

To Mr. Westwood

from A. G. W. Woodhead

May 6. 1923

The  
Present State  
of China.

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(Being a series of articles by  
H. G. W. WOODHEAD, C.B.E.,  
reprinted from the  
*Peking & Tientsin Times*,  
April, 1923.)



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# THE PRESENT STATE OF CHINA.

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## I. PRELIMINARY.

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**I**F it were not for the more urgent, and for the moment, more dangerous problems of the Ruhr and the Near East, the Chancelleries of Europe and America would, at the present time, be very much exercised in regard to conditions in China. The consensus of opinion in well-informed circles is that never since the establishment of the Republic, has the situation in this country been graver, nor the outlook more hopeless, than today. Financially and politically, China appears to be absolutely bankrupt. Treaties and other engagements are daily being violated by the Provincial Authorities, and the so-called Central Government is

powerless in the face of their open defiance. It is sheer waste of time for the Legations at Peking to enter protests with, and demand satisfaction from, a Ministry of Foreign Affairs which for weeks on end has to carry on without a Minister, and which, even when there is an occupant of the post, cannot make a pretence of enforcing national engagements.

It is proposed in this and subsequent articles to place on record, as briefly as possible, the facts about the present state of China. It cannot be hoped that this series of articles will be exhaustive, for it would require many volumes, and much more detailed investigation than is possible in a newspaper office to give a comprehensive account of conditions in each Province in this unhappy country. All that it can be hoped to do is to give an outline of the situation today, which may serve as a basis for comparison at some future date.

China has been a Republic—but a Republic in name, only—since February 1912. From the date on

which he assumed the Presidency—March 10, 1912—until his death June 1916, Yuan Shih-kai ruled the country as a Dictator. With the aid of loyal subordinates he was able, until the last few months of his life, crush all serious opposition. From the time of his death the Central Government virtually ceased to exercise any real authority. It has been able from time to time, through combinations of its military supporters—or more properly, patrons—to exercise a shadowy authority over certain groups of provinces. But there has not since the death of Yuan Shih-kai been a President or a Government, which could issue orders or instructions applicable to all the Provinces, with the remotest expectation that they would be obeyed.

No time need be wasted here over tracing, in detail, the rapid decline of the authority of the so-called Central Government. It is necessary for our purpose only to look at the results, as they appear today. The Three Eastern Provinces, since Chang Tso-lin's

abortive expedition against the Capital in April 1922, have virtually severed all relations with the Peking Administration. Chang Tso-lin proclaimed his independence after his return to Mukden, and has defied the President, the Cabinet, and the Foreign Legations ever since. He has almost paralysed the Peking-Mukden Railway—the great trunk line connecting the Capital with Mukden and *via* Mukden with the Russian and Japanese Railway systems in Siberia, and South Manchuria and Korea, respectively—by stopping through-traffic on the Chihli-Manchuria border, and carrying off and retaining for his own use twice the number of passenger wagons, and nearly four times the number of goods-wagons, that are required for normal traffic outside the Great Wall. In addition to this he stole, and still retains, over 200 cars belonging to other Chinese Government lines.

Outer Mongolia is still in the hands of the Reds. The Northern and Central portions of China proper are controlled by the Chihli

Militarists, General Tsao Kun at Paotingfu, and General Wu Pei-fu at Loyang. They, for the moment, have the Peking Government at their mercy, and though they are never tired of professions of loyalty to the President and the Cabinet, their loyalty consists of lip-service only. They or their protégés have publicly humiliated the President by declining to permit his duly appointed nominees to assume their posts as Civil Governors of Hupeh and Kiangsi. They have, more recently, affronted and humiliated President and Cabinet by compelling the Government to appoint Military Governors of their own selection to the Provinces of Fukien and Kwangtung in South China. It was a Paotingfu intrigue which wrecked the last—the Wang Chung-hui—Cabinet.

In Western, South-Western and Southern China extraordinary confusion prevails. Szechuan, China's largest and wealthiest Province, which has been the scene of almost incessant civil strife ever since the death of Yuan Shih-kai, is once more in the throes of Civil War, in



which Wu Pei-fu is attempting to intervene in the hope of extending the influence of the Chihli Party. Yunnan is again under the control of the ambitious Tang Chi-yao, who is also reported to have designs on Szechuan. Kwangsi has been in a condition of absolute anarchy ever since the "conquest" of the province by a Cantonese Army about two years ago. No-one can predict what the next day will bring forth in Kwangtung. Sun Yat-sen's recent triumphal return to Canton has not, as he expected, resulted in the collapse of the opposition militarists, whose attitudes still remain doubtful. Chen Chiung-ming, who was unable, chiefly owing to lack of financial resources, to retain his hold on Canton, remains a factor to be reckoned with. The Peking Government has deliberately affronted the Cantonese by appointing Shen Hung-ying as Tuli, or Military Governor. There are continuous unrest and uncertainty in Fukien and Kiangsi. And Chekiang has just distinguished itself by one of the most flagrant vio-

lations, up-to-date, of China's engagements in regard to the taxation of foreign goods in the interior.

Many provinces, including Honan, where General Wu Pei-fu has established his headquarters, are infested with bandits. The whole country is seething with unrest, and as if its internal condition were not serious enough to require that every effort be concentrated on reorganization, the irresponsible elements, such as the students and professional politicians, are now engaged upon a deliberate campaign to renew the anti-Japanese boycott—a campaign which, if it succeeds, will embroil China with a neighbouring Power which during the past twelve months has given convincing proof of its friendly disposition by the settlement of the Shantung question. Lastly, there is a corrupt and absurd Parliament at Peking whose intermittent sessions are confined to obstruction of the administration, and opposition to every reasonable proposal for the adjustment of China's foreign relations.

## II THE CENTRAL GOVERNMENT

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**U**NDER the Manchu Empire the Emperor, who was an absolute Monarch, the "Son of Heaven," and responsible to none but Heaven for the governance of his realm, appointed his own nominees as Viceroys and Governors of the Provinces, and it was an inexorable rule that no Viceroy or Governor might rule over his native Province. The Viceroy or Governor, however, was, in turn, an autocrat in the Provinces or Province over which he ruled, and as long as he remitted his quota of revenues or of tribute to Peking, and there were no serious disturbances in the territory under his jurisdiction, he enjoyed a very large measure of independence during his tenure of office. Force of circumstances compelled the Throne to assert its authority in connection with China's foreign relations, and during the last years of the Dynasty

there was a tendency towards greater centralization in regard to military affairs and communications. It was, it may be recalled, the assertion of Imperial authority in connection with China's trunk railways, that was the main factor in bringing about the First Revolution.

Under the Republic the rule that no official might hold office in his own province was immediately cancelled. And it is to-day the rule, rather than the exception, for the officials of all kinds and grades to be natives of the Provinces in which they function. An iron hand was required, in these circumstances, to maintain even the semblance of the Central Government's authority. And though that authority was maintained by force or by intrigue, as long as Yuan Shih-kai lived, no other President of the Chinese Republic has exercised any real control over the whole country. The jealousies of the militarists, and the disrupting influences of incessant civil strife, have so reduced the prestige

of the so-called Central Government that, at the moment, it is a Government merely in name, incapable of enforcing its orders in any part of the country. It is no longer practical politics to urge the establishment of a strong centralized administration. Whatever solution may eventually be found for China's internal difficulties, a large measure of provincial autonomy will have to be conceded. It is imperative, nevertheless, that the authority of the Central Government should be restored in connection with China's foreign relations, the control of the Chinese armies, and the collection of certain revenues, including the Salt taxes, the Income Tax, Likin, and the Stamp Duty. The expenses of the Central Government, apart from Domestic and foreign Loan obligations, and subsidies to the military and civil officials of the Provinces, are estimated at approximately nine million dollars per month. The late Minister of Finance suggested that it might be possible to reduce them to four

million dollars. The actual remittances from the Provinces from January to September 1922 amounted, apart from Salt and Customs revenue, to \$231,000 per month. The Customs, Salt, and Wine and Tobacco revenues are all pledged for the service of foreign or domestic debts. It cannot be hoped to enforce uniform Income Tax and Stamp Duty unless the collection of these imposts is under the control of the Central Government. And unless it can control the Likin collection, the Treaty Powers will not give their assent to the proposed increase of the Customs Tariff.

Paradoxical as it may seem, certain of the Northern militarists who have themselves been the worst offenders in their persistent defiance, and interference with, the Central Government, are the strongest opponents of any measure of Provincial autonomy. Their idea of a centralized Government for China is a Government consisting entirely of their puppets, which takes orders from them, and from them alone. If there were any

really big man among these militarists, capable, under existing conditions, of assuming and exercising a dictatorship over the whole nation, there might be something to be said for their view. But not one of them is of the political stature necessary for the role of dictator over a nation of four hundred millions of people. None of them has the financial or the military resources necessary to subdue the eighteen Provinces of China Proper, the three Manchurian Provinces, and the Outer Territories. Their opposition, therefore, to decentralization in any form, merely has the effect of delaying the promulgation of the Permanent Constitution, now virtually complete except for the Chapter defining the respective powers and responsibilities of the Central and Provincial Governments.

At the moment the functions of the Central Government are, in theory, vested in the President, the Cabinet, and the two Houses of Parliament. The Constitution under which the country is supposed to be administered is the

Provisional (Nanking) Constitution of 1918, the only portion of the Permanent Constitution which is actually law being the Chapter defining the qualifications, method of election, and tenure of office of the President and Vice-President. There has been no Vice-President since August 1917. The President at the moment is General Li Yuan-hung, one of the original leaders of the Republican movement at Wuchang, who was elected Vice-President in October 1913, succeeded Yuan Shih-kai for the unexpired portion of his term in June 1916, resigned after the Chang Hsun *coup* in August 1917, and reassumed the Presidency at the urgent request of Generals Tsao Kun and Wu Pei-fu, and of various public organizations throughout the country, in June, 1922. A condition of his reassumption of office was a pledge from the Northern militarists that they would support him in his efforts to eliminate militarism, and abolish the Tuchun system. Needless to say they had no sooner induced him to return to Peking than they forgot all



about their pledge. They publicly defied and humiliated him. T'sao Kün and his supporters conspired to supplant him, with the aid of their parliamentary puppets. And though from time to time the President has announced his determination not to submit further to military dictation or interference he has, in successive instances, been compelled to yield to their pressure. The present Cabinet, the ninth within fifteen months, is a Paoting creation, the last Ministry having been overthrown as the result of a conspiracy hatched in Paoting, and carried out by its parliamentary puppets, with the President as an unwilling accessory. Even it has found the interference of the Northern militarists intolerable, and only a short time ago tendered its resignation, *en bloc*, as a protest—meekly to return to duty when it found that Paoting and Loyang were obdurate in their demands.

On Parliament only a few words need be wasted. It is the Parliament elected at the beginning of 1913, dissolved by President Yuan

Shih-kai in January 1914, reconvened by President Li Yuan-hung in June, 1917, again dissolved in June 1917, and reconvened on August 1, 1922. Only the most primitive arrangements could be made for carrying through the original elections, with the result that the members of both houses consist, for the most part, of professional politicians of the most unscrupulous type. Most of the members, in addition to Parliamentary salaries out of all proportion to the normal standard of living in this country, draw subsidies, or accept bribes, from the militarists, and interested political cliques. Chinese papers on several occasions have stated the price per vote paid by interested parties to secure parliamentary support, and these statements have never been contradicted. The Senate, after more than nine months in session has failed to agree on the choice of the a new Speaker. The Speaker of the Lower House was, only a few weeks ago, stated to have been the instigator of a disgraceful brawl in a Peking restaurant. From August

1 up to the present date Parliament has not produced a single constructive piece of legislation. When it does meet—which is infrequently, owing to the difficulty of obtaining a quorum in either House—it often breaks up in disorder, as the result of scuffles among the rival factions, and the hurling of ink-bottles across the floor. Yet this monstrosity arrogates to itself the right to abrogate Treaties formally concluded by the Central Government. Its constant naggings, interpellations, and impeachments, render the adjustment of any question affecting China's foreign relations quite impossible. And it has recently sought to desecrate the old and stately palace buildings of the Manchu Emperors by transferring itself and its quarrels to the Halls and courtyards where the "Son of Heaven" formerly received the homage of his subjects, silent and impassive in the presence of kneeling multitudes. The plight to which China's militarists and corrupt politicians have reduced their country will form the theme of future articles.

## III.

INSUBORDINATION IN THE  
PROVINCES.

THE Central Government being impotent, the Provinces are left very much to their own devices, with the result that they are administered in the most haphazard manner. The principal authority in the Province ought, of course, to be the Civil Governor, to whom, in theory, are entrusted all governmental activities except those of a military character. He is supposed to control and to supervise all the territorial officials of lower rank, from the *Taoyin* to the village *tipao*, and is (in theory) responsible for foreign, financial, educational, and to a limited extent judicial, affairs throughout the Province. The Tuchun, or Military Governor outranks the Civil Governor, but, except in times of disturbance, is supposed to confine his activities entirely to military affairs. In most of the Provinces, to-day, the Civil Governor is a

mere cipher. Where such an official actually functions—and in many Provinces the Tuchun and the Civil Governor are one and the same person—he is the subordinate of the Military Governor, who is the real ruler of the Province. A pretence of democratic government is maintained by the continued existence of Provincial Assemblies, but in most provinces these local legislatures are composed of the Tuchun's nominees, or at any rate of servile politicians who dare not question his authority.

The average Tuchun cares nothing for the welfare of his Province or its population. All of his energies are concentrated upon the strengthening of his own position by means of the expansion of the military forces under his command. The Provincial revenues, supplemented by such sums as can be stolen from, or blackmailed out of, the Central Government, are mainly utilized for military expenditure. The Province of Chih-li, alone, maintains an army two-thirds the size of that of Great Britain (exclusive of India), from

which the population derives no benefit whatsoever, and which is incapable even of protecting life and property within the provincial boundaries. The maintenance of this useless horde of armed coolies absorbs not only a very large percentage of all the revenues collected within the Province, but also necessitates the extortion of millions of dollars per annum from the Peking Government. Not a loan can be raised, not a release of salt revenue can be effected, without Paoting claiming its share. As mentioned in a previous article, the late Minister of Finance recently disclosed the fact that from January to September 1922, the total remittances to Peking from the Provinces amounted to only \$231,000 per month, or \$2,087,000 in all. And against this pittance remitted to Peking must be put the seizure of \$31,000,000, or more than one third of the total Salt Revenue, "by Provincial Authorities or Military Commanders." The Salt Revenues, it may be mentioned in passing, are supposed to be paid, intact, into a special

account in the Banks which participated in the flotation of the Reorganization Loan.

This, however, is not by any means the only instance of deliberate violation of China's international engagements by the Provincial authorities. There is hardly a Province today, in which foreign Treaty rights in regard to transit pass exemptions are not deliberately and persistently violated. The Tuchuns and their parasites are ever on the look-out for additional sources of income, the latest example of their effrontery and disregard for the Treaties being the imposition in Chekiang, of a twenty per cent. tax on cigarettes, which has been levied by the Tuchun with the approval of the Provincial Assembly. Railways, whose property and rolling-stock have been pledged as security to foreign bondholders, or which owe large sums to foreign and Chinese creditors for equipment, have been seized by the militarists in North and mid-China, and operated solely for their own benefit, regardless of the rapid deterioration of

the lines and their rolling-stock, and of China's international obligations. And as if the misappropriation of ordinary Provincial revenues the looting of the Salt revenues, and the seizure of railway earnings were not enough, many of the Tuchuns are reviving the cultivation of and traffic in opium to augment their incomes. In one Province alone—Shansi—is any serious attempt being made to conduct the administration in the interests, and for the welfare, of the population.

Provincial jealousies operate to prevent any serious attempt at co-operation between neighbouring Provinces. The provincial boundaries are usually the safest areas in which bandits can congregate, for if the authorities of one province are stirred to action, the outlaws can generally be sure of immunity just across the boundary. Seldom will the local military authorities in one province loyally co-operate with their neighbours.

The Provincial Militarists defy Peking without the least compunction. The refusal of the Hupeh



and Kiangsi Tutchuns to recognize, or to allow to assume office, Civil Governors appointed by the President, has already been mentioned. An equally flagrant example—though in this instance public opinion was behind the offender—was the Shanghai Defence Commissioner's veto upon the revised postal tariff. The Foreign Diplomats at Peking must be weary of recording their protests against Provincial insubordination, and deliberate violations of treaty rights—protests which elicit no reply at all, or else an evasive answer which reveals the impotence of the Waichiaopu. In one instance only during the past few months has diplomatic action produced any satisfactory result, and that was when the Diplomatic Body announced its intention of despatching an International Commission to investigate the bandit outrages in Honan. In general the Tutchuns simply ignore any protests or representations transmitted to them through the Waichiaopu. The insubordination of the Provincial Authorities cannot be over-

come until the power of the militarists is broken, and, as long as it continues, must render futile any schemes for financial or administrative reform which are based upon the supposition that engagements entered into by the Central Government will be loyally fulfilled.

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#### IV.

### THE ARMY.

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**A**N Army is generally understood to be an armed and disciplined force of men, subject to the orders of the Government, and available for the defence of the nation against external aggression, and the maintenance of internal order. In this sense China possesses no army. There are, exclusive of some tens of thousands of bandits in various parts of the country, upwards of 1,332,000 men under arms in various national and provincial units—a larger number of armed men than is maintained by any other country in the world. But these armed hordes are not

available for, and would be utterly useless in, repelling foreign aggression. Of the million and a third men who carry rifles and wear uniforms of some description or another, there are not thirty-thousand who would be capable of offering effective resistance to half their number of properly equipped and well-disciplined Japanese, American, or European troops. The Chinese armies are not under the orders or control of the Central Government or of Parliament, but are employed by, and recognize no authority other than that of, the Tuchuns. During the last few years of the Manchu regime a serious attempt was made to organize a modern, national army, of 360,000 trained troops. This Lu Chun or national army has become completely disintegrated since the Revolution. The President of the Republic and the Cabinet cannot rely upon the support of a single Division in the event of any sudden emergency. No serious attempt is made, to-day, to standardize arms, uniforms, equipment or ammunition. At least seven

types of rifles are known to be in use, and there is an even greater variety of artillery and machine-guns. There is no central command, the War Ministry and General Staff exercising no control whatsoever over the Tuchuns' forces. There is no practical plan of mobilization or concentration. Unless two Provinces happen to be under the control of the same Super-Tuchun or Tuchun, no force located in one Province would be available for operations in another.

As a defence against foreign invasion, therefore, China's armed forces are utterly useless. But for the difficulties of communication, due to the absence of roads suitable for wheeled transport, one well-equipped foreign Division could march from end to end of the country. As it is, a Foreign Division, supported by a small naval force, and equipped with aeroplanes and modern artillery, could effect a landing in any part of China accessible to vessels of medium draught, and its radius of action would be limited only by the problem of transport. There

is hardly a General in the Chinese forces who has even an elementary conception of modern strategy or tactics; there is probably not a single unit that would offer effective resistance to an offensive supported by modern heavy and field artillery, aeroplanes, tanks, etc. carried out by a force one-tenth to one-fifth of its own numerical strength. When, therefore, China's military braggarts, or half-baked students, talk of fighting the Japanese, or the Reds, or any other well-equipped foreign force, anyone acquainted with the actual condition of China's armies must find it difficult to repress a smile. An engagement between any of China's present-day armies, and a really efficient military force would result in the massacre of every unit that did not bolt from the field as soon as the fighting began.

As a factor in the maintenance of internal order the Chinese armies are equally useless. For the most part they are the fomenters of disorder rather than the guardians of the public. The

Chinese are naturally a peaceable race. If they were not unusually long-suffering they would long ago have risen against the military tyranny to which they have been subjected. As it is, they meekly submit to, though they bitterly resent, the presence of troops in their midst. Mutinies and civil war have caused untold suffering under the Republic, and have resulted in the destruction of many millions of dollars' worth of private property. An unpaid and undisciplined soldiery is a constant menace to public peace, and affords a prolific recruiting ground for the bandit hordes which flourish throughout the country, and against whom the troops—who in many cases are actually in league with the bandits—give no protection.

What China's armies cost the nation directly and indirectly, it is impossible to estimate. It must run into several hundred millions of dollars a year. For the armies absorb not only the bulk of the Provincial and National revenues, but the greater part of every loan

which the Central Government contrives to raise from foreign or Chinese sources, and, with a few noteworthy exceptions, the troops live to a very large extent upon the communities among which they are quartered, either by open robbery, or by compelling the inhabitants to accept depreciated paper currency at a fictitious value. There is hardly a department of the administration into which the blight of militarism has not penetrated. It is the direct cause of China's insolvency, of the ruin of her State railways and of the recrudescence of the opium traffic. It renders the impartial and efficient administration of the law impossible. It is the cause of the starvation of China's educational institutions. It is responsible for constant friction between the Central Government and the Treaty Powers. It interposes an insuperable obstacle to the realization of China's legitimate national aspirations.

The Delegates of the Governments represented at Washington took so grave a view of "the main-

tenance in various parts of the country, of military forces, excessive in number and controlled by the military chiefs of the Provinces without co-ordination," that they adopted a resolution embodying a serious warning to the Chinese Government; and Sir Robert Borden, who explained the attitude of the sub-Committee which drafted this resolution, stated that "so long as the military governors retained their present dominating authority and influence, the provision of great revenues or the placing of large funds at the disposal of a weak Administration, would probably be absorbed to a very great extent by these military chiefs instead of being employed to cut down their power." It was the blight of militarism, therefore, which influenced the Delegates in rejecting China's request for Tariff Autonomy, and in imposing restrictions on any increase in the existing Import Tariff. Various proposals for disbandment have been put forward, most of which are impracticable because they depend for fulfilment



upon a huge financial outlay, and upon the loyal co-operation of Militarists who have shown very clearly by their recent actions that they have not the slightest intention of reducing their forces. No scheme for the disbandment of two-thirds of the present armed forces—which would leave China with ample troops for all her reasonable requirements—has yet been devised which has the remotest prospect of succeeding. Tuchunism remains the crux of the Chinese problem, and at the moment it seems to be a problem for which no real solution can be found.

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V.

PUBLIC JUSTICE.

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NO time need be wasted in discussing the Chinese Navy, for it cannot be considered a serious factor in the Far Eastern situation. The Chinese sailor, well-trained, may be an excellent seaman, but in these days of Super-Dreadnoughts, submarines, and long range guns and torpedoes,

the Chinese Navy would be useless for offence or defence. It contains no vessel larger than a light cruiser, and even if it could be concentrated, and could secure sufficient coal—on credit—to put to sea, the whole fleet could be taken on by one modern battleship or battle-cruiser. We turn, therefore, to our next subject, the administration of public justice in this country. At an early stage in China's foreign relations the Western Powers realized that life would be intolerable for their subjects who resided in, or traded with, China, if they were subject to Chinese jurisdiction. They therefore adopted in China the system which had previously been adopted in other non-Christian nations—the system of extraterritorial jurisdiction. This system admittedly has numerous drawbacks, and constitutes an infringement of the sovereignty of the country in which it is enforced. It has from time to time been grossly abused in China, chiefly by some of the Latin States with comparatively small interests in this country.

But it was the only practical alternative to the subjection of foreigners to the Chinese tribunals, with their barbarous punishments, wholesale corruption, and alien theories of jurisprudence.

The impact of Western influence on the East, and the growing national consciousness of the Chinese, naturally led to a desire to exercise the full rights of sovereignty, and in the British, American and Japanese Commercial Treaties of 1902-3 the Powers concerned agreed to assist China in the reform of her judicial system, and to relinquish their extraterritorial rights when satisfied "that the state of the Chinese laws, the arrangements for their administration, and other considerations" warranted them in so doing. At Versailles, and again at Washington, the Chinese Delegates attempted to persuade the Governments of the Treaty Powers to relinquish their extra-territorial rights within a fixed period—by the end of 1924 at Versailles; at a date to be agreed upon at Washington.

Now in discussing this question it is necessary briefly, and in simple language, to consider exactly what privileges are conferred upon foreigners who are protected by Consular Jurisdiction. They are, in the first place, amenable only to their own judicial or consular authorities when accused of any criminal offence, or appearing as defendants in any civil suits. They are subject to the laws of their own nation, except in so far as they may be modified by special legislation, in such matters as marriage, divorce, probate, and company incorporation. They cannot be compelled to pay any kind of taxation imposed by the Chinese Central or Provincial Governments, without the approval of their home governments. Obviously these privileges operate in derogation of China's sovereignty, and can be justified only if very strong reasons can be adduced therefor. China's official spokesmen argue that these reasons no longer exist; that codes based upon modern Western practice have now been compiled and promulgated;

and that properly trained judges are available for the trial of civil and criminal cases in which foreigners are defendants.

It is true that a whole series of codes have been compiled and promulgated, with the aid of Continental and Japanese experts, and based largely upon the Napoleonic Code—which in many respects is entirely irreconcilable with Anglo-Saxon jurisprudence. It is true, too, that a certain number of modern-trained Chinese are serving as Judges and Procurators in the Supreme Court, and some of the higher Provincial Tribunals. But it is not true that China is yet within measurable distance of the day when “the state of the Chinese laws” and the “arrangements for their administration” would warrant the relinquishment of Consular jurisdiction. The withdrawal of Consular protection would, in our opinion, be warranted only when China could produce indisputable proofs of the supremacy of the law, and the impartial administration of justice, throughout the country. A few

specially organized Courts for handling foreign cases, even if they were efficient to begin with, would soon deteriorate towards the general level of the administration of public justice throughout the country. And that level is almost incredibly low. The suspension of Russian Consular jurisdiction in Manchuria has revealed what foreigners might expect to suffer if they were once placed unreservedly at the mercy of the Chinese authorities. We need not here refer in detail to the extraordinary incompetence displayed by the Chinese judiciary in Manchuria, numbers examples of which were given in the *China Year Book*, 1921-2. Nor need we dwell upon the erratic and exorbitant taxation imposed upon the Russians by the local Chinese authorities in the Chinese Eastern Railway Zone, which is mentioned in the current issue of the same publication. The treatment of the Russians in Manchuria is a conclusive exposure of the unfitness of the Chinese judiciary to assume power over the

lives, liberties, and property, of foreigners.

We approach the subject, therefore, from another angle. No really enlightened Chinese can seriously expect the Foreign Governments concerned to surrender this jealously guarded privilege of extraterritoriality on the mere supposition that all will be well. The Foreign Governments are entitled, before giving serious consideration to China's request, to satisfy themselves that Chinese law is satisfactorily administered over the citizens of the Chinese Republic. They cannot be expected to regard their nationals as fitting subjects for experiment where the Chinese judiciary is concerned. And when this test is applied, China's whole case for abolition collapses. The law, like other branches of the administration of the Republic, is governed by force and by expediency. The most prominent Chinese citizens—as has been shown in the case of Mr. Lo Wenkan, who until December, 1922 was Minister of Finance—can be illegally arrested, and subsequent-

ly imprisoned for months on end, without any charges being formulated, or any pretence of trial, merely to gratify the spite of their political enemies. A Tuchun—as the execution of Mr. Shih Yang, a lawyer who had identified himself with the recent agitation among the railwaymen, showed—can have a Chinese citizen shot out of hand, and then have the additional effrontery to pretend that it was done under an article in the Criminal Code which prescribes a maximum penalty of five years' imprisonment or a fine of \$300 for the offence alleged. Traffic in or the consumption of opium, and gambling are offences under the Criminal Code. There is hardly a Tuchun who is not openly engaged in the opium traffic, and who does not encourage and protect his subordinates in the violation of the opium laws. A Russian Captain in whose cabin a quantity of opium was discovered, at Chefoo, was removed from his ship, and sentenced to two years imprisonment, recently. Yet if the law were impartially administered nearly



every Tuchun, and a very large percentage of his subordinates would be "doing time." Similarly, with gambling. Nearly every Chinese politician is known to gamble for large stakes, in public restaurants. The Speaker of the House of Representatives was recently responsible for an unseemly brawl, while playing *mah-jong* in a Peking Hotel. The proprietor was compelled by the police to apologize to him for being assaulted, and for having his furniture smashed up. No action whatsoever was taken against the Speaker either for violence or for gambling. Yet the Peking Octroi will seize and confiscate *mah-jong* sets destined for a foreign Club, on the ground that *mah-jong* is an illegal gambling game.

The Chinese judiciary would dearly love to exercise their authority over foreigners generally, and it would fare ill with those whose interests were not carefully watched by their Consuls, or whose Consuls had not the means to back up their demands for justice. The surrender of Consular Jurisdiction

under existing conditions would paralyse trade, drive many of the most substantial foreign interests out of the country, and operate solely in favour of any unscrupulous foreigners familiar with, and willing to pander to, Chinese corruption. Justice, in the ordinarily accepted sense of the word, is unobtainable in China while the present administrative chaos prevails. In the opinion of Mr. B. Lenox Simpson, Adviser to the President's Office, the raising of the question of abolishing extraterritoriality, at Washington, "with the result of the appointment of an International Commission to investigate that matter" was "a serious blunder. The Commission," he added, "will certainly investigate the administration of justice and the treatment of Russians, in Manchuria, which may do China serious harm if the Commission's report is published, as the present position leaves much to be desired and a large number of persons are waiting to give damaging evidence." The only thing to be said for raising the question,

in our opinion, is this: that if the Commission does meet and publish its report, the douche of cold truth may repress some of the conceit and self-satisfaction in evidence in those circles which take the view that China has only to make enough noise about anything to bamboozle the Treaty Powers, and to get her own way.

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## VI.

### EDUCATION.

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**T**HE Manchus, in 1908, adopted a definite programme of Constitutional development which provided, among other things, for the systematic expansion of educational facilities of all grades throughout the Chinese Empire. The nine year's programme, which was to be put into force between 1909 and 1917 was arranged in the expectation that at the end of the period five per cent. of the population would be able to read and write. Statistics published for the year 1910 (the first year of H. M. Hsuan Tung) showed that there

were altogether 57,267 Government Universities, colleges and schools of different grades, with a total number of students of 1,626,529, and 89,362 teachers. Owing to the prevailing chaos throughout China the Ministry of Education has been unable to publish any statistics since 1917, and those for that year were incomplete, no returns having been received from Szechuan, Kwéichow, or Kwangsi. In that year the number of schools was given as 121,119, the number of students as 3,974,454, and the number of teachers as 129,221. This increase, in view of the misappropriation of Provincial and National revenues by the militarists, and the helplessness of the Central Government, must be considered rather remarkable. It is to be feared that in the intervening five years it has not been maintained.

There is, unquestionably, a thirst for knowledge, however superficial, among upper and middle-class Chinese—a thirst which it is becoming more and more difficult to gratify owing

the financial difficulties of the Government. Professors and teachers of Government institutions have had to do without their pay for months on end, and at times, exasperated by the seeming indifference of the Authorities, have come out on strike to compel attention to their grievances. Even, however, when the Government has definitely earmarked certain revenues for educational expenses, it has seldom been able to keep its pledges. And numerous Government educational institutions still maintain a precarious existence on this account.

The unrest among the unpaid teachers is natural. But of recent years we have witnessed another phenomenon, in the form of increasing insubordination among the students. Every national system of education must depend for its efficiency mainly upon the strict enforcement of discipline, especially in the lower grades of schools. More latitude is usually allowed in Universities, but here also the authority of the Governing body or the staff is paramount

in such matters as the nature of the curriculum, the standard required for success at examinations, and the general conduct of the students during term-time. In China we have seen students object to the curriculum, refuse to take the examinations required for specific degrees or certificates, defy and maltreat their professors and teachers, and absent themselves at their own sweet will, whenever they desire to participate in political and other demonstrations. We doubt whether there are more than two Government institutions of any standing, in China, where any serious attempt is made to enforce discipline, and where it is made a condition of admission that students shall refrain, during enrolment, from participation in any political demonstrations.

The students of China have got completely out of hand during the past four or five years, and it is to be regretted that insubordination is almost as rife in foreign-controlled (chiefly Missionary)

institutions, as in Government schools and Colleges. Before they have reached the age of discretion, before they can possibly have acquired the experience necessary to qualify them as competent judges on matters of national and even international importance, students of all ages and both sexes will forsake their studies, sometimes for days on end, to take part in anti-foreign or anti-Government street processions and other demonstrations, which have not infrequently ended in the destruction of private and public property, the kidnapping of, or assaults upon reputable citizens, and the wholesale intimidation of the merchant classes. It is a pitiful spectacle—the more pitiful because China is traditionally a country where old age is treated with respect, and paternal authority is supreme. The younger generation of China, headstrong, ill-informed, and impatient of any form of discipline is an important factor in the prevailing chaos. And although the

militarists are intolerant of any challenge to their own authority by the student class, they not only connive at, but actually instigate, anti-foreign and other demonstrations which do not tend to undermine their own pretensions.

It is rather late in the day now to attempt to recover control of China's students. The Government has not the prestige or the authority necessary to restore discipline. The Missionary institutions awoke too late to the consequences of the first acts of insubordination, and seem fearful, today, of drastic action for the restoration of order, lest they should lose a large percentage of their pupils. But it seems to us that this is a problem in the solution of which they ought at least to attempt to lead the way. They might suffer, by the loss of many of their students in the first instance. But they cater to a growing need, which the Government institutions are incapable, for financial and political reasons, of meeting, and if they were to act



with unanimity and firmness it would not, we think, be long before they could obtain all the pupils they could possibly teach, under guarantees which would preclude any wholesale insubordination, or political activity.

Before there can be any hope of real improvement in the discipline of Government educational institutions, drastic changes will be necessary in connection with the teaching staff, especially in the Universities. One can hardly expect students who witness the nauseating spectacle of their professors' toadying to, and fraternizing with a notorious Bolshevik agent, to learn respect for authority, or obedience to orders. Scholars like the Hon. Bertrand Russel, with their ultra-radical and unorthodox views may do no harm among intelligent British audiences. They are not of the type likely to benefit the rising generation in China, already far too readily inclined to adopt any bizarre theories or philosophies, however impracticable and idea-

listic. The root cause of China's present difficulties is the attempt to graft on to an ancient but politically backward State a system of government fitted only for an advanced democracy. China was not ready for republican Government in 1912. She is not ready for it to-day. And the teaching of extreme radicalism to the rising generation is calculated to widen the breach between things as they are, and things as certain idealists would like them to be. The process of political evolution cannot be accelerated beyond certain limits in a vast country where the masses are so backward politically, as the China of to-day. And the last thing to be desired is that the higher institutions of learning should turn out students who can talk no end of claptrap about socialism, and capitalism, communism and free-love, without even an elementary understanding of the fundamental problems which must be solved before China can take her place on an equal footing, among the great nations of the earth.

## VII.

## COMMUNICATIONS.

**T**HE development of communications in China has been seriously hampered by administrative inefficiency, and military interference, under the Republic, especially during the past few years. Railway construction has virtually come to a standstill. Existing railways are rapidly deteriorating, owing to the misappropriation of revenues by the militarists.. Wireless communications, in regard to which China might well have benefited from the experience of foreign Powers, have become a subject of international discord, owing to the conflicting concessions which have been granted to foreign companies by different departments of the Chinese Government. A monopoly of long-distance wireless communication was granted to a Japanese concern by an agreement signed by the Ministry of Navy in February, 1918. Certain preferential wireless rights were granted to the

British Marconi Company by an agreement signed by the Ministry of War in August 1918, and confirmed in a second agreement signed on May 24, 1919. Both of these agreements were violated by a contract signed with the American Federal Wireless Telegraph and Telephone Corporation by the Ministry of Communications, on January 8, 1921. The project of developing aerial communications in China has ended in a complete fiasco, owing to the seizure by the Chihli and Mukden militarists, in violation of the terms of the agreements with the Vickers and Handley-Page Companies, of a number of the aircraft imported by the Government.

The condition of the Chinese Government railways, to-day, is critical. Practically the last constructive act of the Manchus in 1911 was the signature of the Hukuang Railway Loan Contract with the Four-Power Group, providing for the completion of the Canton-Hankow Railway, and the construction of the Szechuan-Hankow line. To give effect to this agree-

ment it was necessary to nationalize all trunk railways, and it was the opposition of the Szechuanese to this action which led to a revolt in Western China, and ultimately, to the First Revolution. When the Manchus were compelled to abdicate there were approximately 5,822 miles of railways, operated by the State, by Foreign Concessionaires, or by Provincial Companies, in China and Manchuria. To-day, more than eleven years later, the total has risen only to 7,173 miles; in other words, only 1,353 miles of railway have been completed under the Republic, or an average of 123 miles per annum. This, of course, is a ridiculous figure in a country with an area of over 4,278,000 square miles, with an estimated population of nearly 430,000,000, and entirely devoid of roads. China requires, and under honest and efficient administration would derive immense financial profit from, many thousands of miles of railway, linking up the Western and North-western provinces with the Yangtze or the coast, establishing direct com-

munication by rail between Peking and Canton, and rendering accessible to world commerce the immense natural resources of provinces like Szechuan, Kwangsi, Kweichow, Shensi, Kansu, and Sinkiang, which are at present entirely without railway communication. Other provinces, such as Fukien, Chekiang and Kiangsi are virtually isolated.

A properly run railway is one of the most remunerative undertakings in China. The ratio of expenditure or revenue of the Peking-Mukden Railway used to be well below thirty per cent. As recently as 1920 it was only 38.75 per cent. And the surplus of the Government railways for that year amounted to more than \$40,000,000. In 1921 the surplus had fallen to \$27,361,000. Since then the Peking-Hankow Railway, which, in 1920, had a surplus of about \$15,000,000 has been seized by General Wu Pei-fu and operated for his personal benefit. The Peking-Mukden Line has been split by General Chang Tso-lin, who has carried off a large portion

of the rolling stock outside the Great Wall, and operates the Shan-haikuan-Mukden section entirely independently of the Central Government. Of the Canton-Hankow Railway (700 miles) more than 100 of which were completed in 1911, only 450 miles in all have been constructed up to date, leaving a gap of 250 miles in the middle and most difficult section. On the Northern (Wuchang-Changsha) section the permanent way and rolling stock have deteriorated to such an extent that it is now considered unsafe to run trains at a higher speed than *eight miles per hour* over portions of the line. Construction of the Szechuan-Hankow Railway has entirely ceased, and not one kilometre of the line is working. The Southern section of the Canton-Hankow Railway still being in the hands of a provincial company, all that China has to show for a Loan of six millions sterling being some two hundred miles of permanent way in such an appalling condition that, as the Chairman of the Han-

low British Chamber of Commerce put it only a few days ago, "we are in measurable distance of a complete stoppage."

The Government railways, owing to military depredations and interference are all on the verge of ruin. They are unable to do more than meet actual working expenses, little or no money being available for repairs, maintenance, or additions to rolling-stock. Money earmarked for necessary railway undertakings, such as the reconstruction of the Yellow River Bridge on the Peking-Hankow Line, is shamelessly misappropriated for political or military use. The plight of the Provincial Railways is equally unsatisfactory. The Kiangsi Railway is on the verge of bankruptcy, showing a heavy annual deficit, and getting more deeply into debt every year with its Japanese creditors. The Kwangtung section of the Canton-Hankow Line has not been extended any further Northward for years, and is losing heavily. The Swatow-Chaochoufu Rail-



way has never paid its way, and is unlikely to do so in the near future. Indeed the only paying provincial line is the Sunning Railway, which had a surplus of a little over \$115,000 in 1921. The only railways which are really on a sound financial basis to-day are the two foreign-owned Concessions—the South Manchuria and the Yunnan Railways.

How grave the financial situation of the Chinese Government railways is was revealed in a series of resolutions adopted by the American Chamber of Commerce at Peking, at the end of last month. The figures given therein show that instead of paying their loan obligations and debts for materials and equipment, and yielding a substantial annual surplus to the Governments, the Government Railways and telegraphs show an annual deficit on Loan services alone of \$14,400,000 without making any provision whatsoever for the payment of unsecured indebtedness amounting to \$108,800,000. No reputable foreign firms will con-

tinue to supply materials to the Government railways, on credit, under present conditions, and it seems to be merely a question of time until some of the main lines either break down, or find it necessary greatly to reduce their passenger and goods services, owing to the deterioration of the permanent way and rolling-stock. It is believed that immense damage has already been done to the locomotives and rolling-stock carried off by Chang Tso-lin during his invasion of Chihli last year for there are no facilities for repairs and maintenance outside the wall. The Chinese object to any form of foreign supervision or control on their State Railways. A comparison between Chinese-operated lines, and those operated under foreign control should convince any impartial observer that some form of foreign supervision, coupled with the complete elimination of military interference, constitutes the sole means by which the Chinese railway system can be saved from absolute disaster.

VIII.  
FINANCE.

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**T**HE Tzuchengyuan, or National Council, which met for the first time in October, 1910, prepared a Budget for 1911, which estimated the income of the Central Government at Kuping Tls. 301,910,296, and the total national expenditure (including Tls. 77,915,890 for the Army) at Tls. 298,448,365, leaving a surplus of of Tls. 3,461,931. In October last the late Minister of Finance published a statement showing that the expenditure of the Central Government was more than \$108,000,000 per annum (of which \$55,216,462 was required for the payment of units under the Ministry of War, and the Chihli troops) and that the annual revenue of the Central Government was \$2,772,000 per annum, leaving a deficit of over \$105,000,000. In the expenditure given above no account was taken of China's obligations in connection with foreign and domestic loans, railway

or telegraph loans, etc., and the military expenditure was confined to fourteen Divisions and sixteen to eighteen Mixed Brigades, or at most 350,000 out of the 1,332,000 men under arms throughout the country. In December 1911 China's foreign indebtedness including railway loans, but exclusive of a few small private loans was £138,998,861, or approximately \$1,590,600,000. In September last China's foreign and internal debts, exclusive of those contracted by the Ministry of Communications, were estimated to amount to \$1,726,400,000. To this must be added approximately \$540,000,000 representing railway and telegraph loans, and unsecured indebtedness for material, bringing the total up to about \$2,265,000,000, an increase in the nation's total indebtedness in eleven years of over \$660,000,000. This, at first sight does not seem excessive. But it must be emphasized that since 1911 the entire German and Austrian outstanding portion of the Boxer Indemnity, amounting at the date

of cancellation to about \$217,000,000, has been cancelled, and that in addition, since 1911, China has reduced her pre-Republican indebtedness by approximately \$500,000,000. At a conservative estimate, therefore, without taking into account repayments of or on account of short and long-term loans contracted under the Republic, the Republican Government has increased China's national indebtedness by over \$1,300,000,000. As a matter of fact of the \$1,726,400,000 which was the figure given by the Minister of Finance of China's foreign and domestic indebtedness, exclusive of railway and telegraph loans, in September last, more than \$953,800,000 had been contracted under the Republic.

Judged by European standards a national debt of about £285,000,000 would not be considered serious for a country of the size, and possessed of the immense resources, of China. Under efficient administration there would be no difficulty in meeting all charges upon this—and indeed upon a

considerably greater—indebtedness. It is difficult, however, to see how even a beginning is to be made with the necessary financial reforms. The Customs revenues are pledged for indemnity payments and for the service of a limited number of domestic loans. Such of the Salt Revenues as are not appropriated by the militarists and provincial authorities have been pledged over and over again to tide the Central Government over periodical financial crises. The Central Government receives practically nothing from the Land Tax, Likin, Wine and Tobacco Taxes, and railway revenues. Yet with an income of \$231,000 per month it is expected to find more than \$4,500,000 per month for military expenses alone, and if it succeeds in borrowing even a few million dollars to carry it over a New Year or other festival, the militarists commandeer the lion's share. Even the metropolitan police, on whose loyalty the maintenance of order in the Capital depends, have to work month after month without receiving their pay,

and have recently been considering going round, cap in hand, to beg from the Peking population. Funds cannot be found for the Chinese Legations and Consulates abroad, and it is not unusual for a high Chinese official, proceeding on some foreign mission to have to go to the Inspector-General of Customs or the Associate Inspector General of the Salt Administration, to borrow, on the Government's account, the comparatively small sum necessary for his travelling expenses.

The tragedy of the situation is that the reckless borrowing under the Republican regime, for which the nation will eventually have to foot the bill, has brought no benefit to the country at large. The money has been spent as recklessly as it has been borrowed. Officials who have held office in Peking for a few months, or even a few weeks, and have had their fingers in some loan deal, shamelessly flaunt their ill-gotten wealth in the eyes of their countrymen. One can imagine no precautions at the moment which could con-

ceivably prove effective in ensuring that any money lent to China would be used exclusively for the reorganization of her finances.

M. Padoux, one of the Governments' Foreign Advisers, has produced a scheme for the consolidation of China's indebtedness, railway obligations excluded, by the use of the Customs surplus, including the additional yield anticipated from the projected 2½ per cent. surtax. His scheme has evoked a strong protest from the American Chamber of Commerce in Peking on the ground that it ignores the obligations of the Ministry of Communications. Doubtless China's railway debts could also be consolidated and placed upon a thoroughly sound basis, if the railways were to come under effective foreign supervision, and all military interference were eliminated. But any scheme which provides for the payment of China's foreign and domestic (including railway) obligations will merely touch the fringe of her financial problem. The Government must have revenue with which to carry

no surtax. The 2½ per cent. surtax on



on the routine work of the administration. It will need really substantial sums before any serious attempt to reorganize the national finances can be undertaken. And if the Customs revenues were earmarked entirely for the payment of China's foreign and domestic debts, and the railway revenues were to be used, not for the upkeep of the provincial armies but solely for the discharge of the obligations of the Ministry of Communications, the militarists would naturally look elsewhere for the means to support themselves and their forces. They appropriated more than a third of the Salt revenues in 1922. They would probably seize the remaining two-thirds if other sources were cut off. We invariably come back to the plain fact that little or nothing can be achieved towards the rehabilitation of China, in any direction, as long as the Tuchuns remain uncontrolled and uncontrollable.

When, if ever, the Special Conference provided for under the Washington Treaties to consider the conditions to be attached to the levy of the 2½ per cent. surtax on

the Import Duty, and plans for the abolition of likin, assembles, it is difficult to see how it can confine its discussions within the strict scope of the Customs Tariff Treaty. It will, it seems to us, be compelled to go into the whole problem of China's finance, and to make any recommendations which it has to offer for the fulfilment of the Treaty conditional upon drastic internal reforms. Whether it will be able to apply sufficient moral or financial pressure to bring the militarists to their senses must, however, be considered very doubtful. The Tutchuns seem to be absolutely indifferent regarding China's prestige abroad. They care nothing for her Treaty engagements, and less for the protests of their own countrymen. The financial blockade which has been maintained by the Consortium has so far resulted only in their absorbing a greater and greater share of the national revenues, regardless of the difficulties of the Central Government. And one cannot suggest how that blockade can be raised with-

out the certainty that a large percentage of any moneys lent to China for any purpose whatsoever will find its way, immediately, into the Tuchuns' pockets.

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 IX

 OPIUM.
 

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CHINESE writers have been fond of citing the Anglo-Chinese Opium Agreements of 1907 and 1911 as precedents for the abolition of extraterritoriality. All that it is necessary to do, they say, is to put China upon her honour, and all will be well. One of the most brilliant of the younger Chinese diplomats, in a work published as recently as 1918—*China's New Constitution and International Problems*, by M. T. Z. Tyau—argues that putting the Chinese on their honour to fulfil their obligations in regard to the abolition of extraterritoriality, would furnish the Chinese people with a powerful inspiration. He quotes with approval, the views of the late Sir Robert Hart, that if

China "so to speak" were placed upon her honour, "the whole force of Chinese thought and teaching would then be enlisted in the foreigner's favour. Such a change of principle in the making of treaties would widen and not restrict the field for both merchant and missionary, would do away with irritating privileges and place native and foreigner on the same footing, and would remove the sting of humiliation and put the government of China on the same plane as other governments. Restore jurisdiction (to the Chinese) and the feeling of the responsibility to protect as well as the appreciation of (foreign) intercourse will at once move up to a higher plane." Dr. Tyau in this and other of his writings on China mentions the anti-opium campaign as a proof of what China can achieve when placed upon her honour.

Sir Robert Hart was writing just after the Boxer outbreak and few of our readers who lived in China at that time would have been prepared to endorse his views even then. Dr. Tyau who has

made use of his arguments seventeen years later, appeals for China to be judged by her anti-opium campaign. By it, then, let her be judged!

An Anti-Opium Edict issued in 1906 ordered the entire abolition of opium-smoking within ten years from January 1, 1907. At that time China was importing over three thousand tons of foreign opium per annum, chiefly from India. Obviously the anti-opium campaign could not succeed if thousands of tons of the drug continued to come in from abroad. It was equally obvious that the success of a campaign to suppress a deeply-rooted habit among the Chinese people, even if the importation of foreign opium ceased, would be in doubt. The value of the foreign opium trade amounted to millions of pounds sterling per annum, and even though serious moral issues were involved, the Government of India could hardly be expected forthwith to sacrifice this immense revenue if the only result would be increased opium cultivation in China. The British

and Chinese Governments therefore entered into an agreement for a probationary period of three years, under which the export of opium from India to China would be reduced by 5,100 chests per annum, or ten per cent., of the total Indian export to this country; China, on her part, engaging that native production would be reduced in the same ratio. This arrangement proving satisfactory was extended in 1911, with the object of bringing about the complete extinction of the Indian opium trade by the end of 1917. Arrangements were also made for the cessation of the import of Indian opium into any province which could establish by clear evidence "that it has effectively suppressed the cultivation and import of native opium." Again the experiment of putting China upon her mettle seemed to be justified, and though, subsequent to the Revolution, the terms of the second Anglo-Chinese agreement were frequently violated by the Provincial Authorities, the anti-opium movement made such progress

that from April 1913 the Indian Government suspended sales of certificated opium for the Chinese market. From that date, therefore, the import of Indian opium into China became illegal.

As long as the Central Government possessed a vestige of authority over the Provinces, sincere, and on the whole effective, measures were adopted to suppress the cultivation of, and traffic in, opium. But from 1917 onwards the situation has steadily grown worse. One province after another has been added to the list of backsliders, and today there is not a Province or Territory of China with the possible exception of Shansi, in which any serious attempt is made by the local authorities to suppress the opium traffic. In many of the Provinces the poppy is now cultivated under the protection, if not under the orders, of the Tuchuns and their subordinates. Opium is produced in and exported from the Western and Southwestern provinces by the ton. So general and so lucrative is the traffic that all attempts to

cope with its revival have proved futile. A mere fraction of the smuggled drug is seized in the paratively few Treaty Ports where the Maritime Customs functions. More than sixty-six tons of opium were seized by the Customs Authorities in 1921, and upwards of thirty tons in 1922. The Criminal Code prescribes severe penalties for the production, transport, sale or consumption of opium. The President from time to time issues strong Mandates ordering the complete suppression of opium. But no-one takes any notice. The traffic has revived and is in a flourishing condition. Comparatively few Chinese seem to feel that there is anything dishonourable or humiliating in entering into solemn engagements with Great Britain for the cessation of the lucrative Indo-Chinese opium trade, and reviving the production of, and traffic in, Chinese opium, within a few years of the expiration of the Anglo-Chinese opium agreements.

National honour, we were told, would prove a more powerful in-



spiration even than Treaty stipulations. No-one can seriously credit that statement to-day. For there is little sign of any national sentiment against the revival of opium smoking. It is difficult to enlist Chinese sympathies with the activities of the International Anti-Opium Association and its branches. What work has been achieved in the direction of restricting the even more dangerous and insidious morphia traffic has been done almost entirely by foreigners. Practically the only influential voice raised against the opium traffic to-day is that of the International Anti-Opium Association of Peking, in the activities of which few Chinese now take any serious interest, and which, in our opinion devotes far too much of its energies to criticisms of what is occurring outside China. At the moment an alleged, and in our belief entirely impracticable Japanese scheme for an opium monopoly is attracting considerable attention. If, as is quite possible, relegalization of the opium traffic for a limited period proves to be the

only means of restoring control over the production and consumption of the drug, the last persons to whom the operation of the monopoly should be entrusted are an irresponsible Japanese group, whose proposals have been repudiated by the Japanese Legation, and whose main purpose appears to be to create security for the repayment of existing and future Japanese Loans.

An opium monopoly for a limited period of years under responsible foreign supervision may eventually prove to be the only practicable solution of China's opium problem. But the whole question will demand handling with extreme care. The establishment of such a monopoly would constitute a serious breach of China's international engagements, and could only be justified if satisfactory guarantees were produced that it would be a step towards the abolition, and not towards the permanent revival, of the opium traffic. And it would, in our opinion, be essential that the revenues derived therefrom be earmarked for some urgent nation-

al need, such as the disbandment of troops. The view has frequently been expressed in these columns that the problems of disbandment and the suppression of opium are so closely interrelated that they must be dealt with simultaneously if any satisfactory solution is to be found. If that view is correct the idea of allowing a Japanese financial syndicate to exploit the opium traffic for the advantage of itself or its nationals must be summarily rejected.

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X.

THE MERCHANT CLASS.

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**WE** have glanced rapidly, but we hope not unfairly, over the outstanding features of China's present administrative chaos. We now turn to another side of the picture. Although since 1911 China has been almost continuously racked by civil war and internal dissension the gross value of her foreign trade increased from Hk. Tls. 870,986,477 in 1911 to Hk. Tls. 1,560,833,778 in 1921. The

increase has been mainly in imports, which have more than doubled during the period referred to. There has unquestionably, since the establishment of the Republic, been a greatly increased demand for foreign machinery of every kind. The import of electrical machinery and apparatus in 1921 was nearly ten times as great in value as that in 1911. And the import of other kinds of machinery has shown as great an, if not a greater, increase. Factories equipped with modern machinery have been springing up all over the country. The industries of the country have expanded to a phenomenal extent. And the war, which shut off many world markets from their usual sources of supply stimulated exports of raw and manufactured materials for which China had never previously been in the market.

In view of the difficulties and uncertainty under which trade has been conducted in China this great expansion in trade and industry argues extraordinary persistence and enterprise on the part of her

citizens. It must be considered unfortunate that the Chinese merchant class, while capable of remarkable perseverance in the conduct of trade and industry under the most adverse conditions, does not display the same qualities in politics. A handful of turbulent and undisciplined students will intimidate the merchants of a whole city into participation in a boycott or other movement with which, in their hearts, few or any of them approve. Similarly, the merchants submit without any serious attempt at resistance to the exactions and oppression of the militarists, year after year. They permit themselves to be blackmailed into making huge and illegal "contributions" towards the support of armies which they know, only too well, constitute a serious menace to their interests. In enterprises of an official or semi-official character in which they are invited to cooperate, or offer their co-operation, they seem incapable of excluding political influences, with all the inefficiency and corruption which their intrusion entails. As an or-

ganized body they have hitherto abstained from entering into politics, leaving the field clear to the professional politicians, of whose unworthiness the present Parliament gives fresh proofs almost daily.

The passivity of the Chinese merchant class is the most discouraging feature of the present situation. Only on very rare occasions will they stand up for their rights, and by concerted action, force the local authorities, or the Central Government to give heed to their views. In political matters they seem to be swayed by any plausible charlatan, or even by a mob of half-educated school-boys. They will usually follow the line of least resistance, though experience ought by this time to have convinced them that it would pay, in the long run, to oppose movements in which they have no faith, with which they have no real sympathy, and which must inevitably fail to achieve any useful purpose.

The only real hope of the nation at the moment is the entry into politics of the Chinese merchant

class. It seemed, but a few months ago, that the Chinese Chambers of Commerce had been really roused by the pretensions and maladministration of the militarists, and that a nation-wide anti-militarist campaign might result. But the movement already seems to have died down. And the merchants, instead of repudiating Parliament and its absurdities, to-day seem willing to allow themselves once again to be exploited by politicians and students in a campaign which cannot bring any good to their country, and can only result in friction with Japan.

The only really constructive effort emanating from the merchant class under the Republic has been the formation of the Chinese Banking Group, which undertook to finance the needs of the Government Railways, and the construction of the Shanghai Mint. The Government Railways have been seized, and operated for their own benefit, by the militarists without any effective protest. The Shanghai Mint still remains unequipped, because the funds necessary to pay

for the machinery which has already been imported, are not available. And even if the plant were installed the real purpose of the Mint—the substitution of the dollar for the tael as the unit of national currency—would not be achieved, for the proposals of the Foreign Exchange Banks, whose co-operation would be essential to make the project a success, have been ignored.

The truth seems to be that, shrewd and enterprising as the Chinese merchant and banker may be as an individual, collectively they are incapable of efficient or constructive effort. They will seldom adopt a definite policy and pursue it, regardless of the consequences. They almost invariably prefer indirect, and therefore unsatisfactory, means of working for their particular ends. The merchants at Tsingtao, if Japanese were in league with the bandits as was alleged, could have put the Japanese Authorities entirely in the wrong at the time of rendition, by publicly revealing their apprehensions, and calling upon the



Japanese, and later, the Chinese, authorities to adopt effective precautions. Instead of that they feasted and attempted to bribe the bandits, with the result that an attempt was made to blackmail them beyond their capacity to pay, so that every Chinese merchant of any prominence had to go into hiding or leave the city. In the Chinese Race Club of Chihli we have yet another example of the difficulty of securing harmonious co-operation among the Chinese merchants. The recent trouble seems to have been due to the attempt on the part of one or more of the promoters of the enterprise to remove from the Committee a member of whose conduct they did not approve. Instead of opposing the unpopular committee-man openly, one of his opponents appears to have invoked the aid of the Provincial Assembly, which passed a law prohibiting gambling. If this law remains in force the days of the Race Club will be numbered, for the Chinese take little or no interest in racing apart from its gambling features.

If China's merchants, as a body, could be induced to devote to the interests of their country a mere fraction of the persistence, shrewdness and business capacity which they display in connection with their own interests, it would not be long before there was a radical change in the political outlook. As long as they submit without opposition to the pretensions of militarists, politicians and school-boys, little or no improvement in conditions in this country can be expected.

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## XI.

### POSSIBILITIES.

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**IT** is customary to warn those who become impatient in regard to the administrative chaos in this country that the political transformation of a nation of upwards of four hundred millions of people is a process which cannot reasonably be expected to be carried through, successfully, in the course of a few years; that pre-

vious revolutions, or changes in dynasty in China have been followed by many years of complete disorganization; and that, left alone, and guaranteed against foreign aggression, the Chinese Republic will probably develop into a stable and satisfactory system of Government. There is considerable force in some of these arguments. But it must not be forgotten that the network of telegraphs throughout the country, and the development of railway and postal communications, have removed one of the main obstacles to the rapid solution of China's administrative problems. Peking knows, to-day, what happened in Canton, yesterday, and *vice versa*. Thousands of newspapers in all parts of the country keep the reading public more or less accurately informed of what is happening in different parts of China, and in foreign lands. If, as its supporters maintain, the country is really ripe for, and in favour of, republicanism, some progress ought to be perceptible after eleven years of political turmoil.

We doubt whether history can show a single instance in which a country where the percentage of illiteracy is as high as in China has made a success of Republican Government. The word "republic" and the theories of democratic government, appear to have dominated the minds of China's politicians, to the exclusion of all practical considerations, since the First Revolution. China was not ripe for republicanism in 1911; she is not ripe for it to-day; and we do not believe it possible for her to become a Republic in aught but name within the next century. It was hoped by the Manchu Government—which presumably had reliable information on which to base its plans—that at the end of the seventh year of the nine-year constitutional programme, one per cent. of the population would be able to read and write! The Dynasty was overthrown at the end of the fourth year. It is difficult to believe that this percentage of literacy has yet been attained. A Manchu autocracy has been succeeded by a militarist oligarchy,

each member of which plays only for his own hand, and treats the so-called Government with contempt. An election, even on the restricted franchise adopted in 1912, which will give China a Parliament really representative of the enfranchised classes, is out of the question, under existing conditions. And a Parliament composed of the Tutchuns' nominees, and of professional politicians who have bought their seats, is a hindrance, not a help, to the administration, and an insuperable obstacle to stable and satisfactory foreign relations.

It is impossible to predict, with any certainty, what the future will bring forth. There is always the possibility, of course, that one or other of China's ambitious militarists will beat down or intimidate all his rivals, and, for a brief spell dominate the country as Dictator, Emperor, or pseudo-President. Such a development would, in our opinion, be unlikely to provide a permanent solution of China's problem, for no sooner had one ambitious militarist es-

established his ascendancy than others would conspire to overthrow him, and it would be merely a question of time before what was gained by the sword, by the sword was overthrown.

If it be assumed, as we think it must be assumed, that a really republican government, "broad-based upon the people's will," is outside the scope of practical politics, and a military dictatorship, by whomever assumed, will be ephemeral and merely serve to perpetuate internal strife, only one other solution, which offers any hope of an early improvement, reunification of the country, and orderly political evolution, can be regarded as feasible—a constitutional monarchy. This was the solution favoured by many competent observers in 1912. It remains a possible, though not an easy, solution to-day. The idea of restoring the Manchu Dynasty to the Throne—and as far as one can see there is no other possible course if monarchical government is restored—would be certain to arouse

furious and noisy opposition among the professional politicians who find pseudo-republicanism offers so favourable a field for graft and intrigue. A Manchu restoration, however, would, if it offered any reasonable prospect of peace and administrative stability, commend itself both to the merchant class, and to the Chinese masses, throughout the greater part of the country. There might be serious opposition in some of the Southern provinces, but even in South China the people must be weary of incessant strife, and inclined, to-day, to accept any solution which seems likely to lead to peace. The most important factor would be the attitude of the militarists. Would they accept the authority of the Emperor, and accept it not as a matter merely of lip-service? There is reason to believe that many of them are monarchists at heart, and that their opposition to the *coup* of 1917 was due not to any question of principle, but to jealousy of General Chang Hsun, by whom that *coup* was carried out. In the event of a monarchical

restoration, accompanied by pledges of their support, their vanity would probably be flattered by the conferment of hereditary titles, and the confirmation of their positions as Viceroys or Governors of the Provinces over which, at present, they have control. One could not expect, nor would one desire, the Monarchy, if restored, to revert to the absolute autocracy of pre-revolution days, though it would be necessary, if any real improvement were to be effected, for the Imperial authority over the provincial satraps to be, in a very large measure, re-established. It would be necessary, also, to abolish the present Parliament, and to organize a legislature more representative of the nation, in which, as in the old Tzuchengyuan, a balance would be maintained between selected and elected members. And to make government practicable at all, wide powers would have to be conferred upon the Executive. Administrative reform, and the conduct of China's foreign relations are alike impossible when Parliament claims and



attempts to exercise the power of embarrassing the Executive at every turn.

A Constitutional Monarchy seems to offer the best hope of stable government in China. If, however, for one reason or another a restoration proves impossible in the near future, it may be regarded as virtually certain that the Chihli Party will proceed with its plans for ejecting President Li Yuan-hung, and installing General Tsao Kun in his place. That this would arouse as much, if not more, opposition throughout the South than a Manchu restoration, goes without saying. Tsao Kun has absolutely no claims to the Presidency except the fact that his military and political adherents hope, by installing him, to further their own interests. It is doubtful whether he, himself, aspires to the Presidency. No really representative legislature would accord him a fraction of the votes necessary to secure his "election." He would retain the position only for so long as the military forces under his own and his subordinates' control

were able to defeat or to intimidate his opponents. No-one acquainted with his record can seriously suppose that he is China's "man of destiny." The fact that there should be all this scheming and conspiring to substitute him for President Li Yuan-hung is, perhaps, the most conclusive proof that republicanism, as the word is generally understood, does not exist in China. In a country where the choice of its Chief Executive rested with the people, General Tsao Kun's name would never even appear on the list of candidates for the Presidency.