despatch 28, Lansdowne to Eckhardstein, October 11, 1902.
32. *London Times*, November 6, 1899—Reported through Laffan's Agency: "Official confirmation is given to the statement that the Continental Powers invited the United States to claim a share of territory in China, but the invitation was absolutely refused. . . ." Callahan, in his book, *American Relations in the Pacific and Far East, 1794-1900*, says on p. 110: "Some of the Powers intimated that instead of a written assurance they would allow the United States 'a sphere of influence,' but Hay refused to participate in a partition policy."
33. *U.S. Foreign Relations*, 1899, pp. 322-30.
34. *Ibid.*, 1903, pp. 488-545.
35. *Studies in Colonial Nationalism*, Richard Jebb, p. 26, ed. 1905.
36. *Ibid.*, p. 44.
37. *Ibid.*, p. 45.
38. *Chinese Maritime Customs* (Decennial Reports), 1892-1901, vol. II, Appendix V.
39. *Ibid.*, p. xviii.
40. *British War Origin Documents*, vol. i, p. 231—Document 282, Note on Limitation of Armament.
41. See pp. 376-8.
42. *British Board of Trade Journal*, January 1899, vol. xxvi, p. 521.
43. See p. 380, ref. 32.

CHAPTER XIX

A RETROSPECT

Political importance of period to Europeans—Personal interest to Europeans—
Social effects upon Chinese—Political interest to them—Outstanding
characteristic of the period—The alternatives—The conduct of the
• British Government and the other Powers—Helplessness of China—
Dismemberment of China averted—Ignorance of Britain's policy—Dr.
Stanley Hornbeck's criticism of it—Britain's policy.

A RETROSPECT of the events which are recorded in the preceding pages compels one to realize the extraordinary importance of this unusually short period in the history of China. It leads not only to a better appreciation and understanding than has hitherto generally prevailed of the political and economic activities of the Powers in China during the years 1894-1900, but in some measure also to a comprehension of present-day China policies of the Powers.

For the Europeans these six years are of marked interest. They introduced a new problem—an additional area of conflict—to International politics. Prior to 1894 political events in China were matters of comparative unimportance for the Chancelleries of Europe. China was regarded as a static unit, which did not affect the European political system called the balance of power. But the prospect of dividing up the Chinese State altered this point of view. After 1894, Chinese affairs were matters of deep concern to all those statesmen who were interested in the aggrandizement of their territories or in maintaining the status and prestige which their country had already attained. The addition of the Chinese Question to those already occupying the attention of diplomats made International politics more complicated and more acute than it already was. The Chinese Question ceased to be a question solely affecting China; it became an International one—in which the principal contenders were the Great Powers, and not China. Thereafter, China and Europe were fused into one political system. Henceforth European politics could not be divorced from Chinese affairs. To understand one it was necessary to understand the other. The scope of the diplomats' activity was increased. They were compelled

to follow carefully every change in the political barometer in China and Europe—for the political situation in one sphere affected the situation in the other. And, indeed, the necessity to realize a policy in Europe often compelled statesmen to make sacrifices in China. Nor has this been a temporary phase in the political system. It has been a relationship to world affairs which has continued until the present day.

For the ordinary European citizen, however, this period has a more personal interest. Stripped of all its political colour, with its fictions of prestige and balance of power, this period reveals a naked brutal fact—the close alliance between Finance and Governments. It shows, perhaps more clearly than does any other period of history, how the Powers brought to bear upon China the whole weight of their influence and military force to compel her to give concessions for loans, railways and mines to private banks and private concessionaires. To achieve these objects the greatest nations in the world threatened China, threatened each other and were on the verge of war, ready to call upon the man-power of their communities. Two questions naturally suggest themselves: Did the community as a whole have any considerable interest in the attainment of these enterprises? If not, is any Government justified in jeopardizing the peace of the world for the private gain of a few of its nationals?

The forced political and economic activities of the Powers during these years could not leave the Chinese unaffected. They were bound to have a social effect upon them. The opening of new treaty ports, the extended contact between Chinese and foreigners resulting from it, the lessons to be derived from the foreigners' presence in these new localities and from their standard of life; the introduction of steamships on the inland waters of China; the construction of railways: their effect upon the economic life of the individual Chinaman, the rapid and cheap means of travel, the greater contact between Chinese and Chinese, the exchange of ideas, the loss of the provincial outlook, the realization of the extent and greatness of his country; the establishment of factories owned by foreigners; the spectacle of large-scale organized production, the changes resulting from the introduction of machinery and the creed of efficiency, the loss of the personal relationship between employer and craftsman, the concentration of labour, the creation of an industrial proletariat, the grant to

foreigners of mining monopolies in districts in which the population had been dependent upon the minerals for their livelihood, the organization of mining as an industry, the use of modern methods and modern machinery, were all consequences of the foreign encroachment upon China.' They were new influences in the lives of the Chinese and were the causes of a social ferment that would inevitably lead to changes in the social outlook of the community.

The political effects of these years were no less interesting for the Chinese. They were, perhaps, the most difficult years in their modern history. They merit careful study by the Chinese because they trace the conduct of the Powers and throw into bold relief the ambitions of foreign Governments with respect to China. Moreover, they disclose very clearly the diverse physical, political and economic weapons which the Powers employed to reduce China into a state of vassalage to them. Harassed on every side, the Chinese lost their perspective. They were gradually compelled to surrender their sovereign independence. Their country was treated by the Powers as if it were incompetent, incapacitated, devoid of real power and possessed of no organized or corporate will.

For New China, however, an intimate knowledge of the events of these six years provides a guide for the present conduct of foreign States towards her, for in reality the fundamental interests of the China Powers have remained the same. Moreover, to be informed of the methods and means employed by Imperialist Powers is to be forewarned against their recurrent use.

The outstanding characteristic of the period which we have surveyed is the development of a conflict between two camps of Imperialist Powers. In the first was Russia and France, in the second was Britain. (The Russo-French group were bent upon the political hegemony of China, the British upon the economic opportunity in China. The two camps were in conflict.) From the viewpoint of the Chinese, it is difficult to conclude to which hegemony it is better to submit, if it is certain that one or the other group must exercise hegemony. Political hegemony would logically result in economic hegemony; economic hegemony might conceivably lead to political hegemony as well. However, if the orthodox premise be adopted that the economic hegemony of a State is less reprehensible than a hegemony which results in the destruction of a State's sovereign political existence, one is

forced to conclude on the present available evidence that throughout the 1894-1900 crisis in Chinese affairs the conduct of the British Government coincided more completely with the best interests of China than did that of any other Power. It is true that Britain's conduct was governed by no considerations of altruism, but rather by her selfish need for markets. However, this should be a convincing factor with the Chinese that there was, and still is, an identity of interest between their country and Britain in preserving China intact against the territorial encroachment of other Powers. The preceding pages have shown the numerous steps which the British Government felt it was compelled to take to keep open to all traders the market of China—the only ambition it has entertained with respect to that country.

From the very moment that the Chinese question was created by the political ambitions of Japan, apparently intent upon anticipating the contemplated Russian expansion to the East, the diplomats of Russia and the financial interests of France sought to exploit the situation in China to bring that country into a state of political and financial dependence upon their countries. Likewise Germany, in her march in *Weltpolitik*, sought a place in the Chinese sun. Like the three preceding Powers, she favoured a dissolution of the Chinese State, but unlike them, she preferred to arrest that dissolution until she could be assured of an adequate share in the spoils. These four Powers assisted each other in the realization of their respective plans. Britain was the only Power who was opposed to a dismemberment of China, because it would impair her great commercial interests there. From the beginning of the Sino-Japanese dispute in 1894 she had sought to avert every eventuality which might upset the *status quo* in China. She had tried to prevent the Sino-Japanese War, to stop it and to make peace; to this end she had attempted to secure the co-operation of Russia, France, Germany and the United States. The first three Powers had policies of their own to further. The United States thought it had no policy in China which had to be defended. Consequently Britain's efforts were fruitless. Had America or any other Power joined Britain in an intervention, the Chinese Question might not have arisen then. Free from the difficulties created by it, it is conceivable that Reform might have succeeded and thereby prevented the Chinese

Question from arising afterwards. But, unfortunately for the Chinese, intervention did not take place. China's weakness was exposed. Thereafter the Governments of France, Russia and Germany proceeded with their ambitious plans in China. In 1898 matters came to a head. The question that demanded a solution was whether China was to continue to have a political existence, or not. It is noteworthy that in this crisis Britain was the only Power to take steps to preserve the integrity and sovereignty of the Chinese State. The other Powers did nothing towards this end, and China herself was helpless to do anything. Her statesmen were capitulating to the Russian plans of absorption. The dismemberment of China in 1898 and its concomitant effects upon world affairs was only averted by the resistance of Britain to the policy of Russia, France and Germany.

How little the policy pursued by Britain during the crisis is understood can be seen from a criticism of it by Dr. Stanley Hornbeck, one of the foremost American authorities on Chinese affairs. In his book, *Contemporary Politics in the Far East*, he states his criticism, which is in fact the orthodox view of Chinese experts :

"It was from the British, if from any source, that one might have expected opposition to a movement threatening to upset the *status quo* and to close markets in the Far East. . . . British statesmen had, however, wavered during the period of the scramble, and they appear to have hesitated between the sphere of influence and the 'open-door' policies. They had not, because of preoccupation elsewhere, been able to oppose the advances made by their rivals, and they finally capitulated to the pressure of competition in the rush of concessions. When at last they had decided that the 'open-door' policy was that which was most desirable for the purpose of conserving their own interests, they were not in a position consistently to come forward as the sponsors for that policy. On the other hand, the United States was free from entanglements and had a clear record in the Far East."

The historic facts as set out in the preceding pages do not bear out Mr. Hornbeck's contention. Britain was the first Power to take steps to "oppose a movement threatening to upset the *status quo* and to close the markets of the Far East." (Her statesmen had sought understandings and alliances to preserve that *status quo*. They had failed in their endeavours because the other Powers were bent upon appropriating spheres in China.) British statesmen, however, had never "wavered" as Mr. Hornbeck

would have us believe between the two policies—spheres of influence or the “open door.” {They knew exactly what they wanted. They desired to provide for the whole of China being open to every kind of foreign enterprise on equal terms.} When they found that they alone could not accomplish this, they deliberately compromised their policy and accepted a sphere policy enunciated by the other Powers in order to be in a position to keep as much of China as possible open to the trade of the world. But at the same time they sought to strip this policy of its political significance and to give to it only a commercial character. They then attempted to exchange a right of equal entry into a market of 220,000,000 people located in the British sphere in return for a right of equal trading facilities in the less populated spheres of the other Powers. In this way Britain proposed to keep China open to the trade of the whole world.) Her record was “clear.” She had done all the spade work to ensure the success of the “open-door” policy. On the other hand, the relationship which existed between the American financial interests as represented by the American China Development Company and the British and Chinese Corporation by which the Americans were admitted into the British sphere and undertook to secure “the support of the Government of their respective countries to the common undertaking of the parties, etc.,” could hardly justify Mr. Hornbeck’s contention that the United States was free from entanglements and had a clear record in the Far East. Though these arrangements were financial and not political, it is reasonable to believe that the American Government pursued a policy dictated by these arrangements just as if they had been political arrangements. Moreover, these arrangements indicate that American policy was dictated, no less than the policies of other Powers by selfish interest and not, as is commonly believed, by altruism. It was futile for Britain to sponsor the “open-door” policy alone after she had advocated it so consistently with no success. We have shown how she attempted to obtain assurances from Russia, China, France and Germany against preferential rates on the railways within the spheres of the Powers and against differential treatment therein. The American proposal went no further than the policy which Britain had “consistently” sought to enforce. In fact, it was only after Britain had “consistently come forward as sponsors” of the “open

door" that the American Government took any steps to secure it. Indeed, it followed the very lines advocated by Mr. Chamberlain in his Wakefield speech of December 9, 1898, in which he pointed out that Britain alone could not realize the "limited or modified" policy of the "open door," but that the combined influence of the trading nations could. When America took the initiative to put Mr. Chamberlain's idea into operation, the proposal had a prospect of success. However, without the constant efforts of British statesmen on behalf of the "open-door" policy it is hardly likely that America's proposal would have met with success. In all probability she would not have been admitted to the markets of China. (The diplomatic battle which had won the assurances of the Powers for the "open door" had been fought by the British Foreign Office and not by the American State Department.) The success was, in fact, a victory for British policy. Thereafter the entire length and breadth of China was to remain open equally to the traders of all nations, even though each of the big Powers had a sphere of concessions there, and had not prior to the Washington Conference pledged itself to refrain from reducing native sovereignty within that sphere, even to the point of annexing parts of it outright.

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