

BRITISH POLICY IN THE CHINESE QUESTION:

1894 - 1898

Thesis submitted for M.A. degree

by

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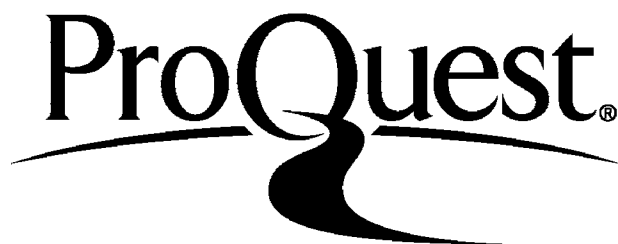
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I should wish to acknowledge
the courtesy of the Earl of Kimberley in
making available to me the papers of the
1st Earl at Kimberley House, Wymondham,
Norfolk.

LIST OF ABBREVIATIONS

- A. & P. : Accounts and Papers (Blue Books).
- B.F.S.P. : British and Foreign State Papers.
- D.D. : Ministère des Affaires Étrangères:
Documents Diplomatiques.
(Livres Jaunes).
- FO : The Foreign Office Papers at the
Public Record Office.
- Gooch and Temperley : Gooch, G.F. and Temperley, H.W.V. :
British Documents on the Origins
of the War, 1898-1914. 11 vols.
London 1926-1938.
- Letters of Queen
Victoria : Buckle, G.E. (ed.) : Letters of
Queen Victoria, 3rd Series, 3 vols.,
1886-1901, London 1930-32.
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CHAPTER 1

THE CHINESE BACKGROUND

"Nevertheless, I do not forget the lonely remoteness of your island cut off from the world by intervening wastes of sea, nor do I overlook your excusable ignorance of the usages of Our Celestial Empire..."

¹
wrote the Emperor of China to George III in 1793. And the Chinese name for their own country - "The Middle Kingdom" - reflects their view that it was the centre of the world and that beyond there were only barbarians. These notions indicate the limited nature of Chinese knowledge of the rest of the world and of their relations with it. Yet China had not, as sometimes seems to be the suggestion, developed in complete isolation from the rest of the world and these concepts were not simply figments of the Chinese imagination but represented the truth of their experience. The inhabitants of the vast regions bordering the settled area of China proper were barbarian tribes and the people of the other countries which made up the Far Eastern world, although not barbarians, were patently inferior to the Chinese in every respect. The result of the marked inferiority of all the countries with which China had come into close touch was to encourage a belief in the inferiority of all foreigners. Nor was this dispelled by the

1. H.F. MacNair, Modern Chinese History: Selected Readings, [1923], 5.

manners of the Westerners whose directness and abruptness shocked and pained the Chinese who set so much store by their own code of infinitely formal politeness.

The Chinese moreover had none of the Western ideas of national sovereignty. They could only conceive of the existence of one supreme political authority on earth and their political theory held that the Emperor's jurisdiction extended to all mankind and that in his ritual sacrifices before the Altars of Heaven and Earth he represented all people. Everyone was expected to acknowledge this with proper respect - by the performance of the kotow and the payment of tribute. And the pre-eminence of Chinese power in the Far East had in fact enabled them to establish a tributary system on these lines and to conduct all their foreign relations, and incidentally a large part of their foreign trade, within its framework. It was within the same framework that the Chinese wanted to confine their relations with England and the other Western Powers. This tributary system was not a source of profit - the entertainment of the tribute missions, the gifts sent to the rulers whom they represented, and the regular financial support by the Manchus of the Mongol princes all cost as much if not more than the tribute received. The important feature of the system from the Chinese point of view was apparently the acknowledgement of their superiority. Thus to the Chinese,

China was "a world in itself, not a nation among nations".¹

In China, the West was coming into contact with a country with a longer period of recorded history than any other country in the world, a long history moreover of high civilization. The long course of Chinese history is remarkable on the one hand for its repeated changes and on the other hand for its continuity. Many of the features of Chinese society and government as they existed in the 19th century had been established as much as 2000 years before. Yet again and again in that time there had been periods of complete disruption when the ruling dynasty, having grown weak, failed to maintain its hold on the country in face of internal discontent or foreign invasion - the one often encouraging the other. Eventually some group would emerge from the chaos to establish a new dynasty - and to perpetuate very much the same form of government as had existed under previous dynasties.

The dynasties established by barbarian invaders were not an exception to this tendency and the alien Manchu dynasty² which ruled China in the 19th century was true to form. The Manchus were originally a northeastern Manchurian tribe who,

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1. J.K. Fairbank, The United States and China, [1948], 13.
Cp. also J.K. Fairbank and S.Y. Teng, "On the Ch'ing Tributary System", Harvard Journal of Asiatic Studies, vol.6, [1941], 135-246.
 2. Known alternatively as the Ch'ing dynasty.

having expanded and gained control of Manchuria, established themselves as the ruling dynasty in China in 1644.¹ They adopted almost wholesale the administrative system of their predecessors the Mings, only gradually adapting it to suit their own particular needs, and they relied to a large extent upon Chinese officials in their government of the country. Some of the features of government peculiar to their rule arose however from the fact that they were not a native dynasty. Thus, although by the 19th century Manchus only filled one fifth of all the official positions in the Empire, they held at least half of the higher posts and in this way were able to exercise a careful supervision over the Chinese administration. Each of the six Boards at Peking for example had one Manchu president and one Chinese president, two Manchu and two Chinese vice-presidents.

On the other hand, apart from the necessary co-operation in government, the Manchu rulers deliberately tried to keep their own people entirely separate from the Chinese. All Manchus were enrolled in one of the eight "banners" which made up the Manchu military organization. This served two purposes, providing the dynasty with a forceful means of maintaining their control over the Chinese and at the same time forming an organization for the government of the Manchus, who were entirely exempt from the jurisdiction of Chinese civil administration.

1. cp. Franz Michael, The Origin of Manchu Rule in China, [1948].

The Manchu dynasty hoped by this segregation to avoid the degeneration which seemed to have followed upon the absorption of earlier barbarian invaders by the Chinese and to have caused their downfall. The attempt was not altogether successful. Most of the Manchus, dependent upon an increasingly inadequate pension and forbidden to engage in ordinary pursuits, had become very degenerate by the nineteenth century.

A dominant factor of long standing in Chinese politics was the peculiarly intimate connection of the Chinese Government and Confucianism. Confucian teachings had gradually become almost the exclusive subject of study for candidates in the public examinations by means of which government officials were recruited. Official position was held in very high regard by the Chinese and was the natural ambition of every one of ability. Thus the whole Chinese educated class grew up steeped in a knowledge of Confucian teachings - and of almost nothing else. One of the things which Confucius had stressed was the importance of ritual and the Chinese believed that by the proper observance of ceremonies they could preserve a state of harmony between Heaven, nature and mankind. Indeed the Emperor was as much a religious as a political leader and among his most important duties were the performance of various ceremonies.

In the realm of government the Emperor was theoretically all powerful. All matters were considered to be within the purview of Imperial authority. The very extent of his power

however entailed so much business that the Emperor had necessarily to rely to a considerable extent upon his officials in dealing with it. Moreover the great distances in China, aggravated by inadequate means of communication, made it impossible to govern the country effectively by means of an entirely centralized administration. Consequently considerable responsibility and initiative was allowed to the provincial governments in the actual administration of affairs.

The extent of the influence really exercised by the Emperor is difficult to determine, particularly since his two chief means of doing so - his supervision of all business by the inspection of all memorials and his power in the appointment and the promotion or degradation of officials - were exercised to a large extent in co-operation with the Grand Council and also the Grand Secretariat. The Grand Secretariat had been the Government's Supreme Council under the Ming dynasty. Under the Manchus it dealt only with the more routine matters. Nevertheless it was still "the apex of the routine administration"¹ and an important link between the provincial governments and the central administration. The Grand Council was a creation of the Manchus. It was originally formed, in the first half of the 18th century, to deal with matters of strategy during the campaigns in the northwest. But it developed into the supreme council of the Manchu Government,

1. J.K. Fairbank and S.Y. Têng, On the Types and Uses of Ch'ing Documents, Harvard Journal of Asiatic Studies, vol.5, [1940], 6.

evidently meeting a need which had been felt for a small and informal body which could work in comparative secrecy. Its membership was small, consisting of from four to six people, and was apparently confined to Manchus.¹ All its members held high positions in other departments of government making it in effect a cabinet. There was almost always at least one of the Grand Secretaries on it, providing a link between the two bodies, and after the formation in 1861 of the Tsungli Yamen to deal with foreign affairs there were almost always members of the Tsungli Yamen on the Grand Council too.

Business was brought up in the form of memorials to the Emperor from officials in the provinces or in the various

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1. Morse says that membership of the Grand Secretariat was the "highest distinction attainable by Chinese officials" (H.B. Morse, The Trade and Administration of China, [1908], 56) which implies that Chinese could not become members of the Grand Council. Nevertheless there were Chinese officials who gained a very powerful position in the government of China, usually in the office of viceroy. Li Hung-chang, who played an important part in Chinese foreign relations in the latter part of the century, is an example. Li first came into prominence in the suppression of the Taiping rebellion. In 1870 he was appointed to the important position of Viceroy of Chihli, the metropolitan province of the Empire. During his tenure of that office he played a leading part in the negotiation of the Chefoo Convention of 1876 with Britain and of the 1885 Convention with France regarding Tongking. He was also specially charged with the supervision of Korean affairs and in that capacity concluded a convention with Japan in 1885 regarding Korea. He was held responsible for the Chinese defeat in the Sino-Japanese war, dismissed from the post of Viceroy and deprived of many of his honours. He was however appointed Chinese plenipotentiary for the negotiation of peace with Japan and signed the Treaty of Shimonoseki. In 1896, as Chinese representative to the coronation of the Tsar, he made a tour of Europe and the United States, during which he concluded the alliance with Russia. In 1897 he was made a member of the Tsungli Yamen but in 1898 was dismissed from this position.

offices in the capital. The reply took the form of a simple endorsement, or of a rescript, which like the endorsement was written on the original memorial but which also included some comment, or of an Imperial Edict. Memorials on routine matters went to the Grand Secretariat. The secretaries there drafted a proposed reply for the consideration of the Grand Secretaries who then presented it to the Emperor for his approval at their daily audience with him. A memorial to the Grand Secretariat seldom required an edict in reply but if it did the edict was usually drafted by the Grand Council. Memorials on more important matters were the province of the Grand Council. Apparently the Emperor often saw these memorials before the Grand Councillors. Some he would simply endorse. Others he marked for further consideration. These were then considered by the Grand Councillors after which they or the secretaries of the Grand Council drafted proposed replies which were considered at the daily audience of the Councillors with the Emperor.¹

Discussion at these audiences was apparently quite free and the Grand Council seems to have had a large share in the formulation of Imperial policy. On the other hand it is also clear that the Emperor's part was far from being a passive one. Seeing everything which came before the Grand Council

1. On these questions of procedure cp. J.K. Fairbank and S.Y. Têng, "On the Transmission of Ch'ing Documents", Harvard Journal of Asiatic Studies, vol.4, [1939], 12-46; and "On the Types and Uses of Ch'ing Documents", loc.cit., vol.5, [1940], 1-71.

and the Grand Secretariat and holding daily audiences with both these bodies, he was in a position to exercise a very close supervision of the conduct of affairs.

There was also at Peking a large number of Boards, Departments and Committees which constituted the central administration of the Empire. Most important were the six Boards - the Board of Revenue; the Board of War; the Board of Ceremonies; the Board of Works, which was concerned with official residences rather than public works; the Board of Civil Office which dealt with the appointments to posts above that of District Magistrate and which kept note of the status and record of all officials; and the Board of Punishments, concerned with criminal law and in particular with the punishment of guilty officials. Other important departments were the Office of Transmission, which forwarded memorials from offices in the capital to the Grand Secretariat - scrutinizing them first to see that they were in proper form, and that peculiarly Chinese institution, the Court of Censors, which reviewed and criticized all the proceedings of the Government.

In addition to these, there were a host of other offices at Peking all concerned with various aspects of the central administration. A conspicuous feature of this whole elaborate organization is however the extent to which it was concerned with the administration, as it were, of administration - with appointments and promotions and with the supervision of official actions. This indicates the importance of the Provincial

Governments in the real conduct of affairs. The same thing is illustrated by the fact that hardly any of the departments of government at Peking had subordinates throughout the country dealing with their branch of affairs - everything was channelled through the provincial government and dealt with by the appropriate official in that hierarchy.

Each of the eighteen provincial governments in China had an elaborate hierarchy. The highest ranking provincial official was the Viceroy who usually had jurisdiction over a group of two or three provinces each of which had a Governor of its own.¹ The Viceroy was considered rather as a superior colleague than as a superior of the Governor and they co-operated on equal terms in any action which they took together. Below the Governor there were the provincial treasurer, the provincial judge, the salt intendant who was in charge of the Government's salt monopoly, and in twelve provinces the grain intendant who was in charge of the collection of the grain tribute for the Imperial Government. Together these four constituted a "deliberating and executive Board of provincial government".² The administrative unit in provincial government was the hsien or district, and the district magistrate was the official in

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1. The provinces of Chihli and Szechuen were each under the jurisdiction of a Viceroy and had no Governor. The provinces of Shantung, Shansi and Honan were not within the jurisdiction of any Viceroy.
 2. H.B. Morse, The Trade and Administration of the Chinese Empire, [1908], 65.

closest touch with the people. His duties were various and included the maintenance of order, the dispensation of justice and the collection of revenue. But in China many of the functions which often fall to government, notably relief, were performed by the unofficial village government or by the family and often the Chinese official was, in Morse's words, "less an administrator than a tax collector".¹

The Government was supported by a variety of taxes. The most important of these was the land tax which until the 19th century, when growing expenditure made it inadequate, provided about two-thirds of the Government's revenue. Tribute paid in kind took several forms, the most important of which was the grain tribute. After the Taiping rebellion in the middle of the nineteenth century however a number of the provinces which were supposed to send grain commuted their tribute to an annual money payment. The Customs stations both at the ports and in the interior were another source of revenue. One of the most lucrative posts in China was that of the "hoppo" at Canton who controlled the trade of Canton and of all the other ports on the coast and rivers of the province of Kwangtung. The Government also profited from its monopoly of salt which was heavily taxed at all stages of production and distribution. The additional expenditure which was necessary in order to suppress the Taiping rebellion in the middle of the 19th century, and the failure of other sources of revenue at that time, led to the introduction of a new tax known as likin which was an irregular levy upon trade in transit.

1. H.B. Morse, The Trade and Administration of the Chinese Empire, [1908], 81.

The collection of revenue, like everything else, was managed through the provincial governments: the Imperial Government had no revenue which had not been received from provincial officials. The Chinese revenue system was one which had been common in Europe in the middle ages. Officials received purely nominal salaries, the assumption being that they would charge for the various services which they performed for people and that they would keep part of the money which they collected as taxes for themselves. It was a system which lent itself exceptionally easily to corruption. There was little to determine or curtail how much an official should keep for himself - except perhaps the prospect of the wrath of his superior if he received less than he had hoped for and that probably only spurred the junior official to collect as much as he could from the people in the first instance. The presents which officials had to give to their superiors and to the Emperor in order to hold and to advance their position also made it necessary for them to get as much as they could for themselves. A large part of the criticism of official practices in this matter however should be directed less against the officials as individuals than against the system of which they were an accepted part. The system was unsatisfactory in more ways than one: an unreasonably large amount of money was often extorted from the people whilst an inadequate amount was finally returned to the Imperial Government.

The relative position, on balance, of the Provincial Governments and the Imperial Government is very difficult to assess definitely. "The Chinese Idea", wrote Sir Robert Hart in 1871, "is for the locality to initiate and for the central authority to (1) wink at, (2) tacitly permit, (3) openly allow, (4) officially recognize, and (5) crystallise. It is useless to attempt - except where outside force does it - to get the central offices to order the adoption of novelties".¹

So much of the actual government of the country was in the hands of the Provincial Governments, so much initiative and responsibility was allowed to them that inevitably their position was a very powerful one. On the other hand the Imperial Government exercised a very close and active supervision of the conduct of affairs. There were moreover a number of regulations expressly designed to guard against the danger, inherent in the amount of independence allowed to the Provincial Governments, of the development of a rival authority. An official could not hold office in his native province; he could not hold land or marry within his jurisdiction; he could not serve under a near relative. Appointments were for a period of three years only; if they were renewed it was seldom for more than another three years, after which the official would be transferred to a position in another province.

In effect, the Provincial Governments seem to have enjoyed considerable latitude as long as they adhered to the main lines

1. H.B. Morse, The International Relations of the Chinese Empire, [1910-1918], I, 6.

of Imperial policy. Similarly, individual officials do not seem to have been molested so long as they kept within the bounds set by custom, precedent and the prejudices which animated the Imperial Government. However they held office only at the Emperor's pleasure and it is this precarious relationship between the officials and the Imperial Government which seems to have been the great source of the latter's power. The whole system is perhaps summed up as well as it can be in the statement in an annual report of the China Association that "a large measure of provincial independence co-exists with a large power of Imperial control".¹

During much of the 19th century however Imperial control was conspicuously ineffective. The Manchu dynasty was by that time in a state of decline. The dynasty's record in the eighteenth century had been a brilliant one. Their conquests during the sixty years' reign of the great Emperor Ch'ien Lung had extended the boundaries of the Chinese Empire further than ever before. But by the end of the century there was already growing corruption in the administration and minor rebellions, chronic in China, were increasing in number. Ch'ien Lung's successors seemed neither willing nor able to take drastic action to deal with the situation - "luxury and the environment of the palace were softening the fibre of the once hardy Manchus".²

1. Annual Report of the China Association, 1896-1897, in F017/1290. The underlining is mine.

2. K.S. Latourette, The Chinese: Their History and Culture, [1933], I, 347.

The astounding success of the Taiping rebellion in the middle of the century bore striking witness to the extent to which the Imperial Government had lost its grip on the country. Originating in the southern provinces of China where discontent was always rife, this was partly a religious movement. It drew some of its ideas from Christian teachings and its leader had proclaimed himself the Third Person of the Trinity. The rebels, having gained control of a large part of Kuengtung and Kuangsi, advanced northwards to the Yangtze valley and then turned eastwards and in March 1853 captured Nanking - at one point in the following winter they even threatened Tientsin. They established their capital at Nanking and for a while bade fair to supplant the Manchus as the rulers of China. In this they did not succeed but for ten years they defied Imperial authority in half the provinces of the Empire.

The Moslems in the Western provinces of the Empire were also in revolt at this time whilst it was in these same years that the Chinese had to meet their greatest challenge of all: the pressure of England and other western countries for equal and more extensive relations with China. The Chinese Government was already shaken by its defeat in the 1839-1842 war with England when confronted with the mounting tide of rebellion at home. And then in turn, distracted and weakened by these internal disorders, it was in a poor condition to cope with the renewed pressure of the European countries at the end of the 1850s. China was defeated in the 1858 war with England

and France and her resistance in 1859 to the exchange at Peking of the ratifications of the Treaty of Tientsin only led to a fresh Anglo-French expedition in 1860 which resulted in the occupation of Peking and the burning of the Summer Palace. Meanwhile the Emperor had fled with his court to Jehol, an unusual step which caused much panic. And his death there a year later gave rise to sharp rivalry for the control of the Government during the minority of his successor, K'ang Hsi, who was then only five years old. Although in the event it survived the crisis, in 1860 and 1861 the Chinese Government was perilously near the point of collapse.

Paradoxically the pressure of the Western Powers on China, which contributed to a considerable extent to the undermining of Imperial authority at this time, had one result which added in some measure to the powers, or at least to the responsibilities, of the Imperial Government. For their insistence upon having direct diplomatic relations ^{with} that Government compelled it to take the conduct of the foreign relations of the Empire, which it had been accustomed to conduct through officials stationed far from Peking, into its own hands. For this purpose a new office was created: the Tsungli Yamen.

The Tsungli Yamen was the Chinese Ministry of Foreign Affairs, the body with whom the foreign representatives at Peking were to have most of their dealings in the next forty years. Its membership varied in number from 5 to 10 and

consisted of officials holding other, and usually fairly important, posts in the Government. There were almost always members of the Grand Council and of the Grand Secretariat on the Tsungli Yamen - in 1878 it included all the members of the Grand Council. The Tsungli Yamen was hardly remarkable for intelligence or for efficiency. Its delay and evasion in the handling of affairs indicated that it suffered from the paralysis and lack of adaptability which affected most of the Chinese Government at the end of the 19th century. Its members often displayed conspicuous ignorance of the affairs with which they were supposed to be dealing. They were moreover in the invidious position which was the lot of Chinese who had anything to do with westerners, for the old beliefs about foreigners died very hard. Nevertheless the mere existence of such an office was a revolutionary change and the situation was a far cry from the time when the Emperor Ch'ien Lung writing to George III had asked "Why then should foreign nations advance this utterly unreasonable request to be represented at my Court?" and had declared that "the thing is utterly impracticable".¹

1. H.F. MacNair, Modern Chinese History: Selected Readings, [1923], 3.

CHAPTER 2

THE BRITISH POSITION IN CHINA IN THE 19TH CENTURY

It was trade which first lured British subjects out to China and trade was still the main basis of British interest in China at the end of the 19th century. In the course of the century - by the treaty settlements of 1842-43 and of 1858, by the Chefoo Convention of 1876 and by other agreements with the Chinese - the British gradually built up a system for the conduct of their relations with China.¹ This system, whose various features were designed to solve the problems arising from the existence of trading relations between foreigners and the Chinese, provided a framework for the protection and expansion of British trade.

The task of the British government had been a difficult one. They had taken over the supervision of British trade with China in 1833 on the abolition of the East India Company's monopoly. Their new responsibility made them anxious to establish formal relations with the Chinese government and also to revise the conditions governing the conduct of foreign trade

1. For a historical survey of the development of British policy in China in the important period from 1833 to 1860 cp. W.C. Costin, Great Britain and China, 1833-1860, [1937]. Cp. also H.B. Morse, The International Relations of the Chinese Empire, [1910-1918], vols. 1 & 2.

which had become increasingly unsatisfactory in the last years of the monopoly. But there had been no comparable change in the Chinese approach to the subject. Indeed the Chinese disliked the new turn of events, preferring the well regulated pattern of the old system, and their fundamental opposition to equal, direct, and more extensive relations with western countries hampered the British efforts in this direction. Consequently the very existence of normal diplomatic relations between the two countries - the means by which they were later able to arrange the questions at issue between them - represented a hard won triumph.

The British had first to break down the Chinese insistence upon considering all foreigners as tributaries and to establish their claim to be treated as the equals of the Chinese. This was formally conceded in the Treaty of Nanking. The Treaty's provisions for direct intercourse on equal terms between British and Chinese officials and its prescription of the proper forms of communication between those officials did enable the British consuls who were appointed at each of the Treaty ports to carry out their work. But the attitude of the Chinese had not really changed very much. An Imperial Edict in 1843 which declared that "these foreigners having but newly been brought back to peace, a border quarrel must not be suffered again to break out" was only one indication of this. ¹

Direct British approaches to the Peking Government about their grievances were all rebuffed with the reminder that foreign

1. W.C. Costin, op.cit., 112.

affairs were in the charge of the High Commissioner at Canton. More and more however the British experience of dealing with officials in the provinces convinced them that the solution of their difficulties lay in establishing direct relations with the Imperial Government at Peking. This they achieved by the Treaty of Tientsin in 1858 and the subsequent convention of 1860, and in 1861 Sir Frederick Bruce went to Peking as the first British Minister to take up residence there.

Before the Treaty of Nanking in 1842 the Chinese had only permitted the British to trade in China subject to very narrow restrictions. At times during the 17th and 18th centuries British trade had been allowed at ports on the Chinese coast other than Canton and the extensive smuggling which was a feature of the first half of the 19th century took place at a number of ports on the coast as far north as Shanghai. But all through the last period of the East India Company's monopoly and the first few years of the British Government's supervision, the trade was officially confined to Canton. Moreover British merchants there were supposed to deal only with the small group of Co-hong merchants who prescribed arbitrarily the prices which the British were to pay and receive for their goods and who also regulated all the other aspects of the British merchants' activity - where they were to live, the Chinese servants they were to employ and so on.

The Treaty of Nanking ended these restrictions. It named five ports which were to be opened to foreign trade and which

became known as 'treaty ports'. Nine more were opened by the Treaty of Tientsin in 1858 and others at intervals thereafter. It was stipulated in the Treaty of Nanking that British subjects at the treaty ports were entitled to deal with any Chinese merchants there, settling prices freely between them, and to arrange themselves where they would live and what servants they would employ.

Immunity from Chinese legal jurisdiction was perhaps the most cherished privilege of the British subject in China. The British had been plagued with the problem of how to deal with British subjects who offended against the law while in China from the beginning of their intercourse with the Chinese. The opportunities for disputes between British and Chinese increased immensely with the closer and more widespread contact between them which followed from the concessions of the 1842-43 and 1858 treaties. The methods of Chinese law and the abuses in its administration rendered it unacceptable to the British and consequently they had always sought to exempt British subjects from Chinese jurisdiction. But exemption alone was not enough. Captain Charles Elliot, the Superintendent of Trade in China from 1836 to 1839, had pleaded for "adequate powers for the reasonable control of men whose rash conduct cannot be left to the operation of Chinese laws, without the utmost inconvenience and risk, and whose impunity is alike injurious to British character and dangerous to British interests".¹

By the treaties it was established that a person accused of an offence in China should be tried by the authorities and

1. W.C. Costin, op.cit., 47.

according to the laws of his own country and gradually procedure was developed to make the operation of this principle effective. All British nationals in China were declared to be subject to British laws and to the jurisdiction at first of the Supreme Court at Hong Kong and subsequently of the Supreme Court for China and Japan established at Shanghai in 1865. British consuls in China were given judicial authority. The numerous Orders-in-Council and Consular Ordinances issued in the course of the century defining the consuls' powers and dealing with other aspects of procedure bear witness to the amount of experiment required in the development of British extraterritorial jurisdiction in China.¹

It was actually only in the case of criminal offences that the first treaties definitely stipulated that an accused person should be tried by his own authorities. There had indeed been very little opportunity before the Treaty of Nanking for civil disputes to arise between foreigners and Chinese. In 1843 it was simply provided that in such mixed cases the consul should try to effect an amicable settlement and, if this was unsuccessful, that the matter should be settled by the consul and the Chinese authorities jointly. The Treaty of Tientsin's stipulation on this point was almost identical and it was not until the Chefoo Agreement of 1876 that it was definitely stipulated that all mixed cases should be tried by an official

1. On this general question cp. G.W. Keeton, The Development of Extraterritoriality in China, [1928].

of the defendant's nationality. By that time, however, this procedure had already become the general practice.

In the system thus evolved, British courts in China had jurisdiction in all cases in which British subjects were defendants, whether against other British subjects, other foreigners or Chinese. By the same principle, cases in which a British subject was prosecuting another foreigners were tried in the appropriate foreign court and ones in which a Chinese was being prosecuted were tried in Chinese courts.

On the whole the system worked very well. Where it most often broke down was in those cases in which a British subject had a grievance against a Chinese and which consequently came within Chinese jurisdiction. The strong prejudice which the Chinese still felt against foreigners and the delay and abuse which characterized the administration of Chinese law combined to make a satisfactory settlement of these cases very difficult.

This problem was to some extent solved at Shanghai where it had taken an acute form. The neutrality of the foreign settlement there during the Taiping rebellion had led to a huge influx of Chinese which made it imperative for the municipality to take some steps for the preservation of order. The result was the establishment of a Mixed Court in which a Chinese official as judge was assisted by foreign Assessors, drawn from the Consular services, as co-judges. The experiment was a success, if not an unqualified one. It was not however extended during the 19th century to places other than Shanghai. Elsewhere the Consuls' activity seems to have been the chief assurance

of a proper regard for British interests in cases tried in Chinese Courts. A member of the British Legation at Peking noted in 1899 that "under present circumstances very few cases of any importance, where the defendant is Chinese, are left to the unfettered decision of a native Court. The foreign plaintiff's Consul is almost invariably obliged to interfere on his behalf, and the matter is often settled without coming into Court at all, or if it does come to a hearing the judgment is not treated as final unless the Consul is satisfied of its substantial justice. . . ." ¹

The problem of protecting British subjects in China was greatly increased when they acquired the right to travel in the interior of the country. The Treaty of Nanking had eased the previous close restrictions on their movements by providing that they might go a day's journey from any of the Treaty Ports. But the great gain came with the Treaty of Tientsin which provided that foreigners might travel, but not reside, anywhere in the interior of China, for pleasure or for trade, as long as they had a passport.

The Treaty provided at the same time that the "Chinese authorities shall at all times afford the fullest protection to the persons and property of British subjects whenever these shall have been subjected to insult and violence". ² But the

1. Memorandum by Mr. Cockburn (Chinese Secretary, British Legation, Peking) commenting upon correspondence from the China Association regarding the desirability of the adoption of a code of mercantile law in China. G.W. Keeton, op.cit., II, 374. This correspondence is also published in A. & P., [1899], CIX, (C-913).
2. Art. XVIII, Treaty of Tientsin, B.F.S.P., 1857-1858, XLVIII, [1866], 51.

local Chinese authorities were often the people most vehemently opposed to the presence of foreigners. They were frequently remiss in prohibiting the posting of inflammatory placards and were often themselves responsible for stirring up the local populace against the "foreign devils" in their midst. The degree to which the mass of the Chinese were really hostile to foreigners has been much contested. Certainly they were unaccustomed to westerners whose customs often provoked Chinese superstitions and whose ways were sometimes so different from those of the Chinese as to be offensive. Female missionaries in particular were the source of much suspicion. On the other hand many foreigners who had travelled in China emphasized that they had been received in a very friendly fashion. In any event, a situation existed in which riot and massacre was always a possibility. Since the continuing anti-foreign feeling among the Chinese made the stipulations of the treaties insufficient for the protection which they had been designed to provide, the British were left with the responsibility for the safety of British subjects in the interior and the presence of gunboats became a necessary support of extraterritorial privileges. These circumstances curtailed any inclination on the part of the British Government to lend support to the perennial wish of British merchants for the right to reside as well as to travel in the interior.

The opening of treaty ports alone brought larger and larger sections of China within the range of the British merchant. By the Treaty of Nanking Shanghai, Ningpo, Foochow

and Amoy as well as Canton had been declared treaty ports, thus opening the coastal country between the West River and the Yangtze to foreign trade. And upon the opening of Wenchow and Swatow by the Treaty of Tientsin in 1858, there was a treaty port at each point upon that coast where a river flowed into the sea.

The large trade that developed so rapidly at Shanghai was evidence of the great possibilities for trade in the Yangtze valley. The 1858 treaties provided for the opening of four ports right on the Yangtze. The ones chosen were Chinkiang, at the junction of the Grand Canal and the river; Nanking, the provincial capital of Kiangsu;¹ Kiukiang, near where the Yangtze joined the Poyang Lake and through it the rivers which drained most of the province of Kiangsi; and Hankow, a great centre for Chinese trade situated at the junction of the Yangtze and the Hankiang which, with its tributaries, drained a large part of the province of Hopeh and also tapped southwestern Honan and southern Shensi. Chinkiang was to be opened within a year but the other ports chosen were not to be opened until order was restored in the provinces touching the Yangtze nor were foreign vessels to be allowed to navigate the river until that time. In 1861 however British merchants induced Bruce to arrange for the immediate exercise of the right to navigate the Yangtze and the revised regulations

1. Nanking was not opened until 1898.

on this subject promulgated in 1863 remained in force until 1898. The Chefoo Convention of 1876 designated six places on the lower Yangtze as ports of call for the foreign steamers navigating the river. It also provided for the opening of Wuhu adding another treaty port on the lower Yangtze. The opening of Ichang in the same year brought the upper reaches of the Yangtze within direct reach of foreign trade for the first time. The British were also given permission to appoint a consul at Chungking, beyond Ichang and above the Yangtze gorges, but on the understanding that it was not to be opened to foreign trade until it was accessible to foreign steamers. In 1890 however this condition was waived and Chungking was opened, giving more direct access to the reputedly wealthy province of Szechuan.

The Treaty of Tientsin had broken other new ground and had opened northern China to foreign trade for the first time. Newchwang, at the mouth of the Hun-ho which drained southeastern Manchuria, and Chefoo, on the northern coast of the peninsula of the province of Shangtung, became treaty ports. And in 1860 Tientsin, from which it was possible to tap the trade of the metropolitan province of Chihli and of the region beyond, was also opened to foreign trade.

On the Chinese coast south of Canton there were two treaty ports - Kiungchow on the Island of Hainan opened in 1858 and Pakhoi opened in 1876. But the interior of southern China and the southwestern provinces did not begin to be opened to

foreign trade until some time after the rest of China. Effective steps for the opening of this area were only taken in the late eighties and the nineties. Then however it became one of the great centres of attention and through the active interest of the French and British in gaining access to it was gradually opened to foreign trade. Lungchow and Mengtze were declared treaty ports by the 1887 Franco-Chinese Convention, Szemao by the 1895 Convention, and Nanning and Momein by the British Convention with China in 1897.¹

One problem to be dealt with in developing a system for the conduct of western trade with China was the taxation of foreign goods. It was the irregularity and unpredictability quite as much as the amount of taxes on trade in China which irritated western merchants and the whole object of the treaty arrangements in this respect was to define as exactly as possible the amount of the dues to which foreign goods were liable. A tariff of the duties to be paid was drawn up and attached to the Treaty of Nanking, most of the duties being set at about 5% of the value of the goods. Within a few years however changes in price and the rate of exchange had in most cases made the actual amount of the duties either considerably more or less than 5% of the value of the goods. A revised

1. The actual opening of Nanning was the subject of much negotiation between the British and Chinese and was not finally achieved until 1899. Momein, alternatively known as Tengyueh, was not opened until 1902.

tariff was negotiated after the Treaty of Tientsin and, with certain exceptions, the duties on each article were again set at about 5% of its value. Provision was made for revision of the tariff every ten years but none actually took place until 1902 and this tariff remained in force until the end of the century.

Definition of the duties to be paid at the time and place of import or export was however only one part of the problem. All goods going any distance in China had to pass a number of Customs stations at each of which they were liable to the levy of further duties. The Treaty of Nanking had included a provision that payment of a certain amount of these transit dues should entitle foreign goods to be taken anywhere in China without further payment. But it had proved impossible to decide what that amount should be and instead it had simply been stipulated that "the further amount of duty shall not exceed the present rates which are on a moderate scale". In the fifties however the cost of trying to suppress the Taiping rebellion led to an increase of the taxes levied on goods passing through the interior which made the scale far from moderate. The vague manner in which the subject had been settled in 1843 became increasingly unsatisfactory and the question was taken up again in the negotiation of the Treaty of Tientsin. This time it was laid down that foreign imports and Chinese produce intended for export should be freed from the payment of any transit dues if they paid a 2½% duty in addition to the duty prescribed in the tariff.

Many difficulties complicated the development of this arrangement and it remained one of the most persistently annoying questions at issue between the British and Chinese. British merchants complained of the failure of the transit pass system, Chinese authorities of its abuse - both with some justice. The Chinese provincial officials were strongly opposed to the whole scheme at first. There was no arrangement for sharing the money collected from the tax among the provinces through which the goods would pass on their way to their destination. Thus by this scheme many provinces would lose the large revenue which they derived from the taxation of goods in transit. The result was that many officials would not respect the transit pass certificates and foreign merchants, knowing that they might have to pay the transit dues as well as the tax in commutation of them, often did not consider it worthwhile to pay the commutation tax.

Gradually however the system won wider acceptance in most parts of China although in the south it did not begin to be recognized until the very end of the 19th century. Where the transit pass certificates were honoured, the foreign merchants had an advantage over the Chinese in that they could calculate ahead of time the exact amount which they would have to pay in duties. The Chinese however were also able to benefit by the system for it became the practice for Chinese traders to convey foreign goods which they had imported into the interior under a transit pass which they paid a foreigner to take out for them in his name. Chinese officials complained bitterly

at first that the privilege had only been intended for foreign goods in foreign hands. Its extension to foreign goods belonging to Chinese traders was however gradually accepted and was confirmed in the Chefoo Convention of 1876.

The disorders at the time of the Taiping rebellion had been the occasion of another very important development regarding the collection of customs duties. In the Treaty of Nanking the British had agreed that their Consuls should be responsible for seeing that the duties due to the Chinese Government from British merchants were paid. Other governments however did not assume this obligation and this tended to put the British trader at a disadvantage in competition. At the same time the Consuls' efforts to help protect the Chinese revenue were hampered by the encouragement which Chinese officials gave to the merchants to evade the full payment of customs duties. These considerations led to the British Government's decision in 1851 not to treat the obligation as a binding one any longer.

Two years later however unprecedented difficulties arose in the collection of customs duties at Shanghai. The devastating advance of the Taipings down the Yangtze led to an extreme shortage of money at Shanghai which hampered trade. In particular, it made it difficult for the merchants to pay customs duties for these^{had} to be paid in cash. The situation became even more complicated in September 1853 when an independent group of rebels captured Shanghai itself

and looted the Customs House. The British, French and American representatives wanted to keep the foreign settlement completely neutral and considered that this precluded the functioning within it of the Customs Officer of the Imperial Government. And since the rebels occupied most of the Chinese city, there was hardly anywhere where he could exercise his office.

Merchants welcomed the prospect of relief from the payment of duties. The Consuls on the other hand, particularly Rutherford Alcock the British consul, felt that the treaty obligation to pay duties could not be entirely ignored. But none of the various arrangements introduced in the next nine months by the Consuls and by the Chinese authorities to try to ensure the payment of duties solved the problem. Often the plans of one side were not acceptable to the other, whilst most of the arrangements made by the Consuls were subsequently repudiated in whole or in part by their Minister or Government. Meanwhile the merchants from countries who had no treaty with China, and who were consequently subject to no control, revelled in the opportunity to carry on trade without paying any duties and the necessities of competition led more and more of the British and American merchants to take part in this smuggling. In January 1854, following the example of the French and the Americans, Sir George Bonham the British Superintendent told Alcock that he should clear ships which had not paid duty. It was obvious however that this solution could only be a temporary one and that sooner or later the payment of duties would have to be resumed.

Events had impressed upon the Consuls the extent to which the working of the treaty provisions regarding the collection of duties depended on the false assumption that there would be sufficient "honesty, energy and capacity in [the Chinese] Custom House officials ... to ensure the Chinese Government its legitimate income, and the foreign trade against gross abuse from corruption and from negligence combined".¹

And Alcock was confirmed in a conviction which he had formed earlier that the introduction of foreigners into the Customs administration was necessary if it was to function justly and effectively. The French and American Consuls agreed with him and, at a meeting of the three Consuls and the Tactai on 29 June 1854, regulations were drawn up for a new Customs procedure. Under the new scheme there were to be three foreign inspectors, each of the consuls nominating one of his countrymen for appointment by the Tactai.

The new administration started in July and from the beginning it was a great success. Trade seemed to flourish under it and there were hopes that the large revenues which were collected would help to reconcile the Chinese Government to the idea of foreign trade. The Chinese authorities however repulsed all suggestions that the new system should be extended to the other treaty ports. And some British merchants began to complain that Shanghai was being penalized by its singular position. Clarendon became more and more concerned on this

1. Alcock to Bonham, 10 April 1854, quoted in S.F. Wright, Hart and the Chinese Customs, [1950], 102.

point and at the end of 1856 gave instructions that the Shanghai Inspectorate would have to be stopped unless the same system was introduced in the other ports at once. Luckily pre-occupation with the "Arrow" affair prevented immediate action on this instruction and the Treaty of Tientsin which ended the war between England and China provided for the extension of the system to the other treaty ports.

Under the original regulations the Consuls had had considerable powers of control over the administration of the Customs. In fact, the Inspectors took an increasingly independent line of action. This was criticized and contested by the Consuls but it was welcomed by the British Government who did not want to be responsible for the Inspectors' actions and who preferred that they should be considered servants of the Chinese Government. It was on these lines that the new Customs Administration developed after the Treaty of Tientsin, the appointment of the Inspectors being left to the Chinese Government. At the same time however the pre-eminence of British influence in the Administration was firmly established. They had had a leading position from the start by virtue of the fact that Thomas Wade, the original British member of the Inspectorate, was the only one of the first Inspectors with a knowledge of Chinese and consequently the administration had been largely in his hands. When the Chinese decided after the war that there should be one person responsible for supervising the whole administration, their choice was Henry Lay, Wade's

successor on the Shanghai Inspectorate. And British leadership was perpetuated after Lay's dismissal in 1863 by the appointment of Robert Hart who held the position of Inspector-General until the beginning of the 20th century.¹

The system as it developed, with the independence of the Customs Service firmly established on the one hand but with the dominance of British influence in it ensured on the other, was an admirable one from the point of view of the British Government. They had no responsibility for the administration of the Customs and were free of all the complications which would have attended a system in which foreign governments had rights of control. But at the same time they were assured of the protection of their commercial interests - their vital interests in China - by the pre-eminence of British influence in the administration which dealt with many of the questions most closely touching foreign trade.

The great cry of the British in China had always been for equal trading opportunities for all - a policy christened at the end of the century as that of the "open door" and enshrined in the treaties in the most-favoured-nation clause which provided that each country might share any privileges granted to others. Britain perhaps gained less from this clause than others since it was she who took the lead in opening China to foreign trade and who was the first to gain many of

1. Cp. S.F. Wright, Hart and the Chinese Customs, [1950].

of the privileges of foreign traders in China. Nevertheless it was to this stipulation, along with their influence in the Customs Administration and all the other features of the treaty system, that they looked for the preservation of that equality of opportunity which was the foundation of British commercial supremacy in China.

CHAPTER 3.

BRITISH POLICY, THE SINO-JAPANESE WAR, AND THE INTERVENTION OF THE POWERS.

The immediate cause of the Sino-Japanese war of 1894-95 lay in the situation in Corea. China had enjoyed suzerain rights over Corea for several centuries, but until recently the relationship had remained a very loose one even though China had always attached more importance to Corea, on account of its position, than to most of her other vassal states. As long as the Coreans paid tribute regularly and sought the investiture of each king upon his accession by the Emperor of China, the Chinese had taken little interest in Corean affairs. However the historic Japanese interest in Corea had revived when Japan abandoned her policy of seclusion in the eighteen-sixties and embarked upon an active policy in the Pacific. In 1876 Japan negotiated the treaty which first opened Corea to foreign trade. The controversy raised in Corea by this new intercourse with the outer world was a fertile field for conflict between China and

and Japan. Both countries sent troops to Korea to keep order when a dispute arose there in 1882. In 1884 there was a much more serious incident in which the troops of the two countries clashed. Under the impact of the renewed Japanese interest in Korea, the Chinese began a concerted effort to assert their influence there.

The Government of the backward country of Korea was generally recognized as one of the most corrupt of Oriental governments. Official oppression had frequently led to popular risings, but these, poorly led and poorly equipped, had never been very successful. However a rebellion in 1894 of the Tonghaks, a secret society with a large membership, enjoyed unprecedented success. The Korean Government was unable to cope with the situation and the rebels advanced northwards and were soon threatening the capital, Seoul.

At the end of May, Yuan Shih-kai, the Chinese Resident in Korea, finally persuaded the King of Korea to appeal for Chinese assistance in suppressing the revolt.¹ In response to this request, about 2000 Chinese troops landed in Korea on 5 June.² On 7 June the Japanese announced that they

1. W.G.Hillier, Narrative of events in Korea, enclosed in O'Connor to Kimberley, No. 389, F017/1198.

2. ibid.

24 October 1894,

were sending troops to Seoul to protect Japanese interests there.¹ The period from this time until the actual declaration of war on 1 August 1894 was crowded with the many efforts which were made to find a means of settling the dispute peacefully. The Diplomatic Representatives of a number of the Powers, especially those of England and Russia, were actively engaged in the search for a solution. One particular source of confusion was the absence of any single authority acting for the Chinese Government in the matter. Both the Taungli Yamen, the Ministry of Foreign Affairs, and Li Hung-chang, who had special responsibility for Korean affairs, took part in negotiations. But there was no clear division of authority between them and both were reluctant to take responsibility at any point.²

The Chinese had said at first that their troops would be withdrawn as soon as order was restored.³ Shortly after the arrival of their troops, Korean soldiers dispersed the rebels. In the meantime however, the Japanese intervention

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1. Paget to Kimberley, Tel.14, 7 June 1894, F046/440.
 2. O'Connor to Kimberley, No.191 Confidential, 13 July 1894, F017/1195.
O'Connor to Kimberley, No.199, 18 July 1894, F017/1195.
 3. O'Connor to Kimberley, Tel.22, 12 June 1894, F017/1204.

had greatly complicated the problem. It was no longer simply a question of the restoration of order and the withdrawal of troops. The Japanese refused to withdraw their troops until arrangements had been made for the introduction of reforms in the Korean Government which would prevent disturbances in the future.¹ They also refused to recognize Chinese suzerainty over Korea.² The Chinese would admit no question of their suzerain rights in Korea, were strongly opposed to the question of reform being raised, and insisted in any case upon the withdrawal of the troops from Korea before any other matters were discussed.³ The problem was to find a basis for negotiations to which both the Chinese and the Japanese could be reconciled. Efforts in this direction were frustrated by the obstinacy of the Chinese and the ambition of the Japanese: no sooner were the Chinese finally persuaded to make a concession than the Japanese would introduce a new condition. Meanwhile both countries had been sending more troops to Korea and were making preparations for war.⁴ On

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1. O'Connor to Kimberley, Tel.27, 24 June 1894, F017/1204.
Paget to Kimberley, Tel.19, 25 June 1894, F046/440.
 2. O'Connor to Kimberley, Tel.28, 25 June 1894, F017/1204.
 3. ibid., and O'Connor to Kimberley, Tel.27, 24 June 1894, F017/1204.
 4. O'Connor to Kimberley, Tel.55, 24 July 1894, F017/1204.
Hillier, Narrative of Events in Korea, enclosure in O'Connor to Kimberley, No.389, F017/1198.

25 July there was an engagement between Chinese and Japanese ships of war off Corea¹ and on the same day occurred the Japanese sinking of the Kowshing, a transport belonging to a British firm which had been engaged to carry Chinese troops to Corea.² Two days earlier the Japanese troops in Seoul had occupied the palace and gained control of the city, and had made the King their prisoner and appointed his father as Regent.³ On 1 August 1894 China and Japan declared war on each other.⁴

Anxiety as to the effect of a war between China and Japan on their trade was the first preoccupation of the British as war appeared increasingly inevitable. On 22 July 1894, a week before the outbreak of the war, Hannen, the British Consul at Shanghai, learnt that the Chinese were preparing to block the river leading to the city in order to protect it from attack by the Japanese. Shanghai was the great centre of foreign trade with China and, to avoid the complete disruption of that trade, Hannen suggested

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1. Kimberley to O'Connor, Tel.72, 28 July 1894, F017/1202.
 2. O'Connor to Kimberley, Tel.61, 28 July 1894, F017/1204.
 3. Hillier, Narrative of Events in Corea, enclosure in O'Connor to Kimberley, No. 389, F017/1198.
 4. Paget to Kimberley, Tel.48, 1 August 1894, F046/440.
O'Connor to Kimberley, Tel.63, 1 August 1894, F017/1204.

that the Japanese should be asked to refrain from attacking it in the event of war.¹ The British Government made the request at once² and the next day the Japanese promised that if war broke out "no warlike operations shall be undertaken against Shanghai or its approaches".³ Thereupon the Chinese agreed not to block the river.⁴

A month later, however, the Japanese began to complain of the use the Chinese were making of the arsenal at Shanghai and of the extensive contraband trade they alleged was being carried on there.⁵ The British were determined to hold the Japanese to their promise.⁶ They pointed out that the Japanese had known of the existence of the arsenal when they gave the pledge. Moreover British investigations did not show that increased use had been made of the arsenal since the outbreak of the war or that there was much foundation for

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1. Hannen to Foreign Office, Telegram , 22 July 1894, FO17/1207.
 2. Kimberley to Paget, Tel.27 (P), 22 July 1894,FO17/1209.
 3. Mutsu to Paget, 23 July 1894, enclosure No. 2 in Paget to Kimberley, No. 28, 25 July 1894, FO46/436.
 4. O'Connor to Kimberley, Tel. 58, 27 July 1894, FO17/1204.
 5. Trench to Kimberley, Tel. 60, 21 August 1894, FO46/440.
 6. ibid., minute by Kimberley.

the assertions of contraband trade.¹ But the Japanese persisted in claiming that their promise was not binding unless the Chinese completely stopped using Shanghai as a base for preparations for war.² The British declared firmly that they considered the Japanese still bound by their promise and they steadily maintained that no conditions had been attached when it was originally made. Nevertheless the pressure of the Japanese led them to consider asking the Chinese for a promise not to use Shanghai as a base for offensive operations.³ They gave up the idea because O'Connor did not think the Chinese would entertain the suggestion - indeed he thought they might block the river if pressed on the point.

The British were in a dilemma. Trade would be disrupted if the river were closed; but a Japanese attack would probably cause risings in the provinces along the Yangtse and the ensuing chaos would have an equally bad effect on trade.⁴ Furthermore they were told that the

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1. Kimberley to Trench, Tel.43, 27 August 1894, F046/439.
 2. Trench to Kimberley, No.119, 12 September 1894, F046/437.
 3. Kimberley to Trench, Tel.49, 16 September 1894, F046/439.
 4. Private Kimberley Papers, Bertie to Kimberley, private, 29 September 1894.

Chinese, having relied upon the British assurances, would hold them responsible if the Japanese were to attack Shanghai,¹ When alarming reports were received at the end of September saying that the Japanese in their elation over other victories might well make such an attempt, the British warned Japan that the consequences would be serious.² On 2 October Kimberley asked that Admiral Fremantle, the Commander-in-Chief on the China Station, should be instructed to resist any Japanese attempt to attack Shanghai.³ The Admiralty first had to find out if the Admiral had the necessary vessels for the operation.⁴ The Cabinet was consulted in the interval and confirmed Kimberley's decision that Shanghai must be defended.⁵ Instructions in this sense were sent to the Admiral, giving him discretion to decide whether he had sufficient force to take action should the issue arise before reinforcements reached him.⁶

The other concern noticeably animating British policy

1. O'Conor to Kimberley, Tel.76 (P), 5 September 1894, F017/1204; Bertie, Memorandum, 28 September 1894, F017/1213.
2. Kimberley to Trench, Tel.55, 29 September 1894, F046/439.
3. Kimberley to Foreign Office, Telegram, 2 October 1894, F046/439.
4. Bertie, Memorandum, 3 October 1894, F017/1214.
5. Note by Rosebery attached to draft of Kimberley to O'Conor, Tel.122, 10 October, 1894, F017/1203.
6. Admiralty to Commander-in-Chief, China Station, No.56, 9 October 1894, in F017/1214.

in the quarrel between China and Japan was alarm at the advantage Russia might take of their difficulties. The theme that continually recurs in British advice to the Chinese and Japanese to make every effort to settle the question peacefully is that only Russia would profit by a war between them.¹ Indications that the Chinese were tending to count on Russian help to get them out of their difficulties always brought a quick reminder of the true nature of Russian ambitions in China.

In its first stages the Korean question occupied but a small part of Kimberley's attention. It was the interest of Russia combined with the fact that a peaceful settlement seemed to be getting more and more remote that roused his concern. His efforts to bring the Chinese and Japanese into negotiation always redoubled upon receiving reports of the activity of the Russians for the event most likely to encourage a desperate appeal by the Chinese to Russia was the end of all hope of a negotiated settlement.

The British concentrated at first upon encouraging the Chinese and Japanese to come to an agreement between themselves, stressing the dangers inherent in foreign intervention

1. Kimberley to Paget, Tel.15, 28 June 1894, F046/439.
Kimberley to O'Conor, Tel.44, 30 June 1894, F011/1202.

and trying to help them to find terms on which they could agree to start negotiations. At the end of June the Russian Ambassador in Tokio, acting on the command of the Tsar, urged the Japanese to comply with the King of Corea's request that they should withdraw their troops. The Japanese refused. O'Connor thought the Russians would next invite the diplomatic co-operation of the other powers to whom the King of Corea had appealed and that the Chinese would then give all the credit for this assistance to the Russians.¹ When Kimberley heard this on 3 July he told Paget, the British Chargé d'Affaires in Tokio, to press the Japanese again to start negotiations on terms which the Chinese had been persuaded to accept.² "If this effort fails", he told O'Connor, "we will at once communicate with Russia as to calling for joint action by the powers".³ Four days later, on 7 July, the British heard of Count Cassini's⁴ suggestion to Li Hung-chang that the dispute should be settled by a conference of the three neighbouring

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1. O'Connor to Kimberley, Tel.54 Confidential, 3 July 1894, F017/1204.
 2. Kimberley to Paget, Tel.18, 3 July 1894, F046/439.
 3. Kimberley to O'Connor, Tel.46, 3 July 1894, F017/1202.
 4. Count Cassini was Russian Minister in China. He had left Peking to return to Russia on leave of absence, but then had remained at Tientsin to be in touch with Li Hung-chang.

powers - China, Japan, and Russia.¹ At once Kimberley expressed his vigorous disapproval of this idea, declaring that "in the event of any arrangement between China and Russia together or between those two powers and Japan to the exclusion of England, Her Majesty's Government must consider their own interests and will take such steps as may be necessary to secure them".²

At the same time he began to sound out the attitude of the various powers to some sort of joint intervention.³ At this point the objection of the Japanese to the preliminary withdrawal of their troops seemed to be the insuperable obstacle to negotiations. Kimberley suggested that the deadlock might be broken by their agreeing instead upon a joint occupation of Korea and he asked the Russian Government to join the British in recommending this proposal.⁴

Subsequently he made a proposal to the governments of Russia, France, Germany, and the United States for joint intervention to secure a peaceful settlement.⁵ The replies

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1. O'Connor to Kimberley, Tel.36 Confidential, 6 July 1894, F017/1204.
 2. Kimberley to O'Connor, Tel.50, 7 July 1894, F017/1202.
 3. Kimberley to O'Connor, Tel.54, 11 July 1894, F017/1202.
 4. Kimberley to O'Connor, Tel.55, 14 July 1894, F017/1202.
" " " Tel.60, 16 July 1894, F017/1202.
 5. " " " Tel.65, 20 July 1894, F017/1202.

seemed to leave it to England and Russia to take the lead. The Russian response, though non-committal at first, seemed favourable and on 23 July the Russian Government informed the British that the Russian ministers at Peking and Tokio were being instructed to work with the British representatives there.¹

But by the time that this partnership developed, hope of a peaceful settlement had almost been given up. When Cassini told his British colleague of his instructions, O'Connor said that he thought "strong joint pressure" on Japan was necessary.² But, as Bertie commented and Kimberley agreed, "stern language unless of a menacing character is not likely to deter the Japanese from making the most of their opportunity".³

He cited an article by the Berlin correspondent of the Evening Standard as a correct description of the situation. This article quoted from the National Zeitung which thought that "the Japanese have no reason to fear that England will interfere in a war which spares her commercial interests".⁴ The British had just obtained the Japanese promise not to

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1. Kimberley to Lascelles, No.192, 23 July 1894, F065/1471.
 2. O'Connor to Kimberley, Tel.57, 26 July 1894, F017/1204; Comments & clipping attached.
 3. ibid., minutes by Bertie & Kimberley.
 4. ibid., attached clipping.

attack Shanghai in the event of war and could now contemplate what they seemed unable to prevent with less anxiety than would otherwise have been the case. The article also mentioned that the Japanese were probably aware that

"nothing is to be feared yet from a Russian army, whereas the appearance of a Russian squadron from Vladivostock off Corea would soon bring the English into those waters".

Upon the declaration of war on 1 August 1894, Kimberley suggested that Britain and Russia might take the initiative in a remonstrance by the Powers against the resort to war,¹ but he gave up the idea when Giers replied that he saw no advantage in it.² Complaints from the Russian Government at the beginning of August that their Ministers at Peking and Tokio had not been informed of negotiations in which the British representatives had participated show that the partnership was strained at times. But they also serve to show the importance the British attached to co-operation with Russia. "Our desire" said Kimberley in his instructions to O'Connor when telling him of the Russian complaint "is to work with Russia and you should communicate freely with your Russian colleague".³ The Russian Government also valued the common stand taken

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1. Kimberley to Lascelles, Tel.37, 1 August 1894, F065/1474.
 2. Lascelles to Kimberley, Tel.57, 5 August 1894, F065/1474.
 3. Kimberley to O'Connor, Tel.77, 2 August 1894, F017/1202.

by the Powers. Giers wrote to de Staal that "l'accord établi entre les grandes puissances en vue de cette situation permet d'espérer que les difficultés présentes pourront être localisées".¹

From the beginning the Russians had shown themselves to be more concerned with localizing than with preventing war between China and Japan. The British had never shown much fear of such a war spreading. They were worried enough, as it was, by the possible consequences of a war between China and Japan alone. Although reassured on the whole as far as their trade was concerned, they still feared the advantage which Russia might take of the situation arising from war and they co-operated with her partly as a means of restraining her and keeping an eye upon her.

The war also brought with it the danger of an increase in the anti-foreign riots which were a perennial problem in British relations with China. It seemed unlikely that the Chinese people would distinguish carefully between Japanese and other foreigners and the British were afraid that the war would aggravate feeling against all foreigners. The passage through the country of soldiers on their way to the front created some disorder, but parts of China were quieter during the first part of the war because the rowdy elements who played the leading part in most riots had

1. A. Meyendorff, Correspondance Diplomatique de M.de Staal [1929], II, 249.

joined the army and were away. It was the prospect of the disbanding of the army that caused most alarm. Chinese soldiers were hardly ever paid in full when they were disbanded and quite often they were not paid at all. In consequence they took to looting on their way home and if they were retreating after a defeat they were liable to be particularly violent.¹

Speculation on the outcome of the war ran the whole gamut of possibilities at first. An overwhelming Japanese victory was not then generally accepted as a foregone conclusion. Japan had undergone no real trial of strength since her adoption of western methods and there was a disposition to doubt the depth of her reforms and to question her staying power. This line of thought was reinforced by the feeling that the Chinese would surely take radical measures to organize their defences when faced with the actual fact of war and by the conviction that China had immense latent power which would give her the advantage if only the war lasted long enough for it to come into play.²

But from the beginning of the war there were gloomy forebodings of the consequences of the defeat of China. The

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1. Circular to H.M. Consuls in China enclosed in O'Conor to Kimberley, No.351, 27 September 1894, FO17/1198; O'Conor to Kimberley, No.378, 15 October 1894, FO17/1198; O'Conor to Kimberley, No.214, 7 June 1895, FO17/1235.
 2. O'Conor to Kimberley, No.220, 26 July 1894, FO17/1195.

Manchu dynasty whose rule over China had been successfully established in the seventeenth century, had enjoyed a brilliant record through most of the eighteenth century but had fallen into a state of decline in the nineteenth. There was strong feeling against the dynasty all over the country and there were a large number of secret societies in existence. The fear was that the discontent engendered by defeat might set off a rebellion which would overturn the government.¹ O'Connor had written in July that serious reverses for the Chinese on the field of battle might lead to the collapse of the government. This report reached London in September immediately after the overwhelming Japanese victory at Ping-yang. Kimberley telegraphed anxiously to enquire about the effect of this in China.² O'Connor replied that it was too early to tell with any certainty.³

Knowing as we do that revolution and collapse did not follow immediately, it is hard to gauge how seriously they were considered to be a possibility at the time. Reference to the breakup of China became a commonplace of British discussions of the situation in official quarters as well

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1. Bristow to O'Connor, No.32 Confidential and Secret, 26 July 1894, enclosed in O'Connor to Kimberley, No.236 Confidential, F017/1195; O'Connor to Kimberley, No.378 15 October 1894, F017/1198;
 2. Kimberley to O'Connor, Tel.101, 23 September 1894, F017/1202.
 3. O'Connor to Kimberley, Tel.85, 25 September 1894, F017/1204.

as in the press and among the general public. Yet, there is no evidence that the British considered what course they would pursue in the event of such a collapse. Nevertheless there is no mistaking the fact that it would have been a most unwelcome development from the point of view of the British government. Rosebery, referring in a speech at Sheffield on 26 October to the efforts which the Government had made earlier in the month to bring about peace negotiations, said:

"I at any rate cannot contemplate any such event as might happen in the sudden destruction of the central Government of China by a conquering force. A headless China, a China without a Government of any kind, means such a scene of chaos and horror as the world perhaps has never contemplated".¹

"If the country collapses..." wrote Malet from Berlin at the end of September, "it will take the wind out of Africa as a quarrelling ground for the powers".² This was the aspect of the problem that made the idea particularly unwelcome to the British. Not only would there be the damage to British commercial interests and the danger to British residents in China which the disorder and disruption entailed by rebellion would cause, but there would be rivalry for the inheritance of power in China. The conversation of the French and German

1. The Times, 27 October 1894.

2. Private Kimberley Papers, Malet to Kimberley, private, 29 September 1894.

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ministers in China seemed upon occasion to suggest that they welcomed the prospect of a partition of China.¹ O'Connor always made it clear that Britain did not. She had no desire for political influence and responsibility in China. There was much talk at the time, particularly among naval and military personnel in the Far East, of the ease with which Britain could establish a protectorate in China and of the great opportunity she was losing by not doing so. Captain Cavendish, the British military attaché in China, wrote a personal letter in this vein to Kimberley. Kimberley in reply completely denied the wisdom or value of such a course from the British point of view. While his reply was obviously designed to put a stop to the hope of such action in the circles where it was commonly considered, it may also be taken as an accurate statement of Kimberley's own point of view. His letter started: "I do not agree in the necessity for our embarking in some great scheme of influence over China.

We must extend and protect our trade but we want nothing more than that - Multiplication of posts which must be garrisoned and defended means increase of weakness, not of strength".²

On the other hand, there was the faint hope that the war might at last induce the Chinese to introduce radical

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1. O'Connor to Kimberley, No.225 Confidential, 27 July 1894, FO17/1195.
 2. Private Kimberley Papers, Kimberley to Capt.Cavendish, 30 May 1895.

reforms in their system of government. The foreign representatives in China were not very hopeful on this score and they became much less so when they saw how little the Chinese were doing to defend themselves even in wartime. They concluded that nothing short of a calamity would convince the Chinese of the need for change. They would have hoped for an astounding Japanese victory and occupation as a means of rousing the Chinese had they not been fearful that this might have other consequences.¹ When some of the European countries were putting projects for reform before the Chinese at the end of the war, they confessed their anxiety to get the projects launched at once - before the Chinese relapsed into their usual state of passive unconcern.

Whether or not the war eventually led to the regeneration of China, it was evident that she would be completely impotent for some time to come. In the eighties many people in England had thought that Chinese strength was at last reviving and that she was on the verge of becoming an effective Power. The friendship between the two countries had then been so close that it was often referred to in common speech as an alliance.² The war made it clear that for a while at least Chinese friend-

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1. Private Kimberley Papers, O'Connor to Kimberley, Private, 22 November 1894.
 2. Cp. E. V. G. Kiernan, British Diplomacy in China, 1880-85, [1939], 300-02 & 303-05.

ship would not be much of an asset. This affected the British because they had relied partly on the preservation of this friendship for the protection of their interests in Asia. In a number of British communications to the Chinese in the first months of 1894 the stress on the identity of British and Chinese interests is noticeable. The natural desire to be on good terms with a country in which they had extensive commercial interests does not seem sufficient reason for this. A consideration of the British position in India helps to explain it.

The British establishment in India had involved them with Russia in Central Asia and with France in the Indo-Chinese peninsula. In both these places there were special questions at issue at this time. In central Asia, the negotiations between Britain and Russia to settle their frontier on the Pamirs were in their last stages. In the Indo-Chinese peninsula, the French and British were considering the establishment of a neutral buffer state on the upper Mekong as a means of giving effect to the desire they had both expressed to keep their possessions in the Indo-Chinese peninsula. In both these cases China was the fourth great Power in the area and was also in some measure involved in

the question at issue. It was only natural that the British should want in each case to be able to count on the support of the Chinese, or at least to be sure that it did not go to the other side. This became the more important as France and Russia drew closer together. But just at this time China became absorbed in the war which soon showed how hopelessly weak and inert she was. "She will no longer be any use to us as a bogey to France in Siam and to Russia in Central Asia" wrote an official of the British Legation in Peking.¹ There was also the danger of a relaxation of Chinese control over her extensive possessions in Central Asia which might make it easier for Russia to encroach upon them. The Government of India was considering what attitude they should take to the rather shadowy Chinese claim to suzerainty over Nepal. Kimberley's opinion was that "It would be a very good thing if this connection with China ceased. Some day Russia if she gained paramount influence over China might use it for her own purposes".²

This situation was particularly serious for the British, coming as it did at a time when there was a general quickening

1. Henry Cockburn (Assistant to the Chinese Secretary in the British Legation at Peking) to Francis Cockburn, ^{10 February 1895} This is in a small collection of Mr. Cockburn's letters in the possession of his son.
2. O'Connor to Kimberley, No.164, 30 April 1895, FO17/1267. Minute by Kimberley.

of European interest in the Far East and when the Franco-Russian alliance had become a potential force.¹ Russia and France had both increased their squadrons in the Far East and Japan was beginning to construct a first class fleet. Britain had also increased her squadron on the China Station but, though it was superior to either the French or the Russians alone, it was no longer stronger than a combination of the two.² All these circumstances encouraged the British to lean towards Japan - the new power in the Pacific. Whilst the Liberal Government was in office, the British desire to cultivate Japanese friendship is very noticeable. There was some background for this recognition of Japanese development. In July 1894 long negotiations for treaty revision had been concluded by the signature of a treaty providing for the ending of extraterritoriality in five years time.³

It was a mark in Japan's favour, in the eyes of the British, that her activity was likely to increase the pre-occupation of Russia with the Far East for this might lead to a relaxation of Russian interest elsewhere. If Russian

1. In November, 1893, Dufferin wrote to Rosebery of the Franco-Russian understanding that "... it is certain that the diplomacy of Europe is face to face with a new situation; that as far as we are concerned we shall now find the Representatives of France and Russia allied against us in respect of all the current controversies of the day in which the interests of one or other of these Powers are concerned; and that both are likely to prove more susceptible, more exacting and peremptory than formerly". Dufferin to Rosebery, No.450 Confidential, 3 November 1893, from a copy in the Private Kimberley Papers.

2. B.F.S.P., LXXXVI, [1893-94], 39-51.

3. A.J. Marder, British Naval Policy, 1880-1905, (1940), 239.

interest were concentrated in Central Asia, the British did not feel at ease in India; if in the Near East the chances of some minor dispute resulting in a European conflict were increased. Therefore the development of Russian interest in the Far East must in some respects have been a relief to the British. There, the paths of Russian and Japanese ambition crossed each other:

"The real object of Japanese policy and of the war", commented Kimberley, "is to prepare for the dangers which they apprehend from the development of Russian strength on the completion of the Siberian railway..."¹

Kimberley thought that the contingencies in which the Japanese might menace British interests were distant and that in the meantime they would be too much concerned with combatting Russian ambition to seek other rivals. He considered the increased strength of Japan an advantage to the British as a counterpoise to that of Russia. In short, "our policy must be to make her our ally".² As early as September, 1894, there is evidence that the British desire for Japanese friendship was entering into their consideration of other questions. Bertie, writing to Kimberley about the danger of the Japanese ignoring their promise not to attack Shanghai,

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1. Minute by Kimberley, 12 April 1895, on a Report from the Intelligence Division of the War Office, 8 April 1895, FC17/1252.
 2. Private Kimberley Papers, Kimberley to Captain Cavendish, Private, 30 May 1895.

said "The active friendship of Japan would be very useful to us in a contest with Russia in the Far East but we shall not gain it by any hesitation in our attitude..."¹

The question of a formal alliance was not raised. The British aim was to develop such friendly relations with Japan that they could count upon the Japanese being on their side in the event of a crisis.

The successes of the Japanese forces in the war caused great elation in Japan and the strong feeling in the country in favour of pressing their advantage, advancing to Peking, and dictating a favourable peace treaty there made it difficult for the Japanese Government to enter into peace negotiations at an earlier stage. On the other side, the pride of the Chinese had not been lessened by their humiliating defeat. When it came to suing for peace they were very much on their dignity and resisted any procedure that seemed to them to be beneath it. A fresh attempt to launch negotiations, made by the American Ministers at Peking and Tokio at the turn of the year, came to grief at first over the reluctance of the Chinese to give their delegates conventional full powers - an event which Kimberley considered "interesting" and Rosebery "superfluous" as an "illustration of Chinese

1. Private Kimberley Papers, Bertie to Kimberley, 29 September 1894.

obstinacy".¹

Eventually negotiations between the Chinese and Japanese were started. The Chinese had been persuaded to give their delegates regular full powers. They also gave way to the Japanese insistence that their plenipotentiary should be some one of high rank and appointed Li Hung-chang. The Japanese then told them that negotiations would be useless if the Chinese delegates were unable to negotiate on the basis of the payment of an indemnity and the cession of territory and the Chinese apparently conceded this point too.² But they were still afraid that it might lead to complications with other Powers and they began to sound out the attitude of European Governments to the possibility of the cession of Chinese territory to Japan.³

The difficulties of the Tsungli Yamen were increased by the fact that they were dealing with two different problems. They had at the same time both to negotiate with the Japanese and to convince a large section of Chinese official opinion that negotiation was the policy to adopt. The existence of a strong party in China which still wanted to continue the

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1. O'Connor to Kimberley, No.52, 13 February 1895, FO17/1233. Minutes by Rosebery and Kimberley.
 2. Kimberley to O'Connor, Tel.11, 25 February 1895, FO17/1242; O'Connor to Kimberley, Tel.12, 2 March 1895, FO17/1243.
 3. O'Connor to Kimberley, Tel.10, 23 February 1895, FO17/1243.

war no doubt partly accounted for the delay and the evasion of the Chinese in starting negotiations. The Ministers of the Tsungli Yamen pointed out to O'Connor that they incurred much unpopularity by opposing this group. Li Hung-chang was in a particularly awkward position. He had been considered responsible for the conduct of the war and his reputation had already suffered greatly on account of the Chinese defeat. A Japanese attack on the province of Chihli in his absence would be taken as a sign that he was working in the interests of the Japanese. In that event or if the terms of the treaty were very harsh, Li might no longer have the authority to persuade the Chinese Government to ratify the treaty he had concluded.¹

The British were not entirely wanting in appreciation of the difficulties of the Chinese position in starting negotiations. But they were far more sensible of the difficulties the Chinese would incur by not doing so. The manifest inability of the Chinese to continue the war without suffering disastrous defeat determined the British approach to the subject. There was a general belief that a resumption of hostilities would be followed almost immediately by a Japanese march on Peking and many observers thought that the capture of

1. O'Connor to Kimberley, Tel.8, 18 February 1895, FO17/1243.

the capital would lead to the fall of the dynasty. Therefore the British urged the Chinese to start negotiations without delay, arguing that the Japanese terms would only become more severe with the passage of time and prolonged Chinese resistance. They also tried to impress the importance of opening negotiations on the Japanese. Kimberley pointed out how inimical to Japanese interests would be the general disruption which might follow a Japanese occupation of Peking - and how embarrassing it would be for the Japanese if there were no Chinese Government left with which they could negotiate a settlement.

The first anxiety of the Chinese in the negotiations was to arrange an armistice and Li Hung-chang requested one almost immediately after his arrival at Shimonoseki on 19 March. The Japanese offered an armistice for two months provided Shanhaikwan, Tientsin, and Taku were handed over to them temporarily and the railway from Shanhaikwan to Tientsin placed under their control. They refused to disclose their conditions for peace until the Chinese accepted these terms.¹ But acceptance would have put Peking at the mercy of the Japanese and made a farce of negotiations on unknown terms of peace. The Tsungli Yamen wanted to know

1. O'Connor to Kimberley, Tel.18 (P.), 22 March 1895, F017/1243.

what these were before replying to the proposal for an armistice.¹ Kimberley thought the request reasonable and asked if the Russian Government would join the British in telling the Japanese so.² But the Chinese formally declined an armistice on the Japanese terms before the British had taken any action.³ And before the consequences of the Chinese refusal could be felt, came the attempted assassination of Li Hung-chang by a Japanese fanatic. Following the incident, negotiations were suspended although not abandoned by the Chinese. The Viceroy's son was instructed to take his father's place and to enquire what conditions the Japanese had in mind for peace.⁴ To atone for the accident, the Japanese Government, at the command of the Mikado, offered an armistice without the conditions on which they had previously insisted.⁵ This was concluded on 1 April, to last for twenty days. It applied only to the three northern provinces of Chihli, Jehol, and Shantung. Formosa

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1. O'Connor to Kimberley, Tel.18 (P.) 22 March 1895, F017/1243.
 2. Kimberley to O'Connor, Tel.24, 23 March 1895, F017/1242.
 3. Kimberley to Lascelles, Tel.32, 25 March 1895, F065/1493.
 4. O'Connor to Kimberley, Tel.21, 27 March 1895, F017/1243.
 5. Lowther to Kimberley, Tel.30 Confidential, 29 March 1895, F046/456.

was excluded.¹

On 4 April 1895 the Japanese announced their peace terms. They asked for the cession of the Liaotung Peninsula, Formosa, and the Pescadores; the payment by China of an indemnity of 300 m. taels (about £30 m.) and of the expenses of the temporary occupation of Shengking and Shantung; and the recognition by China of Korean independence. They wanted a new commercial convention to be concluded between the two countries. Their peace terms already included extensive commercial demands, including requests for most-favoured-nation treatment for Japan in China, the right to establish warehouses in the interior, the right to import machinery, to manufacture goods in China, and to have those goods treated like imported goods with regard to taxation. They wanted foreign goods imported by Japanese merchants to be freed from further taxation by the payment of a commutation tax of 2% of their value, and Chinese goods transported in Japanese boats to be subject only to coast trade duties. They also requested the removal of the Woosung bar, which restricted the approaches to Shanghai; the free navigation of the Woosung river from Shanghai to Soochow and Hangchow, of the West River from Canton to Wuchow, and of Lake Tung Ting and the Liang-siang river up to Siang-tan; and the

1. Lowther to Kimberley, Tel.32, 1 April 1895, FO46/456.

opening of Chung king, Siangtan, Wuchow, Peking, Shashih, Suchow, and Hangchow as Treaty Ports.¹

However in the course of the next fortnight the Japanese modified their terms considerably. They gave up their demand for the right to navigate the West River, the Liang-Siang river and Lake Tungting and for the opening of Wuchow, Siangtan, and Peking. They abandoned the proposal for a commutation tax and the request for the right to establish warehouses in the interior.² Some of the other conditions were altered: a smaller section of the Liaotung Peninsula was to be ceded, the indemnity was reduced to 200 m. taels (about \$20 m.), and the request for the payment of occupation expenses waived.

The immediate Chinese reaction to the original terms had been unfavourable and the Tsungli Yamen had appealed at once to the British, Russian, French, and German Governments for their good offices in moderating the Japanese demands.³ They hoped too that more substantial support might be forthcoming from some of these Powers. But, despite rumours of

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1. O'Connor to Kimberley, Tel.23, 4 April 1895, F017/1243; Kimberley to O'Connor, Tel.36, 8 April 1895, F017/1242; Lowther to Kimberley, Tel.33, 4 April 1895, F046/ 456.
 2. O'Connor to Kimberley, Tel.30,16 April 1895, F017/1243, O'Connor to Kimberley, Tel.31,17 April 1895, F017/1243.
 3. Kimberley to O'Connor, Tel.39,10 April 1895, F017/1242.

of foreign intervention, the Chinese could secure no promise of military assistance in the event of their rejecting the Japanese demands. With such a promise they would gladly have done so, but the Tsungli Yamen were too painfully aware of the weakness of the Chinese position to do so without it. As their despair of any foreign help grew, they became more and more inclined to accept the Japanese terms.¹ O'Connor thought that if the Japanese modified their terms, they would be accepted. The various modifications which the Japanese introduced made the pill seem less bitter to the Chinese and, there being no other alternative in sight, the Chinese agreed to accept the revised terms. The Treaty of Shimonoseki was signed on 17 April 1895.² Ratification was to take place within three weeks.

Russia had obviously been the great hope of the Chinese who were said to be ready to make large concessions to her in Manchuria in return for her support in rejecting the Japanese demands.³ But, although there were rumours in China that Russia was going to intervene in conjunction with

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1. O'Connor to Kimberley, Tel.28 Secret & Tel.29 Secret, 13 April 1895, F017/1243.
 2. Lowther to Kimberley, Tel.37, 17 April 1895, F046/456; J.V.A.Mac Murray, Treaties and Agreements with and concerning China, [1921], I, 18.
 3. O'Connor to Kimberley, No.129 very confidential, 10 April 1895, F017/1234.

France and Germany, the Chinese were apparently unable to secure any assurance of support and these powers had taken no action by the time the treaty was signed on 17 April.

This was not the result of indifference. On 8 April, the Russian Government suggested to the British that the European Powers should tell Japan that they thought permanent Japanese possession of the Liaotung Peninsula, particularly of Port Arthur, would be a menace to peace in the Far East.¹ The British refusal to join in such action was evidently a blow to the Russians who did not immediately proceed with their plan. Lobanov repeatedly affirmed his belief that if all four powers joined in making the protest, Japan would comply. But despite the Russian hesitation, Lascelles, then British Ambassador in St. Petersburg, noted the "growing determination" of the Russians "to have the Japanese demands withdrawn"² and immediately after the signature of the treaty, the British were informed that the Russians, French, and Germans were going to make a protest on the lines suggested before. The persistent Russian efforts to persuade the British to join them were unsuccessful. On 23 April 1895

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1. Kimberley to Lascelles, Tel.46 Secret, 8 April 1895, F065/1493.
 2. Lascelles to Kimberley, No.89 Secret and Confidential, 10 April 1895, F065/1490.

the Russian, French, and German Ministers in Tokio made the protest to Japan.¹ The Japanese Government was in an awkward position. The peace was not popular in Japan and the Government was afraid that their withdrawal might lead to internal trouble.² But they were also too exhausted by the war to engage in a fresh conflict and the threatening tone of the communications from the three powers and also various moves of the Russians suggested that they would resort to force.³ Moreover the British warned Japan that they thought Russia was bent on winning her point and that Britain would not support Japan in resisting the demands of the Powers.⁴ In face of all these circumstances, on 5 May the Japanese gave way.⁵

The British decision not to intervene was the fruit of much consideration. The Japanese had announced their conditions for peace on 4 April 1895. A number of reports received in the next four days acquainted the British Government with the Japanese proposals.⁶ They received their first

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1. Lowther to Kimberley, Tel.42, 24 April 1895, F046/456.
 2. Lowther to Kimberley, Tel.46, 27 April 1895, F046/456.
 3. Lowther to Kimberley, Tel.51, 6 May 1895, and Tel.52 8 May 1895, F046/456.
 4. Kimberley to Lowther, No.37, 29 April 1895, F046/449.
 5. Lowther to Kimberley, Tel.51, 6 May 1895, F046/456.
 6. O'Conor to Kimberley, Tel.23, 4 April 1895, F017/1243; Lowther to Kimberley, Tel.33, 4 April 1895, F046/456.

detailed news of the Japanese commercial demands from the Japanese minister in London on 5 April. On 8 April the Cabinet met, at Kimberley's request, to consider whether Britain should take any action. They decided that "the Japanese conditions do not afford grounds for interference on our part".¹

The Russians, French, and Germans were informed of this decision on the same day. De Staal had come to the Foreign Office to communicate the Russian Government's suggestion of a protest when Kimberley told him of the Cabinet's decision.²

The British then waited anxiously to see whether the Chinese would accept the Japanese terms and whether the other Powers would protest against them. The Treaty of Shimonoseki was signed on 17 April 1895 but the period of uncertainty was not over, for Russia, France and Germany then decided definitely to make their protest. Kimberley asked Lowther what effect this was likely to have on Japan.³ "Unless warnings are to be followed by force they will have no effect..." was the reply.⁴ All three Governments pressed the British to join them. The question was raised again

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1. Kimberley to O'Connor, Tel.37 Secret, 8 April 1895, F017/1242.
 2. ibid.
 3. Kimberley to Lowther, Tel.13 Secret, 20 April 1895, F046/455.
 4. Lowther to Kimberley, Tel.40, 22 April 1895, F046/456.

at the Cabinet meeting on 23 April but the original decision not to intervene was reaffirmed.¹ That evening the protest of the three Powers was made in Tokio. In the meantime the Russians made a last effort to persuade the British to support the action that was being taken. Lobanov suggested that she should join the protest on the secret understanding that she would not be obliged to join in using force if that became necessary.² Rosebery concurred in Kimberley's opinion that this arrangement was unacceptable and the British Government maintained their decision to refrain from intervention.³

Professor Langer has commented that "... we know almost nothing of the discussion or of the motives which kept the British standing aside".⁴ The Foreign Office records for the period have since been opened. These and Kimberley's Papers, considered in conjunction with the published material, shed much light on the British policy in this question.

At first the British had a great deal to gain from

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1. Private Kimberley Papers, Memorandum of Decision of Cabinet, 23 April 1895.
 2. Kimberley to Lascelles, No.118A, 24 April 1895, FO55/1489.
 3. *ibid.* and Kimberley to Lascelles, Tel.63, 25 April 1895, FO55/1493.
 4. W.L.Langer, The Diplomacy of Imperialism, [1935], I,185.

not interfering. The Japanese peace terms included demands for many new privileges for foreign trade which British merchants had been wanting for a long time and were then pressing their Government to obtain. The extraction of commercial concessions from the Chinese was invariably an arduous task but for once they seemed obtainable at the cost of very little effort to the British since this time most of the work of persuasion would fall to the Japanese. The British Government were eager to make the most of such an opportunity. When Kimberley informed O'Connor of the Cabinet's decision he explained that "Her Majesty's Government attach much importance to the commercial stipulations communicated by the Japanese Minister".¹

Such a compelling reason for abstaining must have been particularly welcome to Kimberley and Rosebery because the vehement disapproval of "meddling" expressed by Harcourt promised vigorous opposition from within the Cabinet to any proposal for intervention. "Is there no pie in the world out of which we can manage to keep our fingers?" wrote Harcourt in reply to word from Kimberley that the Japanese terms raised serious issues which would require careful consideration by the British, "...-- though I know we meddle everywhere, particularly where we have no concern".²

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1. Kimberley to O'Connor, Tel.37 Secret, 8 April 1895, FO17/1242.
 2. Private Kimberley Papers, Harcourt to Kimberley, Private, 5 April 1895. The first part of this quotation is in A.G.Gardiner, Life of Sir William Harcourt [1923] II, 338.

Relations with Harcourt were exceptionally strained at this time. The vigorous exception he had taken to Grey's declaration on the Upper Nile, made in the House of Commons on 28 March, had led him to ask to "see all answers on important questions (and) to make, on behalf of the Cabinet, all important statements in debate on foreign affairs"

and an arrangement on these lines was made.¹ In the meantime a proposal to examine the cost of a railway linking Uganda and the coast had led Harcourt to threaten resignation: "I can inform you at once without the aid of experts what your railway will cost.

It will be three Cabinet Ministers including the Chancellor of the Exchequer..

I am not at all disposed to be shoved down an inclined plane on this matter".²

Kimberley was evidently stirred by his difficulties with Harcourt at this time to complain to Rosebery of the

difficulty of his position. Rosebery replied: "... I agree with you that the position with regard to foreign affairs is almost intolerable. Had it not been that on the whole we have had our way, I should have thought it my duty to make way patriotically for a homogeneous government that could carry out an efficient foreign policy. That is my answer to what you say about our having no policy - so far our policy has prevailed and has been satisfactory and efficient.

-- But I do not disguise from myself that we are approaching the parting of the ways because I cannot compromise on these vital matters".³

1. A.G. Gardiner, Life of Sir William Harcourt, [1923] II, 335-37.
2. A.G. Gardiner, Life of Sir William Harcourt, [1923] ,II,334.
3. Private Kimberley Papers, Rosebery to Kimberley, Private & Secret, 7 April 1895.

Clearly Kimberley and Rosebery would have wanted to avoid courting fresh disagreement at such a time. As it was, the attraction of the Japanese commercial demands largely stifled other considerations and the initial decision of the British Government to abstain from intervention seems to have been reached fairly easily. There apparently was not much dispute about it in the Cabinet; there was little reference, in making the decision, to the probable action of the other Powers; and there is little trace of any wish immediately afterwards to have chosen otherwise.

Unfortunately for the British, however, the commercial demands were anathema to the Chinese, and the Japanese were ready to withdraw many of them in their attempt to induce the Chinese to conclude the treaty.¹ The comparatively meagre commercial stipulations that remained formed a much less compelling invitation to abstain and other factors, consideration of which had been to a large extent forestalled by the attraction of the original commercial demands, now loomed larger. Moreover in the meantime the plans of Russia, France, and Germany to intervene had taken more definite shape.

The strongest reason in favour of British participation in the intervention was the desire to continue acting with Russia and the other Powers. Rosebery had spoken during the

1. O'Connor to Kimberley, No. 155, 25 April 1895, FO17/1234.

war of "the paramount importance of maintaining the concert of Europe" in this question.¹ Kimberley had made co-operation with Russia a fundamental element of his policy in the matter and the two countries had acted together since just before the outbreak of the war.² This partnership had been accompanied by hopes of a general improvement in their relations and had even given rise to some talk of an understanding between them.³ The irritation of the Russians with the initial British decision not to intervene had given the British an unpleasant fore~~state~~^s of the bad effect^{which} their abstention was likely to have on their relations with Russia. Consequently when they considered the question of intervention again, they were affected much more by reluctance to separate from Russia.

However all the information the British received convinced them that force would have to be used or, at least, threatened if the intervention were to achieve its object. Had they wanted to use force, they had sufficient strength in the Far East to do so. They had reinforced their squadron on the China Station in October 1894 when they decided to resist any Japanese attempt to attack Shanghai.⁴ What had

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1. Lord Crewe, Lord Rosebery, [1931], II, 554, quoting from Lord Rendel, The Personal Papers of Lord Rendel, [1931], pp. 258-65.
 2. Vide supra. p. 49
 3. Lascelles to Kimberley, no. 275 Confidential, 29 November 1894, F065/1473.
 4. Vide supra. p. 44

been considered enough for single-handed British resistance to the Japanese in the full flush of their first victories was presumably ample for joint action with other Powers against a Japanese force now tired by the exertions of war. Indeed the British seemed confident that they held the decisive position. Sanderson commented on a memorandum received from the Intelligence Division of the War Office which showed the weakness of the Russian forces in their Far Eastern territories: "It shows very clearly why the Russians object so strongly to the cession to Japan of the Liaotung Peninsula, how little able they are to prevent it, and the reason therefore of their great vexation that we, who could prevent it, will not join them for the purpose".¹

Nevertheless the British decided to adhere to their original decision on the grounds that "it is not possible for us to embark on a policy of this kind without knowing the ulterior measures to which it is in contemplation to have recourse in the, in our opinion, almost certain event of Japan refusing to yield to the desire of the Powers".²

Rosebery later wrote that his aim had been to "reserve strength for this question, and possible occasions of a similar kind. .. I would have Great Britain hanging like a thundercloud over these filibusters: not dispersed in showers all over the Empire".³

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1. Minute by Sanderson, 11 April 1895, Intelligence Division, War Office, to Foreign Office, 8 April 1895, FO17/1252.
 2. Private Kimberley Papers, Memorandum of Decision of Cabinet 23 April 1895. This is the communication reproduced in A. Meyendorff, Correspondance Diplomatique de M.de Staal, II, 258, where it is described as "sans doute du commencement de février (sans date) et probablement pro memoria d'un entretien avec Lord Rosebery". Actually, Kimberley made this communication to de Staal on 23 April 1895, Kimberley to Lascelles, Tel.57, 23 April 1895, FO65/1493.
 3. Lord Crewe, Lord Rosebery, [1931], II, 554.

The evident determination of the British not to use force in this question appears to have been the consequence of their desire to keep on good terms with Japan combined with the fact that the subject of the protest - the Japanese acquisition of the Liaotung Peninsula - did not directly touch any special British interest. When Kimberley first heard of the Japanese demand for the cession of the Liaotung Peninsula, he had described it as the most serious of their terms.¹ And in a general sense the change in the balance of power which such a disturbance of the status quo would entail would be most unwelcome to the British. The position of the Liaotung Peninsula, so near Peking, the capital of China, and commanding the sea approaches to it, would enable any foreign power established there to exercise great influence over the Chinese Government. The fact remained however that British interests were largely concentrated in the centre and south of China, and the British aim was to confine action to areas where they had specific interests at stake.² "Le Cabinet de Londres", wrote de Staal, "continue à être dominé par la crainte ... d'être entraîné au delà des limites qu'il a tracées à sa politique dans l'Extrême-Orient...".³

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1. Private Kimberley Papers, Harcourt to Kimberley, 5 April 1895.
 2. cp. Kimberley to Queen Victoria, 25 April 1895, Letters of Queen Victoria, II, 496.
 3. A. Meyendorff, Correspondance Diplomatique de M. de Staal, [1929], II, 269.

Equally important was "the desire to keep Japan on our side"¹ which Rosebery cited later as one of the main aims of his policy at the time of the intervention, Kimberley wrote to the Queen that he was "convinced that it would be a fatal mistake to deprive Japan of the fruit of her victories by compelling her to relinquish a portion of the advantages she has secured by her treaty with China".²

In the preceding months many British officials had voiced similar opinions of the importance of according Japan the recognition due to a rising power. Moreover the very strong bias of public opinion in favour of Japan reinforced the desire the Government had shown from the beginning of the war to encourage Japanese friendship, a wish later summed up by Kimberley in the statement that "our policy must be to make her our ally".³

Before the Japanese demands were definitely known de Staal had thought that what the British feared most was that the war would be followed by an alliance between China and Japan in which Japan would guide the regeneration of China.⁴ Hatzfeldt had the same impression and considered that the

1. The Marquess of Crewe, Lord Rosebery, [1931] ,II,554.
2. Letters of Queen Victoria, II, 496.
3. Private Kimberley Papers, Kimberley to Captain Cavendish, Private, 30 May 1895.
4. A. Meyendorff, Correspondance Diplomatique de M. de Staal, [1929] ,II, 263 & 266.

British desire to avoid any misunderstanding with Japan represented an attempt to safeguard British interests in China from the injury they might otherwise suffer from such a combination.¹ Fear of such a development was perhaps the underlying inspiration of the British insistence upon the importance of giving full recognition to the rising power in the Far East. Yet there is little in the British documents to show that this concern was weighing particularly heavily on the minds of the British at that time. In the uncertain atmosphere of the period before the conclusion of peace there was a general sense that anything was possible. But the instant inquiry as to the truth of a report in the Times that an offensive and defensive alliance between China and Japan was one of the terms of peace seems to reflect surprise at a development which was not expected (and which did not in fact materialize) as much as alarm at the event.² Certainly this was not the immediate concern governing British policy in the sense of Dr. Joseph's suggestion that the British inclination to intervene varied directly in proportion with the indications of the extent of Japanese ambition in China.³ It is true that any sign that negotiations might

1. cp.P. Joseph, Foreign Diplomacy in China, [1929] ,106.

2. Kimberley to O'Conor, Tel.40, 16 April 1895, FO17/1242.

3. P. Joseph, Foreign Diplomacy in China, [1929],p.117-18.

break down and hostilities be resumed spurred them to urge the conclusion of peace with fresh vigour. But in this they were dominated by the fear that the renewal of the war might lead to the collapse of China : a prospect that appalled them in any event without specific reference to the advantage that the Japanese might take of it. It was recognized that an alliance between China and Japan might be dangerous for Britain but the danger was not considered an immediate one.

Three weeks after the treaty had been ratified Kimberley said: "What would happen if China were to follow the example of Japan and civilize herself, and if Japan and China were to be allied is another affair, but this if is a contingency which need not trouble us now".¹

Professor Langer has written that: "All we know, from Queen Victoria's correspondence, is that Rosebery personally would have liked to work with Russia, that he had great difficulties with his colleagues, and that in the end he was unable to convince them".²

It is true that Rosebery would have liked to work with Russia and greatly regretted the separation from her - regretted it to the point of seeming to resent the decision that had been made. Yet there is no evidence that Rosebery disagreed with Kimberley, who would also have liked to work with Russia, in feeling the greater weight of the arguments against taking part

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1. Private Kimberley Papers, Kimberley to Captain Cavendish, Private, 30 May 1895.
 2. W.L. Langer, The Diplomacy of Imperialism, [1935], I,185.

in the intervention. It was arguments in this sense which Rosebery cited two and a half years later as having been the guiding motives of his policy at the time: the 'desire to keep Japan on our side' and to 'reserve strength'.¹ The Queen too, who, as Professor Langer noted, deeply regretted that England could not join the powers, at the same time admitted "the impossibility of our doing so".²

Rosebery certainly appears to have felt himself hampered by differences of opinion within the Cabinet when the question of intervention was reconsidered after the signature of the treaty. He told the Queen that "the difficulties in the Cabinet were great".³ Previously he had touched on this subject in a conversation with de Staal who reported that

"..Lord Rosebery se plaignit des difficultés qu'il rencontrait parfois dans le manieement des affaires politiques. Le systeme des Conseils de Cabinet lui paraissait peu fait pour discussion de questions delicates ou complexes. Convoques souvent avec precipitation, ces Conseils reunissaient des personnes tres competentes pour les affaires interieures du pays, mais souvent peu aptes a saisir les combinaisons de la politique etrangere. Les decisions prises se ressentaient quelquefois de ces inconvenients...".⁴

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1. The Marquess of Crewe, Lord Rosebery, [1931], II, 554. Vide Supra, p. ⁷⁶29 & ⁷⁸30.
 2. Letters of Queen Victoria, Third Series, II, 497.
 3. ibid., 499.
 4. A. Meyendorff, Correspondance Diplomatique de M. de Staal, [1929], II, 259.

But what trace is there of these difficulties in the action taken by Rosebery and Kimberley? In the circumstances, the various considerations which were important to them would not appear to have allowed much alternative to the policy they in fact pursued. They themselves were opposed to using force in this question and yet were convinced that force, or the threat of force, would be necessary if the intervention were to succeed. They were both unwilling to adopt the expedient, suggested by Russia, of joining in the protest but holding aloof if it came to using force - particularly since they were so sure that force would be necessary. And they were able to counteract the support for Japan implied by their refusal to intervene and to show sympathy for Russia by their warning to Japan that they would not help her to resist the Russian demands.

This is not to say that there was not difference of opinion within the Cabinet on the subject. Kimberley and Rosebery on the one hand and Harcourt on the other approached the question from sharply contrasting points of view. Harcourt vigorously decried the significance of the issues raised by the Japanese terms, Kimberley firmly refused to acquiesce in this denial of the gravity of the situation.¹

1. Private Kimberley Papers, Harcourt to Kimberley 5 April 1895;
Kimberley to Harcourt 6 April 1895;
Harcourt to Kimberley 6 April 1895;
Kimberley to Harcourt 7 April 1895;

Harcourt's indifference to the importance of working with Russia must have been a particular source of irritation when the question of intervention was being reconsidered for then it was the consequences of separating from Russia which particularly worried Rosebery and Kimberley. In point of fact circumstances left little room for this divergence to have much practical effect upon policy. Nevertheless, the mounting strain of the division within the Cabinet with regard to foreign affairs, no doubt especially telling on Rosebery at this time when he was not at all well, combined with his feeling that matters were coming to a crisis must have made Rosebery peculiarly sensitive to every difference of opinion whatever its actual effects. This acute awareness of underlying differences would seem to account to a large extent for his strictures upon the Cabinet in this question.

The desire to confine their action in the Far East within certain restricted limits and the wish to avoid alienating Japan seem to have been the considerations immediately responsible for the British decision not to join the intervention. But their decision was reinforced by two more general considerations which, although less direct in their operation, must to a large extent have formed the framework within which the British choice was made. One was their increasing impatience for a final

settlement: one gets the impression that the British were anxious that a settlement should be reached rather than that further time should be spent upon perfecting its terms. This arose directly from their concern with the protection of British trade in China and their consequent fear of the effects of a resumption of hostilities. The other consideration was the "profound distrust of the professed disinterestedness of the European powers in the Far East"¹ which the British felt. The very fact that this feeling was deep-seated adds to the difficulty of defining with precision its effect upon British policy. There is abundant evidence that the British were aware of the ambitions of the Powers in the Far East but very little reference is made to this in connection with their decision. Nevertheless the British appreciation of the fact that the intervention would be made a stepping stone for the advancement of these ambitions must have made it seem a futile proposition from their point of view.

1. Lillian M. Penson, "The New Course in British Foreign Policy, 1892-1902", Transactions of the Royal Historical Society, 4th Ser., XXV, 1943, p.138.

CHAPTER 4

BRITISH POLICY AND THE DEVELOPMENT OF FOREIGN

INTEREST IN CHINA, 1895-97

British satisfaction with the conclusion of peace was somewhat marred by the circumstances in which it was finally achieved. The success of the intervention enormously increased the influence of the intervening Powers over the Chinese Government and provided them with grounds for claiming special concessions from the Chinese as a reward for their services. When the Chinese heard that the Japanese had given way to the demands of the Powers, they pleaded for delay in the ratification of the treaty so that it could be revised first. But the Japanese were yielding nothing to China and insisted upon the treaty being ratified as it stood and revised at leisure.¹ The revision took place at a very leisurely pace. The Japanese demands for compensation were not formally announced until 19 July² and the Supplementary Treaty was not signed until 8 November³ - exactly six months after the ratification of the Treaty of Shimonoseki. The increased influence of the three

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1. Lowther to Kimberley, Tel.53, 8 May 1895, F046/456.
 2. Lowther to Salisbury, Tel.75, most confidential, 19 July 1895, F046/456.
 3. J.V.A. MacMurray (Editor), Treaties and Agreements with and concerning China, [1921], I, 50.

Powers over the Chinese Government was prolonged by this delay in settling the question and enhanced by the Chinese dependence upon the three Powers' agreement with Japan for the retrocession of the Liaotung Peninsula. Moreover the conditions of the retrocession were arranged through the Russian, French, and German Governments and not between China and Japan directly.

The dangerous effects of Chinese subservience to the Powers were sharply impressed upon the British in the two months after ratification by the conclusion of the Russo-Chinese loan agreement and the Franco-Chinese frontier and commercial conventions. In consequence the British attitude to the negotiations arranging for the retrocession was dominated by their desire to lessen the influence of these Powers over the Chinese Government. On 7 June Lowther, acting on an idea of O'Connor's, suggested that the Japanese might seek commercial concessions, such as the opening of the West River, as compensation for the retrocession instead of the additional indemnity which they were generally expected to demand.¹ The British Government endorsed this idea, not only because they were anxious for the opening of the West River, but also because of their belief that "any considerable increase of the indemnity will throw China into great difficulties and a position of subservience to the Powers".² The Japanese did not repudiate

1. Lowther to Kimberley, Tel.66, 7 June 1895, F046/456.

2. Kimberley to Lowther, Tel.27, 7 June 1895, F046/455.

the idea of asking for commercial concessions as compensation but they made it clear that they were unwilling to forego an additional indemnity. Salisbury made an effort to hasten the negotiations shortly after he assumed office at the end of June. On being informed that the Japanese had not yet decided what demands they were going to make, he telegraphed to Lowther: "I do not know whether the Japanese Government quite realize that until the arrangement for the retrocession of the Liaotung Peninsula to China is concluded, China is completely under the domination of the three Powers and particularly of Russia and France ..."¹ But, despite Japanese professions that they were fully aware of the disadvantages of the situation, this effort had little effect and the repeated British suggestions that direct negotiations between China and Japan would be a much better way of settling the question were equally unproductive.

The special influence which France and Russia exercised over the Chinese Government owed much to the close and active co-operation of their Ministers at Peking, M. Gérard and Count Cassini "The Siamese twins of Peking Diplomacy".² "Nous étions toutefois si unis, le comte Cassini et moi," wrote Gérard, "notre action était si étroitement concertée et confondue, nos caractères et nos tempéraments se fondaient si bien...."³ Their close alignment was deliberately stressed. The purpose

1. Salisbury to Lowther, Tel.31 Secret, 11 July 1895, FO46/455.
2. Valentine Chirol, The Far Eastern Question, [1896], 69.
3. Mémoires d'Auguste Gérard, [1928], 266.

of an audience which the two ministers had with the Emperor on 7 June 1895 was simply to present letters announcing the accession of the new Tsar and President. They however concealed this fact and arranged the whole affair "to create an impression of the intimacy of the two countries."¹ They were each strengthened in their dealings with the Chinese by this partnership. Cassini, in negotiating the agreement for the first indemnity loan, was strongly supported by Gérard, and O'Connor thought that Gérard "probably felt freer than Cassini to hint at the results of displeasing Russia."² Similarly Cassini supported Gérard in his negotiations for a frontier and commercial convention, even accompanying him to the interview with the Tsungli Yamen at which the Conventions were signed.³ Sir Robert Hart, Inspector-General of the Chinese Customs Service, said that he was trying "to stiffen China's back a bit, and with some success, but I know she'll collapse the minute Cassini shows his teeth or Gérard frowns".⁴ Gérard wrote later that at the end of 1895: "La constellation qui régnait à Pékin, je veux dire la constellation franco-russe, allait pendant quelque temps briller sans trouble au firmament de la ville jaune".⁵

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1. O'Connor to Bertie, Private, 6 June 1895, F017/1235.
 2. O'Connor to Kimberley, no.229 Secret, 18 June 1895, F017/1236.
 3. O'Connor to Kimberley, Tel.77 (Paraphrase), 20 June 1895, F017/1268.
 4. S.F. Wright, Hart and the Chinese Customs, [1950], 659. Mr. Wright introduces this quotation in discussing the loan negotiations in June, 1895. The reference which he gives for it, however, is dated 19 April 1896.
 5. Mémoires d'Auguste Gérard, [1928], 271-72.

It was the marked antagonism which the French and Russians showed to everything British in China which made this combination particularly dangerous for Britain. O'Connor said that it was part of the "avowed policy" of Gérard and Cassini to "lose no opportunity of seeking to supplant British subjects¹ in the various positions which they occupy throughout China". And when Macdonald arrived in China in April, 1896 to take up his position as Minister, he wrote to Bertie that "The Russian and French hostility to anything British here is, from all accounts, quite extraordinary, to anyone coming from the outside world quite childish".²

The British first felt the impact of this new rivalry in the intense competition which began immediately after the conclusion of peace to provide China with the loan which she required in order to pay the indemnity to Japan. One source of confusion in these negotiations was that the Chinese did not know exactly how much they needed or wanted to borrow. The indemnity provided for in the Treaty of Shimonoseki was 200 m. Taels. (c. £20 m.). It was generally assumed that there would be an additional indemnity for the retrocession of the Liaotung Peninsula but the amount of this, 30 m. Taels (c.£3 mn.) was not definitely settled until October. It was also expected that the Chinese might want to borrow some money for current

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1. O'Connor to Salisbury, no.356, 13 September 1895, FO17/1238.
 2. Macdonald to Bertie, Private, 23 April 1896, FO17/1277.

government expenses. If they undertook the re-organization of their army and navy they would definitely require a considerable sum. But there had been no decision as to how much they should arrange to borrow. Moreover it was not certain at first whether the Chinese would raise the money they required by one loan or by a series of loans. Eventually the Chinese met their requirements by three foreign loans - the Franco-Russian loan of July, 1895, and the two Anglo-German loans of March, 1896, and March, 1898.

The British bank most interested in the matter was the Hong Kong and Shanghai Banking Corporation which for the previous twenty years had enjoyed a virtual monopoly of the banking business of the Chinese Government and had provided most of its loans.¹ They were anxious to maintain their predominant position and consequently were eager to be able to respond to an overture from Hart asking if they could provide the £60 m. which he thought China would require. This was a very large transaction for a bank of this nature but, having secured the co-operation of a German syndicate, they felt that they would be able to manage it. Cameron, the Bank's Manager, told Sanderson on 7 May that "this bank will undertake to find all the money required by China".² However they were afraid

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1. Cameron to Kimberley, 21 May 1895, FO17/1252; F. Tamagna, Banking and Finance in China, [1942], 24-25.
 2. Cameron to Sanderson, 7 May 1895, FO17/1252.

that foreign competition might upset the arrangements they were making. There were reports that French, Russian, and German financial groups wanted to make the loan, without English participation and on condition that some form of international control was introduced in the Customs Administration and that the Chinese placed a large number of orders in Germany and France.¹

Cameron had kept the Foreign Office informed of the steps the Bank was taking and now he seemed to hope for some more open support from the Government. But, although the Foreign Office hoped for the Bank's success, they felt that the competition of other countries made it impossible for them to give any such support. Sanderson proposed to tell Cameron that "if the Bank can manage the loan on the lines they wish, we shall think they have done extremely well. But ... the Government would rather only hear of it as an accomplished fact."²

Kimberley explained to O'Connor that "H.M. Government do not wish to intervene in this negotiation. Arrangement through English banks alone though favourable to British interests would excite great international jealousy and H.M.G. could not make themselves responsible for exclusion of other countries."³

However the Government was alarmed by the development of foreign competition in the following week which convinced them

1. Sanderson, Memorandum, 7 May 1895, F017/1252.
2. Sanderson, Memorandum, 13 May 1895, F017/1252.
3. Private Kimberley Papers, Kimberley to O'Connor, Telegram, Private and Secret, 15 May 1895.

that the Hong Kong and Shanghai Bank would not succeed in securing the contract for the loan and that there was danger of England being excluded. They particularly feared a Russian loan which they were sure would be accompanied by a guarantee which might have serious political consequences. They had also become more and more convinced of the importance of the Chinese raising all the money they required by a single transaction and thought that a series of loans would injure Chinese credit and "written away" her security.¹ These two considerations made the news that China was likely to accept a loan of \$8 m. from Russia particularly unwelcome.²

The new urgency of the question changed the Government's attitude to intervention and they turned to the Rothschilds, explaining afterwards to Cameron that "the pressure of other Governments on China had become so strong and that it was so clearly essential that the loan should be brought out as one transaction, that we have been compelled to get the assistance of the Rothschilds in preventing anything being done to prejudice British interests."³

It is difficult to trace clearly the first steps taken in this appeal to the Rothschilds. Rosebery had apparently had some conversation with Lord Rothschild the week before but at that time it was still hoped that the Hong Kong and Shanghai Bank might be able to manage the loan.⁴ Then on 19 May

1. Kimberley to Lascelles, Tel.87, 21 May 1895, F065/1493.
2. Kimberley to O'Connor, Tel.62 Secret, 13 May 1895, F017/1242.
3. Sanderson, Memorandum, 20 May 1895, F017/1252.
4. Sanderson, Memorandum, 13 May 1895, F017/1252; Rosebery to Sanderson, Telegram, 15 May 1895, F017/1252.

Sanderson mentions that Rothschild called on him during the day and his account of their conversation suggests that they had also been in touch on the previous day.¹ It seems possible that Rothschild called of his own accord in the first instance to convey some information which he had received about the grave state of the loan negotiations and that this information led to a decision to seek the Rothschilds' help in the matter. When Sanderson saw Rothschild on 19 May he "authorized" him to tell the Paris Rothschilds that "we trusted sincerely that no answer will be given to the Russian Finance Minister until the result of our communication to Prince Lobanow is known".² The next day Rothschild saw Kimberley at his house in Lowndes Square and made the suggestion that Rothschilds in Paris and London should be asked by the Chinese Government to investigate the best way of raising the loan and at the same time satisfying Russia, France, Germany, and England.³ Kimberley wrote to Sanderson: "... I think the move would be a good one ...⁴ ... you had better come here at once. We should lose no time". Nevertheless upon examination the situation, although urgent, had proved reassuring in some respects. It appeared that no

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1. Sanderson, Memorandum, 19 May 1895, F017/1252.
 2. Ibid. on 18 May Lascelles had been instructed to make Lobanow aware of the fact that the British knew of the Russian offer to China and to impress upon him the great interest of Britain in the question. Kimberley to Lascelles, Tel.81 and Tel.82 Secret, 18 May 1895, F065/1493.
 3. Kimberley to O'Connor, Tel.64, Secret, 20 May 1895, F017/1242.
 4. Kimberley to Sanderson, 20 May 1895, F017/1252.

large loan could be raised without recourse to the London money market.¹ Moreover the Paris Rothschilds, whom Witte had approached about the loan he was offering to the Chinese, had promised that they would not undertake any arrangement which was not acceptable to the British. And Kimberley wrote "We are at present masters of the situation".²

The British adopted Rothschild's proposal and placed it before the Chinese Government.³ But the Chinese turned it down. The Tsungli Yamen explained to O'Connor that they had already promised to borrow £8 m. from Russia and that, although they would normally have welcomed the British proposal, they felt that the loan was perhaps the best means of repaying the Powers.⁴ However the British did not appear to be much moved by the Chinese refusal. They were concentrating upon securing the agreement of the other three Governments to their plan. By 26 May Sanderson thought that "we have practically got the three Governments into an amenable condition"⁵ and when O'Connor telegraphed the next day that he had confidential information that the acceptance of a £16 m. loan from Russia had been sanctioned by Imperial Decree Sanderson commented that

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1. Kimberley to Sanderson, 20 May 1895, FO17/1252.
 2. Kimberley to O'Connor, Tel.64 Secret, 20 May 1895, FO17/1242. Private Kimberley Papers, Alfred de Rothschild to Kimberley, 22 May 1895.
 3. Kimberley to O'Connor, Tel.64 Secret, 20 May 1895, FO17/1242.
 4. O'Connor to Kimberley, Tel.57 Secret, 21 May 1895, FO17/1243.
 5. Sanderson, Memorandum, 26 May 1895, FO17/1252.

"this is the move we have more or less checked."¹

This confidence proved to be poorly founded. Ten days later they learnt that the Russian Government was on the point of concluding an agreement with Paris bankers for a loan of £16 millions.² This agreement was signed on 10 June.³

Rothstein, the Russian agent in these negotiations, claimed that before he left St. Petersburg the Chinese Special Envoy there had agreed to the terms.⁴ But the agreement between the Chinese and the Russian Governments was not finally concluded until 6 July.⁵ In the interval the British and German Ministers protested strongly against the conclusion of the loan,⁶ particularly against the Russian guarantee. They succeeded in instilling a great fear of the guarantee into the Chinese and in the end it was included in the agreement between the French Bankers and the Russian Government but not in the agreement between the Chinese and the Russian Governments.⁷ The British seem to have hoped during June that the Chinese might be persuaded not to accept the loan although there does not really appear to have been much chance of this. The chief mistake of

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1. O'Connor to Kimberley, Tel.61 Secret, 27 May 1895, F017/1243. Minute by Sanderson.
 2. Kimberley to O'Connor, Tel.72 Confidential, 5 June 1895, F017/1242.
 3. Kimberley to O'Connor, Tel.74, 11 June 1895, F017/1242.
 4. Gosselin to Kimberley, Tel.17, 14 June 1895, F064/1352.
 5. J.V.A. MacMurray, op.cit. [1921], I, 35-41.
 6. O'Connor to Kimberley, Tel.67 Secret, 10 June 1895, F017/1243.
 7. Dufferin to Salisbury, Tel.42 Secret, 9 July 1895, F027/3223.

the British at the earlier and crucial stage of the loan negotiations seems to have been that they relied too much upon their commanding position in the money market and paid too little attention to the Chinese end of the negotiations or to the possibility of the Chinese accepting a smaller loan which could be raised without the participation of Rothschilds or of the London money market.

In May O'Connor had obtained an assurance from the Tsungli Yamen that "no arrangement would be made for payment of indemnity to the exclusion of England"¹. The British reminded the Chinese of this promise on a number of occasions. They considered that the Russian efforts (in the middle of June) to conciliate Germany for her exclusion from the first loan by promising to see that Chinese naval and military orders were placed in Germany represented "a definite intention to exclude Great Britain" and O'Connor was told to make it clear to the Chinese that "we have ... no intention of being effaced."²

Shortly before the conclusion of the loan agreement between China and Russia on 6 July, the Hong Kong and Shanghai Bank and the Deutsch-Asiatische Bank came to an agreement to co-operate in offering China a loan of £16 millions, which she would need to pay the rest of the indemnity. The British Government, in response to the German request for their co-operation in the

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1. Private Kimberley Papers, O'Connor to Kimberley, Telegram, Private and Secret, 18 May 1895.
 2. Private Kimberley Papers, Kimberley to O'Connor, Telegram, Private, 18 June 1895.

matter, instructed O'Connor to join Schwenk, the German Minister in Peking, in supporting the proposal.¹ However one condition of the Russian loan was that China should not borrow any more money for six months. Consequently active negotiations for the second loan did not begin until November. Then there were disturbing reports that Schwenk was pressing for a separate German loan of £8 mn.² The British were afraid that if a separate German loan was made, Germany would claim that more Germans should be employed in the Customs Service and that British influence there would suffer as a result.³ However it turned out that the German banks, feeling bound by their agreement with the Hong Kong and Shanghai Banks, had refused to have anything to do with Schwenk's scheme for a separate loan⁴ and on 10 November the Tsungli Yamen decided to borrow £16 millions from England and Germany conjointly.⁵ When the Chinese later showed a disposition to repudiate all obligation to borrow from England, the British Government emphatically maintained that the Chinese were bound by this decision.⁶

Differences between the Chinese Government and the Anglo-German

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1. Salisbury to O'Connor, Tel.89, 6 July 1895, F017/1242.
 2. Beauclerk to Salisbury, Tel.145, 8 November 1895, F017/1243.
Beauclerk, the Secretary of Legation at Peking, was chargé d'affaires there from 5 November 1895 to 22 April 1896.
 3. Bertie, Memorandum, 9 November 1895, F017/1252.
 4. Gosselin to Salisbury, Tel.42, 10 November 1895, F064/1352.
 5. Beauclerk to Salisbury, Tel.149, 10 November 1895, F017/1243.
 6. Salisbury to Beauclerk, Tel.10, 24 January 1896, F017/1279.
" " " , Tel.20, 19 February 1896, F017/1279.

syndicate over the terms of the loan delayed the conclusion of an agreement until March. But, despite some American and French competition, the Syndicate was fairly confident that they would obtain the contract for the loan in the end.¹ They thought that the Chinese entertained other offers chiefly in order to induce them to lower their terms. However at the very beginning of March French competition assumed a much more alarming aspect. The Russians, who had hitherto opposed another loan to China, abandoned their objections. The Chinese were said to be seriously considering the French offer, one condition of which was reputed to be some French control in the Customs Administration.² At this point Hart, who had been away, intervened, arriving "just in the nick of time and [saying] the very thing that screwed up the Yamen to the point of resisting Gérard."³ The preliminary agreement between the Chinese Government and the Syndicate was signed informally on 7 March⁴ and the final agreement was concluded on 23 March.⁵ Arrangements were made for the inscription of the loan at the Bank of England.⁶

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1. Beauclerk to Salisbury, Tel.14, 31 January 1896, F017/1280.
 2. Cameron to Sanderson, 5 March 1896, F017/1287.
Beauclerk to Salisbury, Tel.25, 7 March 1896, F017/1280.
 3. S.F. Wright, Hart and the Chinese Customs, [1950], 662.
 4. Beauclerk to Salisbury, Tel.26, 7 March 1896, F017/1280.
 5. J.V.A. MacMurray, op.cit., [1921], I, 55.
 6. Salisbury to Beauclerk, Tel.29, 26 March 1896, F017/1279.

Three considerations emerge from the negotiations for these two loans showing the main reasons for the concern of the British Government in the matter. There was the fear that other countries might make the loan an occasion for obtaining political concessions from China and that a loan by France or Russia would foster Chinese submission to those powers - a fear amply justified in the British view by the Russian Government's guarantee of the Franco-Russian loan to China of July, 1895. Secondly there was the apparent feeling that it would be an affront if British banks were entirely excluded from the loans or had only a minor share in the transaction. This led them, early in the negotiations for the first loan, to seek some assurance from the Chinese that no arrangement would be made for the indemnity to the exclusion of England,¹ and during the negotiations for the second loan to insist upon the obligation of the Chinese to borrow from a British bank. Finally, they were anxious to avoid changes in the Chinese Customs Administration because they regarded the preservation of British influence there as essential for the protection of the large British trade with China.

There were two ways in which arrangements for the indemnity loans might affect the Customs Administration. The first was by the introduction of some form of international control. This was said to be a condition of the suggested loan by France,

1. Private Kimberley Papers, O'Connor to Kimberley, Telegram, Private & Secret, 18 May 1895.

Russia, and Germany reported in May, 1895. The idea was very unwelcome to the British. One of the leading features of the Chinese Customs Administration was its freedom from interference by foreign governments. Foreign control would have been a breach of this tradition, and the British feared that it would impair the efficiency of the administration. Kimberley suggested that O'Connor should hint to the Tsungli Yamen that a loan by the Hong Kong and Shanghai Bank would probably not involve alterations in the Customs Administration.¹ But even the British thought that it might be impossible to raise the loan without a measure of international control and O'Connor was asked to suggest the "least distasteful and embarrassing" way in which the requirement could be met.² They were also anxious to make sure that they were consulted about any changes which were made in the Customs administration. Lascelles was instructed to make it clear to Lobanow that "on account of our immense commercial interests in China, 80% of the foreign trade being British, we are justified in expecting that no financial arrangements will be made affecting the Maritime Customs without our being consulted."³

Similarly, the British considered that one of the most alarming aspects of the French competition for the second indemnity loan in March 1896 was the French request for control of the Customs. The French apparently had in mind the appointment of a French

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1. Private Kimberley Papers, Kimberley to O'Connor, Tel. Private & Secret, 8 May 1895.
 2. " " " Kimberley to O'Connor, Tel. Private & Secret, 13 May 1895.
 3. Kimberley to Lascelles, Tel. 81, 18 May 1895, F065/1493.

Inspector to look after the interests of the bondholders - an innovation which Cameron considered would be the "ruin" of the Service as it existed.¹

The British were also afraid that France, Germany and Russia might take advantage of having made a loan to China to claim that more of their subjects should be employed in the Customs Service. This was the possibility which Bertie stressed in November, 1895, when the German Minister's efforts to negotiate a separate German loan were being considered. He pointed out that this would gradually lead to the decline of British influence in the Customs Administration.² Gérard, the French Minister, was pressing Hart to appoint more Frenchmen and O'Connor had written in September that the French and Russian Ministers in China "talk pretty openly of altering in the near future the arrangement and constitution of the Customs Service to their profit and advantage."³

It was against this background that Bertie, on receiving a long memorandum from the China Association describing the establishment of the Customs Service, suggested that a despatch should be sent to the new British minister to China embodying the substance of this memorandum and emphasizing the "necessity of the Inspector-General being a British subject".⁴ If this

1. Cameron to Sanderson, 4 March 1896, F017/1287.
2. Bertie, Memorandum, 9 November 1895, F017/1256.
3. O'Connor to Salisbury, no.356, 15 September 1895, F017/1238.
4. Bertie, Memorandum, 17 November 1895, F017/1256.

was assured then they could rely upon the Inspector-General to "preserve the present proportion of British employes which is certainly not excessive as regards our share in the trade and consequent production of revenues." ¹

The Anglo-German syndicate included a stipulation in their loan contract with the Chinese Government of March, 1896, which gave some assurance in this matter. It provided that the Customs Administration should remain as it was then constituted during the currency of the loan - thirty-six ² years. In September, 1896 Bertie returned to the question of obtaining a promise that the Inspector-General should always be an Englishman and he suggested that they should make sure that there was a suitable British successor to Hart available. ³ Reports later in the year that Hart was aging added to the urgency of the question. Little was done until May, 1897 when Macdonald was asked if he could persuade Hart to discuss the subject of his successor. ⁴ The names of several members of the Consular Service, one of whom might be transferred to the Customs Service if there was no suitable British candidate already in the Customs, were suggested. George Jamieson, whom Macdonald considered the best person available, was approached. He was ready to take over the post for a few years in order

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1. Bertie, Memorandum, 17 November 1895, F017/1256.
 2. J.V.A. MacMurray, op.cit., I, 57.
 3. Bertie, Memorandum, 4 September 1896, F017/1289.
 4. Bertie to Macdonald, Private Telegram, 6 May 1897, F017/1314.

to train a younger English successor.¹ But Hart, when approached on the subject, pointed out the obstacles to the appointment of some one from the British Consular Service, whatever their ability.² The proposal would meet with strong opposition from the Chinese Government and from other foreign governments interested in China. If it was complied with, it would create discontent throughout the Customs Service. However he promised his strong support for the candidature of Robert Bredon whom he considered the best choice for the position. Macdonald and the Foreign Office concurred in Hart's argument and left him to obtain Bredon's appointment. The Foreign Office had evidently been thinking in terms of Hart's immediate resignation.³ Macdonald thought this would be dangerous. He considered that the best plan was for Hart to go on leave and for Bredon to serve as acting Inspector-General in his absence, thus paving the way for a later change.⁴ Bredon came to the Foreign Office a number of times to discuss the subject. Having once been unfairly treated by Hart, he was rather wary of this new venture. However Macdonald assured him that he did not think there was a risk of his receiving such treatment again and eventually Bredon, although still sceptical, decided to go

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1. Bertie, Memorandum, 11 May 1897, F017/1314.
 2. Macdonald to Salisbury, Tel. 26, 28 May 1897, F017/1314.
 3. On 10 May Bertie had written that "the only way I can think of to get Sir Robert Hart out and George Jamieson in would be to give the former to understand that if he can get the latter appointed by the Chinese Government, Sir Robert Hart's patriotic self-sacrifice will merit a G.C.B." Bertie, Memorandum, 10 May 1897, F017/1314.
 4. Macdonald to Salisbury, Private Telegram, 28 May 1897, F017/1314.

out to China in October.¹ Hart had promised that he would go on leave in March, but he had also said that it would be impossible to hand over to Bredon if they had only been together for two weeks. Moreover Hart's health suffered in the winter and there was always the danger of his death. Consequently Macdonald thought it very important that Bredon should arrive in the autumn before the river to Peking closed.²

The British Government's concern to preserve British influence in the Chinese Customs Administration is significant, but at the time this was not a major question. Between 1895 and 1897 British attention, so far as China was concerned, was concentrated to a large extent upon the long negotiations with the Chinese for the opening of the West River and the readjustment of the frontier between Burma and China.³ These negotiations arose from a Chinese breach of the Anglo-Chinese Burma frontier convention of 1 March 1894 by which British rights over the small state of Kiang Hung were transferred to China on the express condition that it should never be ceded to another Power without British consent.⁴ Nevertheless a

1. Bredon to Bertie, 29 August 1897, FO17/1330.
2. Macdonald to Salisbury, Telegram Private & Confidential, 22 August 1897, FO17/1314.
3. On the general question of British and French policy in Southern China cp. P. Joseph, Foreign Diplomacy in China, [1929], 147-151, 181-183; W.L. Langer, The Diplomacy of Imperialism, [1935], I, 390-396.
4. J.V.A. Macdurray, op.cit., I, 4.

section of Kiang Hung was ceded to France by the Franco-Chinese frontier Convention of 20 June 1895. The conclusion of the French convention with China was another striking illustration of the influence which France and Russia had acquired over the Chinese Government. Gérard had pressed during the war for a rectification of the Tongking frontier but with little result. The participation of France in the intervention, however, gave Gérard's renewed pressure for a Convention greater chances of success. Gérard conducted his negotiations with great secrecy but O'Connor was aware that something was in the wind.¹ When he learnt in the middle of June that the French demands included the cession of certain districts in Kiang Hung, he reminded the Chinese of their treaty obligations on this point.² A repetition of this warning a few days later only brought an announcement from the Chinese that they had virtually concluded an agreement with the French and that no infringement of Britain's treaty rights was involved.³ O'Connor went to the Tsungli Yamen on the next day, 20 June 1895 to protest again and to demand that the final conclusion of the agreement should be postponed until the British objections had been considered. But while he sat in one room of the Yamen urging delay, the French and Russian Ministers were in another pressing for the immediate conclusion of the convention. The despairing

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1. O'Connor to Kimberley, no.172 Confidential, 15 May 1895, FO17/1267.
 2. O'Connor to Kimberley, Tel.71, 14 June 1895, FO17/1243.
 3. O'Connor to Kimberley, Tel.75, 19 June 1895, FO17/1243.

Yamen ministers went frantically from one to the other trying to keep them at bay with evasive replies. But eventually the Chinese gave way before the threats of the French minister and signed the Convention. It was only after two more hours of futile conversation that O'Connor gathered from a casual hint by one of the Chinese ministers that the signature had¹ actually taken place.

The French had actually concluded two Conventions with the Chinese - one settling the frontier between China and Tongking and one dealing with commercial matters.² The desire to tap the Chinese market had been one of the mainsprings of the development of the French Empire in Indo-China and was the chief motive for their acquisition of Tongking in 1885.³ Consequently they were eager, once they had established themselves there, to take up the task of opening Southern China to their trade. This was the object of the Franco-Chinese commercial Convention of 20 June 1895.

The breach of the 1894 Convention was the specific reason for British objections to the conclusion of the Franco-Chinese Conventions but there were deeper reasons underlying their concern. British interest in southwestern China had three main aspects. In the first place, British and Chinese

1. O'Connor to Kimberley, no.237, 21 June 1895, FO17/1268.

2. J.V.A. MacMurray, op.cit., I, 26-30.

3. Pierre Renouvin, La Question d'Extrême-Orient, [1946], 121, cp. also W.L. Langer, The Diplomacy of Imperialism [1935], I, 390.

possessions were co-terminous there. This common frontier had been considerably lengthened by the British annexation of Upper Burma in 1886 and several problems arising out of their new relationship remained to be settled. The annexation was the result of fear on the part of the British that the success of French activity in Upper Burma was endangering their position in India. Although on the one hand the British were determined to protect their position in India, they were on the other hand very anxious to avoid unnecessary friction with France in these regions. If Britain and France had a common frontier there, a large expenditure upon fortifications would be necessary and there would be a continual opportunity for some small incident to bring to the surface "The ground swell of ill-will"¹ which characterized Anglo-French relations. In consequence the desire to maintain the separation of British and French possessions in the Indo-Chinese peninsula was one of the guiding considerations of British policy in this area. Finally, there was a widespread belief that southwestern China was a region of immense potential wealth and in the nineties hopes for the expansion of trade with China turned, to a large extent, upon the opening of this area to foreign trade. The French attempt to draw the trade of southern China off through Tongking spurred the British to try to open this part of China to foreign trade on terms which would give them the advantage.

1. Grey, Twenty-five Years, [1925], I, 11.

The British took strong exception to the conclusion of the Franco-Chinese Conventions. O'Connor warned the Chinese that he could not answer for the consequences of their violation of the treaty with Britain and he protested against the ratification of the Convention with France before the matter had been discussed with the British.² The Government resigned just as Kimberley was about to address the French Government formally reserving Britain's rights, but he told the French Ambassador verbally of his intention.³ Salisbury, on assuming office, approved O'Connor's action and instructed him to remind the Chinese that the provisions of the 1894 Convention were interdependent and that Britain would therefore be released from her obligations under it, if China ignored hers.⁴ But, asked O'Connor, had the British any "insuperable objection" to the cession of the territory in question. The British protests had disturbed the Chinese but he was increasingly convinced that they would ratify their Convention with France anyway. He thought that the best course for Great Britain would be to consent to cession in return for compensation.⁵ There were indications that the Chinese would

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1. O'Connor to Kimberley, Tel.77 (Paraphrase), 20 June 1895, FO17/1266.
 2. O'Connor to Salisbury, Tel.81, 1 July 1895, FO17/1243.
 3. Kimberley to Dufferin, draft of despatch, 24 June 1895, FO17/1266.
 4. Salisbury to O'Connor, Tel.86, 2 July 1895, FO17/1242.
 5. O'Connor to Salisbury, Tel.84 Conf.81., 4 July 1895, FO17/1243.
 " " " Tel.87, 10 July 1895, FO17/1243.

welcome such an arrangement. The Government moved rather slowly towards the adoption of this idea. They evidently felt hampered by not knowing the exact terms of the Franco-Chinese Conventions and by their unfamiliarity with the area concerned and wanted to wait until Scott reached London from Bangkok before they came to a decision.¹ However on 8 August 1895 Salisbury informed the Chinese Minister that Great Britain would consent to the cession of districts in Kiang Hung to France in return for territorial compensation on the frontier near the Upper Irrawaddy.²

This was much less than O'Connor thought the British were entitled to claim. In the course of the next two months, however, the British enlarged their claims for compensation. One of their additional proposals was to tell the Chinese that the Decennial Tribute Mission from Burma to China "must for the future be altogether discontinued."³ There were reports that France had acquired mining rights in Yunnan, various commercial privileges, and the right to extend railways in Tengking into Chinese territory.⁴ The first intention of the British Government was to inform the Chinese that Great Britain would, as a matter of course, expect to share any such rights.⁵

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1. Salisbury to O'Connor, Tel.91, 10 July 1895, FO17/1242.
 2. Salisbury to O'Connor, Tel.100 (Paraphrase), 10 August 1895, FO17/1269.
 3. Salisbury to India Office, 16 August 1895, FO17/1270.
 4. O'Connor to Salisbury, Tel.89, 13 July 1895, FO17/1243.
 5. Salisbury to India Office, 16 August 1895, FO17/1270.

Then they decided that it would be best to ask the Chinese for a specific assurance on this point.¹ O'Connor's reminder that the Chinese never considered the most-favoured-nation clause applicable to treaties with neighbouring states confirmed them in this opinion.²

The request for the opening of the West River which became the most important question in the whole negotiations, was not introduced until October, a month after the negotiations had started.³ The British had been anxious to have the West River opened to foreign trade for some time. They had regarded the Japanese request for its opening as one of the most attractive of their original peace terms and had greatly regretted the subsequent withdrawal of this demand. The British Government warmly welcomed Lowther's suggestion that the Japanese should ask for the opening of the West River as compensation for the retrocession of the Liaotung Peninsula and apparently they really hoped that the opening of the West River might be obtained in this way. It was when the Japanese made it clear that they were not going to raise the question that the British decided to introduce it into their own negotiations with China. No doubt the strong objections which the Chinese had expressed to the extent of the British

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1. Salisbury to O'Connor, Tel.104 (Paraphrase), 21 August 1895, F017/1271.
 2. O'Connor to Salisbury, Tel.99, 22 August 1895, F017/1243.
 3. Salisbury to O'Connor, Tel.135 Confidential, 23 October 1895, F017/1293.

territorial demands encouraged the British to hope that the prospect of a modification in these demands would secure the opening of the West River.

Until the Chinese agreed in principle to the opening of the West River, the British refused to say what modifications they would make in their territorial demands.¹ They held to this refusal in spite of several Chinese attempts to find out first what the revised territorial demands would be. Meanwhile a number of events increased the urgency of a settlement from the British point of view. Early in November a small French force occupied the districts in Kiang Hung which were the source of all the dispute. However the Chinese took prompt and effective action for once and within two weeks the French had left.² At the end of the month the British finally received the text of the Franco-Chinese Convention and examination of this revealed further infringements of Britain's territorial rights.³ And at the same time there were rumours that China was about to ratify the Convention.⁴ All these developments conspired to aggravate the irritation of the British with the failure to conclude a settlement and led them to warn the Chinese that Britain would

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1. Salisbury to O'Connor, Tel.135 Confidential, 23 October 1895, F017/1293.
 2. Salisbury to Beauclerk, Tel.145 (Paraphrase), 5 November 1895, F017/1271; Salisbury to Beauclerk, Tel.155, 16 November 1895, F017/1242.
 3. Salisbury to Beauclerk, Tel.171, 21 December 1895, F017/1272.
 4. Salisbury to Beauclerk, Tel.169, 15 December 1895, F017/1272.

be compelled to treat the provisions of the 1894 Convention as no longer valid and to take steps to recompense herself¹ if an agreement was not reached soon.

At the very end of December however the Tsungli Yamen finally agreed to the opening of the West River.² The British insisted upon having a written undertaking on this point before they would say what modifications they were going to make in their territorial demands.³ Apparently they had not decided what these modifications would be for, now that it was known that the Chinese would agree to the opening of the West River, consultation on this subject ensued between the India Office and the Foreign Office.⁴

But little progress was made when the negotiations were resumed in February. From the very beginning, the conduct of these negotiations had been obstructed by the Chinese Minister in London. In October he had failed to report Salisbury's offer to the Chinese Government, from November to February he was prevented from coming to the Foreign Office by an illness which Bertie suspected might be due to an "unwillingness to discuss unpleasant subjects",⁵ and when the negotiations

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1. Salisbury to Beauclerk, Tel.169, 15 December 1895, F017/1272.
 2. Beauclerk to Salisbury, Tel.172, 29 December 1895, F017/1272.
 3. Ibid. Minute by Bertie.
 4. India Office to Foreign Office, 4 January 1896, F017/1293.
 5. Bertie, Memorandum, 27 November 1895, F017/1272.

were resumed in February he again failed to report to his Government. Although the British received no reply to the revised territorial demands which they put forward in February, they gathered that Chinese objections would centre round the request for the retention of Kokang which, by the 1894 Convention, was to have been transferred to China.¹ Early in April the Chinese Minister offered to try to get the Chinese Government's consent to the British proposals if they would abandon the demands for Kokang. There was some disposition among British officials to seek an agreement on this basis but Salisbury thought it worth while to make a further effort to retain Kokang.² The British had, however, completely lost patience by this time with the attempt to conduct the negotiations in London.³ At the end of April they were transferred to Peking but Macdonald was instructed to take no action and to wait for the Chinese to make the first move.⁴ Apparently nothing happened. By the middle of June the Foreign Office had come to the conclusion that they would never obtain their compensation by negotiation. Salisbury proposed informing the Chinese that the British no longer considered the territorial stipulations of the 1894 Convention valid.⁵ The Government of India however was not

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1. Sanderson to Bertie, 4 March 1896, F017/1294.
 2. Sanderson, Memorandum, 8 April 1896, F017/1294. Minute by Salisbury.
 3. Bertie, Memorandum, 15 April 1896, F017/1294.
 4. Salisbury to Macdonald, Tel.34, April 1896, F017/
 5. Foreign Office to India Office, 16 June 1896, F017/1295.

in favour of this idea. Although anxious to regain Kokang, they were unwilling to resume responsibility for the rest of the territory which, under the 1894 Convention, was to be transferred to China.¹ Consequently at the end of August Macdonald was instructed to begin negotiations. He was to tell the Chinese that Britain would be compelled to declare that the 1894 Convention had lapsed if an agreement was not reached soon.² Evidently the Chinese attached considerable importance to the provisions of the 1894 Convention: Macdonald had reported that he thought the Tsungli Yamen would concede a good deal rather than risk its abrogation.³ This enabled the British to bank fairly heavily, in the negotiations that followed, upon threats of abrogation.

Macdonald submitted the British proposals to the Tsungli Yamen in the middle of September.⁴ Their first reply on 9 October rejected most of the British demands⁵ but within two weeks Macdonald, after much discussion, had secured their agreement to terms which he thought were the best the British could expect.⁶ Salisbury wanted to accept these terms.⁷ The

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1. India Office to Foreign Office, 29 July 1896, F017/1295.
 2. Salisbury to Macdonald, Tel.70, 31 August 1896, F017/1295.
 3. Macdonald to Salisbury, Tel.84, 20 August 1896, F017/1295.
 4. Macdonald to Salisbury, Tel.87, 12 September 1896, F017/1295.
 5. Macdonald to Salisbury, no.211, 14 October 1896, F017/1296.
 6. Macdonald to Salisbury, Tel.92, 25 October 1896, F017/1296.
 7. Ibid. Minute by Salisbury.

first difficulty in the way of doing so was that the Chinese had refused to accept the stipulation that Britain should enjoy the same privileges as France in the matter of trade, mines and railways. Bertie thought it would be conceding¹ "an important principle" to give way on this point. Accordingly it was decided to press again for the inclusion of this stipulation but to withdraw the demand if the Chinese maintained their objections, stating clearly that they were only doing so to avoid creating embarrassment for the Chinese and that the British Government reserved the right to claim in the future any such privileges granted by China to any other Power.² Then the India Office questioned the provisions regarding Kokang. Macdonald had agreed that the Chinese should have the outlying districts of Kokang believing that this arrangement was in accord with a memorandum from the Government of India which he had been using.³ Evidently it was the outlying districts of some other state whose cession the Government of India had been willing to accept. They wanted the whole of Kokang.⁴ Salisbury had little sympathy for them, remarking that they had "no right to be particular for they allowed the whole of Kokang to slip through their fingers".⁵ However this

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1. Macdonald to Salisbury, Tel.92, 23 October 1896, F017/1296. Minute by Bertie.
 2. Foreign Office to India Office, 28 October 1896, F017/1296.
 3. Macdonald to Salisbury, Tel.94, 31 October 1896, F017/1296.
 4. Lee Warner (India Office) to Bertie, 29 October 1896, F017/1296.
 5. Macdonald to Salisbury, Tel.94, 31 October 1896, F017/1296. Minute by Salisbury.

misunderstanding was explained to Macdonald and, with the proviso that his terms were really in accord with the memorandum, he was authorized to accept the Chinese terms.¹ But difficulties then arose over the arrangements for the opening of the West River. The only port which the Tsungli Yamen were willing to open was Wuchou.² The British wanted two or three ports on the river to be opened and they were particularly anxious for the opening of Nanning-fu which had "special importance ... in view of French designs".³ But the Tsungli Yamen maintained that Nanning was not on the West River proper but on another branch of the river - and Macdonald was eventually convinced that there was truth in this contention.⁴ On 6 December however, when the Tsungli Yamen agreed to the opening of Wuchou, Samshui and four or five calling stations, they also consented to the opening of Nanning later on if the trade appeared to justify it. Moreover they said they would give a written undertaking to open Nanning immediately if the French ever prolonged the Lunchu railway to Posé.⁵ The Foreign Office⁶ authorized Macdonald to conclude the negotiations on this basis

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1. Salisbury to Macdonald, Tel.78, 3 November 1896, F017/1296.
 2. Macdonald to Salisbury, Tel.95, 9 November 1896, F017/1296.
 3. Salisbury to Macdonald, Tel.79, 11 November 1896, F017/1296.
 4. Macdonald to Salisbury, Tel.101, 5 December 1896, F017/1296.
 5. Macdonald to Salisbury, Tel.102, 7 December 1896, F017/1296.
 6. Salisbury to Macdonald, Tel.88, 8 December 1896, F017/1296.

and after further difficulties and delays in the arrangement of details, the agreement was finally concluded on 3 February 1897.¹

In these long negotiations, as during the loan negotiations, British policy is evidence of a readiness to take action when it was felt that foreign activity was touching British interests directly. In other respects, however, the British attitude to the ambitions of other Powers is marked by a certain resignation. This is conspicuous in the case of the well-known Russian desire for an ice-free port. O'Connor wrote in May, 1895, that Britain would be foolish to try to prevent Russia acquiring an open port.² Within nine months this dictum had become an axiom of British policy in China. Salisbury, writing to Satow early in October, 1895, said that Japan might be useful "in hindering Russia from getting an ice-free port" but this reference would not seem to warrant the inference that Salisbury was intending to stand in Russia's way in this matter. For one thing, this was not the subject which Salisbury was discussing in this letter. He had introduced it in illustration of his main subject which was British interest in Japan and on that subject his opinion was that "our strategic and military interests in Japan can easily be over-estimated." Moreover he doubted both the

1. J.V.A. MacMurray, op.cit., I, 94.

2. O'Connor to Bertie, Private, 23 May 1895, FO17/1235.

ability and the inclination of the Japanese to prevent Russia taking a part.¹ Three weeks later, when the Times published a report that Russia and China had concluded a Convention which gave Russia the right to run the Trans-Siberian Railroad through Manchuria, to connect it with Port Arthur, and to have an anchorage at that port, Salisbury told Hatzfeldt, the German Ambassador in London, that he was not averse to Russia becoming more absorbed in China since the result would be a weakening of her interest in the Near East. He said that Britain would only object if Russia asked for exclusive rights for her ships at Port Arthur.² On 16 November, he had an interview with a deputation from the China Association. Their disposition to adopt a similar attitude to the Russian acquisition of an ice-free port must have been very welcome to Salisbury. Keswick, the chairman of the Association, suggested that "it might ... be wise to acquiesce in [Russia's] ambitions for an open port" although the "fortification of Port Arthur could not be regarded without apprehension."³ Salisbury was quick to ascertain that they would not have the same objections to a commercial port. When the possibility of a repetition of events at Batoum in 1886 was mentioned, Salisbury replied that "We can get at Port Arthur. We couldn't get at Batoum."⁴

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1. Satow Papers, Salisbury to Satow, Private and Secret, 3 October 1895, P.R.O., 30/33/5/2.
 2. Count Hatzfeldt to the German Foreign Office, 25 October 1895, Daydale, Z.T.S. (Ed. & Transl.), German Diplomatic Documents, II, 345.
 3. Nathan A. Pelcovits, Old China Hands and the Foreign Office, [1949], 186.
 4. Nathan A. Pelcovits, op.cit., 187.

Thus acceptance of the acquisition by Russia of an ice-free port became an established part of British policy. Bertie began a memorandum on 28 January 1896 with the statement that "the Russians must have a winter harbour",¹ and Balfour proclaimed in a speech at Bristol on 3 February that "so far ... from regarding with fear and jealousy a commercial outlet for Russia which should not be icebound half the year, I should welcome such a result as a distinct advance in this far distant region ..."² Resignation is also the keynote of the reaction of the Foreign Office to reports in June, 1896 that Li Hung-chang, then in St. Petersburg, was about to conclude a Convention with Russia providing for the construction of a railway across Manchuria to a terminus near Port Arthur and for a loan, raised in Paris and guaranteed by the Russian Government, for this purpose.³ Macdonald suggested that the Bank of England might be approached to offer a loan⁴ but this idea was not considered feasible. Salisbury took no exception to Bertie's comment that: "If China is bent on placing herself in the embrace of Russia we cannot well do more than warn the Tsungli Yamen of the probable consequences of so foolish a proceeding In view of Russia's political and commercial interest in the projected railway she would outbid any offer founded on solely commercial calculations".⁵

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1. Bertie, memorandum, 28 January 1896, F017/1287.
 2. The Times, 4 February 1896.
 3. Salisbury to Macdonald, Tel.40 secret, 7 June 1896, F017/1278.
 4. Macdonald to Salisbury, Tel.52, 8 June 1896, F017/1280.
 5. Ibid. Minute by Bertie, 9 June 1896.

The Germans also had ambitions in China. They wanted a coaling station and had this in mind as the reward which they might claim for their help in securing the retrocession of the Liaotung Peninsula. The search for a suitable coaling station was the chief pre-occupation of their policy in China from 1895 to 1897. In the autumn of 1895 they approached the Chinese Government on the subject but the Chinese refused to entertain their request on the grounds that it would lead to similar demands by other Powers. The Germans continued surveying possible places and at the end of 1896 the German Minister began to press the Tsungli Yamen again to let Germany have a coaling station.

The British were aware of the German desire. ~~Shortly after the conclusion of peace~~ in 1895 O'Connor had written that the German minister thought that "a leetle island would be a good idea"¹ and at the end of the year they received many reports from China of the various surveying activities of the Germans.² A report in November that the Germans had been surveying in the Chusan Islands and were asking for a coaling station there prompted them to remind the Chinese Government that Britain had evacuated Chusan in 1846 on the

1. Private Kimberley Papers, O'Connor to Kimberley, ^{Private,} 7 January 1895.

2. Beauclerk to Salisbury, no.435 Confidential and no.479 Secret of 5 November and 29 November, 1895, FO17/1240.

condition, embodied in a Treaty concluded in that year, that it should never be ceded to any other Power.¹ It was further decided to press the Chinese for a written assurance that, in accordance with this treaty stipulation, they would not give any concession for a coaling station in the Chusan Islands - but Salisbury added that Beauclerk's "tone should be that we should insist upon their refusal as a matter of right."²

All the reports and rumours of German and Russian activity led Bertie to point out that the Admiralty would have to decide whether Britain would need a station north of Hong-kong if Russia or Germany acquired a port or coaling station in China. Britain would have to take or destroy such bases in the event of a war with either country. This consideration made it preferable from the British point of view that Russia should have a port separated from her own territory since Britain would then be able to cut her communications.³ The fact that the Russian fleet was wintering at Kiao-chan had apparently inspired the hope that Russia might take this port instead of one further north. However the British Government does not appear to have given the matter much further attention until the very end of 1896 when Macdonald reported that the Tsungli Yamen were likely to yield to the renewed pressure of the German Minister for a coaling station. He thought that a

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1. Salisbury to Beauclerk, Tel.161, 29 November 1895, F017/1243.
 2. Minute by Salisbury, Beauclerk to Salisbury, Tel.161 Secret, 2 December 1895, F017/1243.
 3. Bertie, Memorandum, 28 January 1896, F017/1287.

statement that such a concession to Germany would be followed by similar demands from Britain might succeed in thwarting the German efforts but his own feeling was that a German coaling station in China would not injure Great Britain whereas the failure of the German attempt on account of British opposition would be the source of a great deal of ill-feeling.¹ Bertie consulted the Admiralty immediately and was informed that it would be desirable for Britain to have a harbour in the Chusan Islands if Germany acquired a coaling station near Swatow or Amoy.² Consequently Macdonald was instructed not to express any opinion of the German request.³

An alternative for Britain was to strengthen her position by obtaining an extension of the boundaries of Hongkong. The Colonial Office, later joined by the War Office and by the Admiralty, had been urging the necessity of an extension for two years. The Foreign Office had refused to take up the question because they were engaged in other negotiations with the Chinese. But Salisbury had scant sympathy for the project anyway. His first comment upon it was: "I smell fortifications."⁴ A year later, although assured that expensive fortifications would not be necessary, he was still opposed to the plan because he thought that the extension could only

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1. Macdonald to Salisbury, Tel.111 Confidential, 23 December 1896.
 2. Ibid. Minute by Bertie.
 3. Salisbury to Macdonald, Tel.100 Confidential, 29 December 1896.
 4. Colonial Office to Foreign Office, Secret, 27 November 1895, F017/1256, minute by Salisbury.

be obtained by force.¹ When Bertie suggested that he might want to consider the question of an extension of the boundaries of Hong Kong in connection with the German request for a coaling station, Salisbury said: "I prefer the Chusan idea."² Compensation rather than prevention was the keynote of British policy: they would not stop Germany from acquiring a coaling station nor Russia an ice-free port - rather they would ask for a corresponding concession themselves. And it is noticeable that Chusan, the place to which their thoughts turned most, was situated near the mouth of the Yangtze - in other words, at the gate to the region where their commercial interests were concentrated.

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1. Salisbury, Memorandum, 30 December 1896, FO17/1290.
 2. Minute by Salisbury on Memorandum by Bertie, 29 December 1896, FO17/1290.
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CHAPTER 5

THE DEVELOPMENT OF BRITISH POLICY, NOVEMBER 1897 TO MARCH 1898

The German occupation of Kiaochau on 14 November 1897 was an important landmark, in a sense a turning point, in the development of foreign activity in China. It was not that Germany was the first country to display ambitions there. There had been abundant evidence of French and Russian ambitions in China in the previous two and a half years. But the outright occupation of a port was a new departure, all the more pointed on account of the abruptness of the action. This event brought Far Eastern Affairs into the limelight in Europe and inaugurated a period of intense foreign activity in China.

For three years the acquisition of a coaling station had been the Germans' first wish in China but for some time they had been unable to decide which place would be most suitable. After much investigation however Kiaochau had been decided on at a meeting of the Emperor and his ministers on 29 November 1896. In the summer of 1897 the choice was approved by an expert sent out to examine the place in detail. And after the subject had been raised at the conversations

between the Emperor and the Tsar in August, the Germans felt that they had Russian consent to their plan. In the beginning of November two German Catholic missionaries in the province of Shantung were murdered. The Emperor was determined to seize this opportunity to fulfil the German ambition and almost immediately ordered the Far Eastern Squadron of the Fleet to Kiaochau. The subsequent Russian objections to this action alarmed the Germans but in the meantime the German Admiral had occupied Kiaochau. Negotiations for a settlement between Germany and China began a week later when von Heyking, the German minister in Peking, presented the German demands to the Tsungli Yamen. These initial demands were chiefly concerned with providing compensation and punishment for the murder of the missionaries but they also included a request that Germans should have preference in the construction of railways and working of mines in Shantung. The request for the lease of Kiaochau was introduced after the negotiations had started. On 4 January 1898 the Chinese finally yielded to the German demands and these were embodied in a Convention¹ which was signed on 6 March 1898.

The first reaction of the British to the German occupation of Kiaochau was to instruct Macdonald to intimate to the Chinese Government that, if Germany was granted a port or coaling station, Great Britain would expect a countervailing

1. Cp. W.L. Langer, The Diplomacy of Imperialism, [1935], II, 448-59, 476-78; P. Joseph, Foreign Diplomacy in China, [1929], ch.9; A. & P., (1898), CV, [c.8814], passim.

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 advantage. But Macdonald thought that it would be best to do nothing until after Germany had obtained a place since such an intimation might lead the Chinese to refuse the German request and the Germans would be sure to learn that the refusal was the result of British action.² Bertie was afraid that Britain would prejudice her claim to compensation if she did not give the Chinese prior warning of her intention but Salisbury thought it "hardly worthwhile" to do so, adding that it might "cause trouble with Germany".³ Accordingly Macdonald was instructed to suspend action on the original instruction.⁴ This desire to avoid antagonizing Germany continued to be one of the first considerations of the British during the negotiations between the Germans and the Chinese. When the Tsungli Yamen tried in the middle of December to find out what the British attitude would be if Germany was granted a coaling station, Macdonald was instructed "to avoid saying anything which would enable the Chinese to contend that their opposition is based upon the refusal of this country."⁵

Most of the German demands seemed reasonable to the British. It was, as one official in the Foreign Office put it,

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1. Salisbury to Macdonald, Tel.59 Conf., 17 November 1897, F017/1314.
 2. Macdonald to Salisbury, Tel.63 Conf., 19 November 1897, F017/1314.
 3. Ibid. Minutes by Bertie and Salisbury.
 4. Salisbury to Macdonald, Tel.60, 21 November 1897, F017/1314.
 5. Salisbury to Macdonald, Tel.70, 15 December 1897, F017/1314.

"desirable, in [the] general interest, to bring [the] consequences of murdering missionaries home to the Chinese."¹

However they objected strongly to the German request for preferential advantages in Shantung. British opposition to this proposal, which was described as "a dangerous precedent ... at variance with the most-favoured-nation clause",² was enunciated three times in instructions to Macdonald³ and the Chinese were warned that Britain would require "compensation ... on points in respect of which the rights secured by Treaty have been disregarded."⁴

Although the British decided for the time being to say nothing to the Chinese of their intention to ask for a similar concession if Germany was granted a coaling station, they did not abandon the intention. And it is evident that Bertie at least was sure from the time of the occupation that Germany would insist upon having a coaling station. He commented on 20 November that "The Germans have gone too far to recede altogether ... they would not have done what they have done for the sake of their murdered missionaries only."⁵

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1. Macdonald to Salisbury, Tel.69, 22 November 1897, F017/1314. Minute by F.A. Campbell, Senior Clerk in the American and Asiatic Department.
 2. Macdonald to Salisbury, Tel.69, 22 November 1897, F017/1314. This telegram is published in A.& P., [1898], CV, [C.8814], 65 but in the published version the precedent is described as 'novel' instead of 'dangerous'.
 3. Salisbury to Macdonald, 23 November, 8 December and 15 December 1897, A.& P., [1898], CV, [C.8814], 65, 69 and 70.
 4. Salisbury to Macdonald, 8 December 1897, A.& P., [1898], CV, [C.8814], 69.
 5. Macdonald to Salisbury, Tel.68, 19 November 1897, F017/1314. Minute by Bertie.

There was a possibility that Germany would take some place further south instead of Kiaochau. Macdonald was asked to ascertain whether, in either event, Admiral Buller, the Commander-in-Chief on the China Station, thought that Britain should acquire another station north of Hong Kong.¹ The Admiral's opinion was that a station in the north would be useful if it was fortified. "That means a charge of some £4,000 a year"² was Salisbury's comment. During the next month the British apparently did not give the subject much attention, no doubt because the negotiations between Germany and China had not yet come to any conclusion. However at the very end of the year it was raised again. On 29 December both Curzon and Chamberlain wrote to Salisbury about the gravity of the situation and the necessity for action.³ Salisbury had already on the previous day enquired whether there was "any small port on the Gulf of Pechili suitable as a makeweight for [the] German occupation?"⁴ But he himself evidently disliked the idea of taking a port so far north for he wrote in reply to Chamberlain: "... I agree with you that 'the public' will require some territorial or cartographic consolation in China; it will not be useful and will be

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1. Bertie to Macdonald, Telegram, Private & Confidential, 19 November 1897, FO17/1314.
 2. Macdonald to Salisbury, Telegram, Private, 23 November 1897, FO17/1314.
 3. Ronaldshay, Life of Lord Curzon, [1928], I, 277-279. J.L. Garvin, Life of Joseph Chamberlain, [1934], III, 248-49.
 4. Salisbury to Macdonald, Tel.75 Secret, 28 December 1897, FO17/1314.

expensive; but as a matter of pure sentiment we shall have to do it. I think it will be Chusan."¹ On the following day he re-affirmed the British intention in an important telegram to Macdonald which ended with the statement that "if territory is ceded to Germany, we shall require some corresponding² concession."

The general excitement and concern over Far Eastern affairs roused by the German occupation of Kiaochau was greatly intensified in the middle of December by the announcement that the Russian Far Eastern Squadron was going to winter at Port Arthur. This step was widely regarded as being merely the prelude to the acquisition by Russia of the ice-free port which she had so long desired. There was much speculation as to the exact object of her ambition but for some time there was little further indication of the Russian intentions.

The subject which was really engrossing the attention of the Foreign Office at this time was the negotiations for the third indemnity loan. Just before Christmas these had taken a serious turn which led the British Government to depart from its customary practice and to consider guaranteeing the loan or even making it themselves. Tentative discussions of the raising of the third indemnity loan had started as far back as February, 1897. Then the Chinese had approached both

1. J.L. Garvin, op.cit., III, 249.

2. Salisbury to Macdonald, Tel. 76 Secret, 31 December 1897, F017/1314.

the English and the Germans. The Hong Kong and Shanghai Bank and the Deutsch Asiatische Bank, who were still working together, took up the matter.¹

There was some debate between them about inviting French and Russian co-operation, the English bank being opposed to the idea on the whole while the Germans inclined at times to favour it.² However the crucial question throughout the negotiations for the third indemnity loan was the security to be demanded for it. It was not known precisely how much of the Maritime Customs Revenue would be available for this loan but it was certain that it would not be enough and that some additional security would be necessary. The difficulty was that European banks would not accept other Chinese revenues as security unless provision was made for their being brought under foreign control in the event of default if not for immediate foreign supervision. But the Chinese shrank from the suggestion of foreign control and in the attempt to secure the loan on easier terms Li Hung-chang made an abortive appeal to Russia in June³ and later opened negotiations with another British group, known as the Jameson-Hooley syndicate with whom he concluded a preliminary agreement

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1. Cameron to Bertie, 9 February and 20 February 1897, F017/1328.
 2. Cameron to Bertie, 5 March 1897, F017/1328.
 3. Cameron to Bertie, 21 June 1897, F017/1329.

in September.¹ However the Syndicate proved unable to fulfill its obligations and in the middle of October the Chinese resumed negotiations with the Anglo-German syndicate.²

But then the Germans were apparently in no hurry to conclude the business.³ Moreover they insisted upon immediate foreign control of the revenues which were offered as security, instead of provision for such control in the event of the Chinese defaulting, which was the most the Chinese would grant and which the Hong Kong and Shanghai Bank was willing to accept.⁴ During October and November French interest in the loan was not regarded very seriously for apparently the Russians were unwilling to guarantee another French loan to China at that time and the Chinese were strongly opposed to borrowing any more money from the French.⁵ But at the end of November when the French expressed a desire to join the English and German banks in providing the loan, the Germans were ready to include them and also wanted to secure Russian participation.⁶ The Hong Kong and Shanghai Bank would infinitely have preferred not to include the French or the Russians.⁷

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1. Cameron to Bertie, 28 September 1897, F017/1330.
 2. Salisbury to Macdonald, Tel.49, 16 October 1897, F017/1314.
 3. Brussel to Cameron, 18 October 1897, in F017/1330. Mr. Brussel was the representative of the Hong Kong and Shanghai Bank in Hamburg.
 4. Cameron to Bertie, 22 November 1897, F017/1330.
 5. Cameron to Bertie, 29 October 1897, F017/1330.
 6. Cameron to Bertie, 23 and 26 November 1897, F017/1330. Bertie, memorandum, 1 December 1897, F017/1330.
 7. ibid.

The Germans said that they would still be willing to act with the English alone but that in that case they would have to insist upon the immediate appointment of foreign inspectors, which they were apparently willing to forgo if all four countries joined in making the loan. It was very doubtful if the Chinese could be persuaded to agree to this, and this fact forced the Hong Kong and Shanghai Bank to consider consenting to French and Russian participation for fear of losing the loan entirely.

The variety of interests involved made the arrangement of a loan by banks of the four countries a very complicated matter. An added obstacle was the reluctance of the Chinese to accept the terms which the banks considered necessary. Moreover the uncertainty created by political developments in the Far East was lowering Chinese credit in Europe and this made the raising of the loan all the more difficult. By the middle of December even Cameron was convinced that immediate control of the revenues offered as security would be necessary. ¹ "If only the British Government could be got to guarantee the loan" wrote Brussel from Hamburg, "there would be an end to all these intrigues." ² Shortly afterwards, on 21 December, the Chinese asked if the Anglo-German Syndicate would make the loan on the terms they had suggested in June.

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1. Cameron to Bertie, 13 December 1897, F017/1330.
 2. Brussel to Cameron, 18 December 1897, enclosed in Cameron to Bertie, 20 December 1897, F017/1330.

if not, the Chinese said that they would accept an offer which Russia had made to provide the loan on very easy terms. According to Macdonald the conditions attached to the Russian offer were that Russia should have an open port, and the financing, construction, and control of all railways in Manchuria and Northern China, and that the next Inspector-General of the Customs Administration should be a Russian.¹ The terms suggested by the Anglo-German Syndicate Bank in June had not included any provision for foreign control. Cameron said that a loan on these terms was no longer possible; indeed "in the present state of uncertainty it is impossible to float a Chinese loan on any security short of a guarantee by one of the European Powers."² Bertie told Cameron that he saw no prospect of a British guarantee and that he could not see what the British Government would gain by giving a guarantee - "certainly not Chinese gratitude, for such a thing does not exist."³ Salisbury considered that it was "Quite out of the question." The House of Commons would not look at it."⁴

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1. Macdonald to Salisbury, Tel.95, 22 December 1897, FO17/1314. Professor Langer has pointed out that Macdonald's report of the Russian terms was incorrect in some respects. Apparently the Russians did not, as Macdonald reported, ask that Sir Robert Hart's successor should be a Russian. In considering British policy, however, the important thing to remember is that the British Government were under the impression that the Russians had made such a request. Cp. W.L. Langer, *op.cit.*, II, 462-463 and footnote no.37.
 2. Cameron to Bertie, 23 December 1897, FO17/1330.
 3. Ibid., minute by Bertie.
 4. Ibid., minute by Salisbury.

Salisbury's attitude was not inflexible. On the next day Cameron wrote an official letter to Salisbury formally urging the British Government to consider guaranteeing the loan. In this letter Cameron drew an alarming picture of the probable consequences of a loan on the Russian terms. The security for a Russian loan was to be the land tax and in the event of Chinese default Russia would have the right to collect this tax - in which case China would become "little better than a Russian province." But even if this possibility did not materialize, Cameron thought that the loan would give Russia, and also France and Germany, a larger share in the control of the Customs Administration which they would be able to use to injure British trade. "No other concessions extorted from China," he wrote "could compensate England for the loss of her control over the Customs Service."¹ The prospect of foreign control of the Customs Administration and of the decline of British influence there invariably stirred the British Government. Already, on hearing that one condition of the Russian offer was that a Russian should be made Inspector-General when the post became vacant, they had instructed Macdonald to inform the Tsungli Yamen that "in view of the great preponderance of British trade with China over that of all foreign countries combined, HMG will insist upon a British successor to Sir Robert Hart in the event of vacancy."²

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1. Hong Kong and Shanghai Bank to Salisbury, 24 December 1897, F017/1330.
 2. Salisbury to Macdonald, Tel.72, 23 December 1897, F017/1314.

And now Salisbury directed that Cameron's letter should be sent at once to Hicks-Beach, the Chancellor of the Exchequer, commenting that "I do not know what according to our traditions can be done: but I am inclined to agree that if we can do nothing, the fiscal administration will fall into foreign hands to the serious detriment of our trade."¹ The British did not commit themselves at once but from this time it is fairly clear that they were prepared to take some action.

When it was first suggested that the British Government should guarantee the loan, it had been stressed that they could claim large concessions from China in return for doing so² and the main question before them now was to decide on their demands. Salisbury's first approach to this question reflects the fear of foreign encroachment upon the Chinese fiscal administration which prompted the British action. He told Macdonald that: "Conditions giving us control of the revenue at the ports and on the rivers seem preferable at this juncture to an island or a port: because in case of war we could always seize these last: whereas a grasp of the revenue machinery could only be obtained by consent of the Chinese at a crisis like this."³

Two of the demands which the British made were concerned with the administration of the Chinese revenues. They asked that an Englishman should be head of the Customs until the debt was paid⁴ and that any "right or power of surveillance over or

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1. Minute by Salisbury on Hong Kong and Shanghai Bank to Salisbury, 24 December 1897, FO17/1330.
 2. Cameron to Bertie, 20 December 1897, FO17/1330; Hong Kong and Shanghai Banking Corporation to Salisbury, 24 December 1897, FO17/1330.
 3. Salisbury to Macdonald, Tel.75 Secret, 28 December 1897, FO17/1314.
 4. Salisbury to Macdonald, Tel.76 Secret, 31 December 1897, FO17/1314.

administration of any Imperial Revenues accorded to any other nation" should be extended to Britain.¹ The British had a further opportunity to strengthen their hold on the Chinese revenues in arranging the terms of the loan. Most of the Maritime Customs Revenue was pledged to the service of other loans and therefore other revenues, such as the likin and salt taxes and the native customs, would have to form the security for this loan. But these were all under purely Chinese management and some provision for foreign supervision was necessary to make them acceptable as security. The British Government suggested that the likin, salt, and native customs revenues, which they were requesting as security for the loan, should be audited by an Englishman and, in the event of default, placed under English control.² Macdonald considered that the audit of these revenues was an 'impossible' condition³ and he reported that Hart thought insistence upon it might wreck the whole negotiations.⁴ According to Macdonald, the Maritime Customs revenue was only audited by Hart and his staff, and a staff three times the size would be required to 'audit' the revenues now in question.⁵ There had been

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1. Salisbury to Macdonald, Tel.3 Secret, 8 January 1898, F017/1338.
 2. Salisbury to Macdonald, 8 January 1898, A. & P., [1898], 37, 10.1314, 78.
 3. Macdonald to Bertie, Telegram, Private, 11 January 1898, F017/1340.
 4. Macdonald to Salisbury, Tel.15, 11 January 1898, F017/1340.
 5. Macdonald to Salisbury, Tel.15, 10 January 1898, F017/1340.

misunderstanding over the exact meaning of the word 'audit'. The British Government had not intended anything on such a large scale when they made the request. Salisbury explained that all they wanted was to have "some Englishman so placed that he may be able to warn us if any fiscal measures were being taken which would injure the revenue which is our security".¹ This requirement was eventually met by an agreement that the Chinese Government should appoint two Inspectors who would examine the accounts and make reports upon the likin and salt tax.² At the same time the Tsungli Yamen agreed that in the event of default the British should assume control of the revenues pledged as security. These were to be the likin and salt taxes, the native customs and the balance of the Maritime Customs revenue. At one point an error in the transmission of a telegram led the British to believe that the Chinese would pledge only one third of the salt revenues. Their reaction to this idea illustrates their anxiety to have undisputed rights over whatever revenues might come under their control. If it was necessary to be content with only part of the salt revenues, they insisted that the division should be by provinces "... so that we may have a hold over our portion and not be exposed to illicit interference from other Powers."³

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1. Salisbury to Macdonald, Tel.6 Secret, 12 January 1898, FO17/1338.
 2. Macdonald to Salisbury, 18 January 1898, A.S.P., [1898], CV, [C.8814], 84.
 3. Salisbury to Macdonald, Tel.14 Private, 20 January 1898, FO17/1338.

The strengthening of the British position in relation to the administration of the Chinese revenues was only one object of the many demands which the British made in return for making the loan. Several of their other requests were designed to extend the facilities for foreign trade with China. They asked for the opening of internal navigation in China; the freedom of foreign goods from likin in the Treaty Ports; and the opening of Talienswan, Wanning, and a port in Hunan as Treaty Ports.¹ Another of their demands was for the right to construct a railway from the Burmese frontier to the Yangtze valley.² The British had been trying for some time to get definite permission for the extension of a railway from Burma into Yunnan and, no doubt, welcomed this opportunity to press the point. But it is possible that this request was also partly inspired by a desire to strengthen the British position in the Yangtze valley. Some of the other demands which they thought of making indicate that the British wanted to establish a right to special consideration in that region. They asked the Chinese to promise that territory in the Yangtze valley should never be ceded to any other Power³ and Salisbury had suggested, although this was not included in the demands eventually presented to the Chinese, that they

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1. Salisbury to Macdonald, Tel.76 Secret, 31 December 1897, FC17/1314; Macdonald to Salisbury, 16 January 1898, A. & P., [1898], CV, [C.8814], 80.
 2. Salisbury to Macdonald, Tel.76 Secret, 31 December 1897, FC17/1314.
 3. Ibid.

should ask for the first refusal of concessions in the
 Yangtze valley.¹

Throughout the negotiations the British anxiety for their success is manifest and this is reflected in their readiness to modify their proposals. Salisbury acquiesced in Macdonald's opinion that it would be better not to ask for the first refusal of concessions in the Yangtze valley.² The proposed request for the opening of Chinese ports to foreign salt, introduced after the negotiations had started, was dropped immediately when Macdonald complained that it was an "impossible condition".³ On 15 January Macdonald had a long discussion of the British demands with the "Tsunli Yamen in which "the main fight was over Taliénwan".⁴ Previously the Chinese had seemed to welcome the idea of opening this port and they still acknowledged the advantages of doing so. But the Russian chargé d'affaires had warned that they would incur Russian hostility if they conceded this point, and Macdonald thought that the Chinese were likely to "let [the] loan go rather than run [the] risk of Russian reprisals".⁵

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1. Salisbury to Macdonald, Tel.75 Secret, 28 December 1897, F017/1314. Part of this telegram is published in A.& P., [1898], CV, [C.8814], 72.
 2. Macdonald to Salisbury, Tel.14, 11 January 1897, F017/1340.
 3. Macdonald to Bertie, Telegram, Private, 11 January 1898, F017/1340: Salisbury to Macdonald, Tel.5 Secret, 12 January 1898, F017/1338.
 4. Macdonald to Salisbury, Tel.19, 16 January 1898, F017/1340. Most of this telegram is printed in A.& P., [1898], CV, [C.8814], 80.
 5. Ibid.

He was immediately authorized to withdraw the demand if he thought it "impracticable" to insist upon it, although Salisbury added that "we should give it up with regret."¹ Another much contested point was the amount of the loan. The Chinese wanted to borrow £16 m. whereas the British only wanted to lend £12 m., the amount of the indemnity remaining to be paid. The British Government's difficulty was that they had to design their proposals to please Parliament as well as the Chinese. When Macdonald urged them to make the loan £16 m., Salisbury explained that: "There will be the greatest parliamentary difficulty in advancing more than the indemnity requires unless some object can be shown which commends itself to Parliament."² Although he mentioned that paying off an earlier Chinese loan might satisfy their requirements, he was clearly still reluctant to enlarge the loan. Twelve days later he repeated that "we should greatly prefer to confine the loan to £12,000,000."³ This time however he was prepared to increase it - on condition that the extra amount was used either to pay off an earlier loan or to buy ships and guns in England. Salisbury described the second alternative as "the one we like least."⁴ The British had strongly disapproved of a similar German proposal in 1895 and it is a measure of

1. Salisbury to Macdonald, 17 January 1898, A. & P., [1898], CV, [C.8814], 83.

2. Salisbury to Macdonald, Tel. 7 Secret, 12 January 1898, F017/1338.

3. Salisbury to Macdonald, Tel. 17, 24 January 1898, F017/1338. Part of this telegram is printed in A. & P., [1898], CV, [C.8814], 87.

4. Ibid.

their eagerness to obtain the agreement for the loan that they were now willing to consider such a scheme. This proposal had one advantage however in that it enabled the British to appeal to the susceptibility of Chinese officials to any scheme which offered them some immediate personal gain.

Salisbury telegraphed to Macdonald that "It may serve your purposes to remember that in making the contract for spending the £4 mn. in England the legitimate commissions will fall to members of the Chinese Government." ¹

The great obstacle to the success of the British negotiations was Russian opposition. This was foreshadowed to a certain extent in their objections to the opening of Talienwan. At the same time there was a report that negotiations were going on for a Franco-Russian loan and this prompted the Foreign Office to urge Macdonald to press on with his negotiations. ² Until this time the British had evidently managed to keep their action fairly secret for, when The Times published an account of the British proposals on 17 January, Salisbury telegraphed to Macdonald:

"I am afraid that the unlucky discovery of our negotiations by the Times this morning will expose you to much hindrance from the other diplomatists."³

Nevertheless Macdonald obtained the Tsungli Yamen's assent to proposals regarding the security for the loan on 18 January and in the next few days a number of the other proposals were

1. Salisbury to Macdonald, Telegram, Private and Secret, 25 January 1898, F017/1338.
2. Salisbury to Macdonald, Tel.10 Secret, 17 January 1898, F017/1338.
3. Salisbury to Macdonald, Tel.11 Secret, 17 January 1898, F017/1338.

clarified and accepted. Then, when he was almost within reach of an agreement, the Russian opposition to the loan became pronounced. On 24 January the Tsungli Yamen told Macdonald that Russia had protested strongly against the conclusion of the loan "on the ground that it would disturb the balance of influence in China." Macdonald was clearly afraid that, with the Chinese cowering before the Russian threats, the negotiations might fail and he was at pains to impress upon the British Government that it was "strong fear of Russia" which made the Chinese hesitate.² He referred to a despatch which he had written on 1 December 1897 expressing his concern over how Britain was to deal with a Russian policy in China which he thought would increasingly be one of "violent and peremptory demands." He had written: "We have throughout the long term of our relations with China treated her with so much forbearance that she is tempted to believe that whatever provocation she may give, we will not show ourselves implacable or reject a peaceful settlement of the quarrel, and therefore when exposed to pressure from two quarters she choose the line of least resistance, that which brings her into conflict with England, feeling sure that she runs no risk of actual hostilities."³

He had concluded by stressing the importance of making the Chinese feel that they had as much to fear from Britain as from

1. Macdonald to Salisbury, Tel. 24, 25 January 1898, F017/1338; most of this telegram is published in A. & P., [1898], CV, [C.8814], 86-87.
2. Macdonald to Foreign Office, Private Telegram, 26 January 1898, F017/1340.
3. Macdonald to Salisbury, no. 162, 1 December 1897, F017/1313.

Russia. Now he reiterated the same theme, saying:

"There is no leverage, where the Chinese are concerned, like fear, and we, however unwilling, must meet threat with threat." ¹

Inability as much as reluctance limited the extent to which Britain could adopt such a policy. It was soon evident that she could do little to help the Chinese withstand the Russian protests. The Tsungli Yamen told Macdonald that only a promise of protection against Russia would help them and Macdonald's information was that Pavlow, the Russian chargé d'affaires, had threatened a military move over the frontier. ²

Salisbury's answer to this was: "We can give no promise of protection against Russia because she threatens a military move over the frontier against which we are necessarily powerless." ³

However Salisbury was not indifferent to the new turn of events. He had already stated firmly what steps Britain would take in the event of her offer being refused. Pavlow's argument to the Tsungli Yamen had been that the proposed British loan would "disturb the balance of influence in China". ⁴ "If a loan from us who have 4/5 of the trade would disturb the balance " retorted Salisbury, "a fortiori that effect would be produced by a loan from Russia." In order to redress the

1. Macdonald to Salisbury, Tel.27 Secret, 28 January 1898, F017/1340.
2. Macdonald to Salisbury, Tel.33, 31 January 1898, F017/1340. Part of this telegram is published in A.&P., [1898], CV, [C.8814], 94.
3. Salisbury to Macdonald, Tel.25, 1 February 1898, F017/1338.
4. Macdonald to Salisbury, 25 January 1898, A.&P., [1898], CV, [C.8814], 86.

balance, Britain would then demand: "freedom of inland navigation: the territory necessary for our Burmese railway: and [the] occupation of Chusen." And he concluded "These things China must grant if she accepts a loan from Russia: and if she refuses we shall take them."¹

But what, asked the Chinese, would happen if they refused the British loan and yet did not borrow from Russia? Salisbury maintained that some concessions would still be necessary to compensate for the "affront" inflicted on Great Britain by the refusal of her offer "in deference to Russian threats". He saw clearly however that in this event Britain would have to modify her demands for "otherwise we destroy any motive for their refusing to borrow from Russia"² and he said that Britain would then be content with the opening of internal navigation to British steamers and a written assurance that Sir Robert Hart's successor would be a British subject.

The Tsungli Yamen had intimated to Macdonald on 30 January that they thought the only course open to them was to borrow from neither England nor Russia.³ On 3 February Prince Kung informed him that the Chinese Government had taken a definite decision to this effect.⁴ On the same day Macdonald

1. Salisbury to Macdonald, Tel.23, 28 January 1898, FO17/1338.
2. Salisbury to Macdonald, Tel.25, 1 February 1898, FO17/1338.
3. Macdonald to Salisbury, 31 January 1898, A. & P., [1898], CV, [C.8814], 94.
4. Macdonald to Salisbury, Tel.34 (P.), 3 February 1898, FO17/1543. Most of this telegram is published in A. & P., [1898], CV, [C.8814], 95.

wrote to the Tsungli Yamen asking for a written undertaking that the Inspector-General of the Customs Administration should always be a British subject.¹ Actually, this request was made independently of the demands for compensation for the refusal of the British loan. Macdonald had asked for such an assurance during the loan negotiations in January, not as a condition of the loan but as a point upon which Great Britain would insist in any event.² On 2 February the Tsungli Yamen repeated the "positive assurances"³ which they had given him at that time and it only remained to obtain them in writing. At the same time Macdonald was pressing the Tsungli Yamen to make some other concessions to Great Britain to compensate for their refusal of the British loan. On 5 February they agreed, not only to open the internal navigation of China to British steamers but also to open a port in Hunan and to promise, if Macdonald requested it in writing, not to alienate territory in the Yangtze region to any other Power.⁴ On 11 February the Tsungli Yamen gave Macdonald the promised assurance that they would "never alienate any territory in the provinces adjoining the Yangtze to any other Power".⁵ Three

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1. Macdonald to Salisbury, Tel.34(P.), 3 February 1898, FO17/1343. Most of this telegram is published in A. & P., [1898], CV, [C.8814], 95.
 2. Macdonald to Salisbury, Tel.21(P.), 21 January 1898, FO17/1343. Most of this telegram is published in A. & P., [1895], CV, [C.8814], 86.
 3. Ibid.
 4. Macdonald to Salisbury, Tel.37 Confidential, 6 February 1898, FO17/1340.
 5. Gooch and Temperley, I, 11, Ed. note.

days later, when he received a despatch from the Tsungli Yamen agreeing that the Inspector-General of the Customs Administration should be a British subject as long as British trade with China was greater than that of any other country, he informed Salisbury that all the concessions which he had reported earlier were now confirmed.¹ Salisbury considered the concessions "very valuable" and congratulated Macdonald on his achievement. "It is however very embarrassing" he complained "to have to keep the secret for a month".² For the Chinese, fearful of demands by other Powers, had expressed the wish that for the time being any public announcement should be confined to the statement that China was not going to borrow from England or Russia but was considering what steps she could take to improve her revenue. A month or six weeks later they would not mind the opening of internal navigation and the eventual opening of a port in Hunan being announced. Their consent was obtained, however, to the immediate announcement of these concessions on the condition that they were not connected with the refusal of the loan or described as special concessions to Great Britain.³

Meanwhile the Chinese were still without a loan. As soon as it was known that the British Government's offer had

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1. Macdonald to Salisbury, Tel.39, 14 February 1898, FO17/1340. Most of this telegram is published in A. & P., [1898], CV, [C.8814], 101-102.
 2. Salisbury to Macdonald, Tel.35, 14 February 1898, FO17/1338. Most of this telegram is published in A. & P., [1898], CV, C.8814], 102.
 3. Macdonald to Salisbury, Tel.43, 18 February 1898, FO17/1340.

been refused, the Hong Kong and Shanghai Bank took up the question again. They wanted to offer China a loan but thought that such an offer would only be feasible if the Government promised to take the unsubscribed portion of the loan. "This seems [the] only chance of getting [the] loan for England" telegraphed Macdonald.¹ But this particular suggestion was impracticable because the Government lacked the power to² subscribe to a public loan. There was some consideration of other ways in which the Government might help the Bank, the chief possibility being an undertaking "to do what we could to look after the interests of our bondholders".³ The conclusion however was that nothing could be done. The Chancellor of the Exchequer thought that the Bank should make the loan on their own responsibility if they were going to undertake it and he was strongly of the opinion that he should take no responsibility in the matter unless there was to be some quid pro quo.⁴ The concessions which the British received from the Chinese shortly afterwards only confirmed Hicks Beach in his disinclination to have anything to do with the loan. On 10 February Cameron wrote to Bertie again telling him that the Chinese Government had decided to place under the immediate

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1. Macdonald to Salisbury, Tel.35 Very Secret, 3 February 1898, F017/1340.
 2. Salisbury to Macdonald, Tel.31, 5 February 1898, F017/1338.
 3. Sir E. Hamilton, (Assistant Secretary, the Treasury), to Bertie, 4 February 1898, F017/1356.
 4. Hamilton to Bertie, 5 February 1898, F017/1356.

control of the Customs Administration enough of the salt and
likin revenues to form the security for a loan of £16 m. and
Hart wanted to know if the Bank could make the loan. Cameron
considered the occasion "a grand opportunity of regaining lost
ground" but he felt that some Government support was necessary.¹
Salisbury had the letter sent to the Chancellor of the
Exchequer at once. Hicks Beach's reply was a vigorous refusal
to have anything to do with the loan. "It is one thing," he
said "to make a loan to the Chinese Government ourselves in
consideration of important commercial concessions. It is quite
another thing to 'get up behind' a private bank in the very
indefinite manner suggested. I have never been disposed to
this course and think it would be a very dangerous precedent."²
Moreover the obstacle which had originally prevented the Bank
from raising a loan without a guarantee seemed to him to be
removed now that the Chinese were willing to place the revenues
which were to form the security for the loan under the immediate
control of the Customs Administration. "And if the loan is
merely a question between rival financiers of different
nations," he concluded, "I care very little who gets it, having
regard to the promises we have from the Yamen."³ Cameron
explained to Bertie that the Bank wished, not that the Government

1. Cameron to Bertie, 10 February 1898, F017/1356.

2. Minute by Hicks Beach, Cameron to Bertie, 10 February 1898,
F017/1356.

3. Ibid.

should guarantee the loan, but that the Bank of England should join them in issuing it. In the course of the next day Cameron happened to write Bertie three times and Hicks Beach, on receiving these letters, exclaimed "... cannot you stop this man from pestering us with his proposals?"¹ This outburst was not simply the result of his opposition to Cameron's proposals. Something else was on his mind:

"... how is it possible for us," he asked, "consistently with good faith, to do anything of the kind which he desires while we are negotiating at St. Petersburg?"²

For the British were then engaged in negotiations, which had indeed started almost four weeks before, for an understanding with Russia.

It was the situation in China, and more particularly difficulties encountered in the loan negotiations, which prompted the British overture to Russia. When the British were first proposing to make the loan, Salisbury had told Macdonald that "if we can get Russia to go with us taking half the risk and analagous advantages in the North, we should prefer to do so."³ This idea, however, was apparently not pursued and the British continued their negotiations for the loan

1. Minute by Hicks Beach, Cameron to Bertie, 11 February 1898, FO17/1356.
2. Ibid.
3. Salisbury to Macdonald, Tel.76 Secret, 31 December 1897, FO17/1314. The Chancellor of the Exchequer, according to his biographer, was anxious to co-operate with Russia in the matter of the loan. Cp. Lady Victoria Hicks Beach, Life of Sir Michael Hicks Beach, [1932], II, 58.

independently. In a long discussion of the conditions of the loan with the Tsungli Yamen on 16 January, Macdonald discovered that the Russian chargé d'affaires had warned the Chinese that they would incur Russian hostility if they agreed to open Talienwan.¹ Consequently they were very reluctant to concede this demand. This inspired Macdonald to refer to Salisbury's earlier suggestion of working with Russia and to express his own opinion that: "The time has come when if possible we should come to an understanding with Russia as to our general policy out here. It would be preferable if we could work together and I think this is feasible ..."² This telegram was received at the Foreign Office on the morning of 17 January. That afternoon Salisbury sent the instructions to O'Connor, now Minister at St. Petersburg, "to ask Monsieur Witte whether it is possible that England and Russia should work together in China. ..."³ O'Connor took up this proposal eagerly. On 19 January he saw, not Witte, the Finance Minister, but Mouravieff, the Foreign Minister. Moreover he suggested to him that an understanding between the two countries should not be confined to the Far East but should "extend to the general area of our respective interests."⁴

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1. Macdonald to Salisbury, 16 January 1898, A. & P., [1898], [C.8814], 80.
 2. Macdonald to Bertie, Telegram, Private, 16 January 1898, F017/1340.
 3. Salisbury to O'Connor, 17 January 1898, Gooch and Temperley, I, 5.
 4. Ibid., 6. O'Connor to Salisbury, 20 January 1898.

Monravieff wanted the British Government to formulate their views. Accordingly on 25 January Salisbury elaborated the British proposal, accepting O'Connor's extension of the area of the negotiations. The British approach to questions concerning China seems to be pervaded by a desire that the protection of British commercial interests there should not entail friction with European Powers. This is reflected in Salisbury's explanation of the British reason for hoping for an agreement with Russia. "The two Empires of China and Turkey are so weak," he said, "that in all important matters they are constantly guided by the advice of Foreign Powers. In giving this advice England and Russia 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 that an understanding with Russia might benefit both nations."¹ Salisbury pointed out that there were parts of China, as of Turkey, in which Russia was particularly interested, other parts in which Britain had the greatest interest. "Would it be possible," he asked, "to arrange that where, in regard to these territories our counsels differ, the Power least interested should give way to and assist the other?" He insisted that there should be no infringement of existing treaty rights and no injury to the integrity of either China or

1. Salisbury to O'Connor, 25 January 1898, Gooch and Temperley, I, 8.

Turkey. "We aim at no partition of territory, but only a partition of preponderance."¹

It is nevertheless very noticeable that the subject which most actively concerned the British was still the loan. At the same time that O'Connor was instructed to sound out Witte about the possibility of England and Russia working together in China, Macdonald was told to "press on" with his loan negotiations because reports had been received that negotiations were taking place for a Franco-Russian loan. The decision reached on the same day, to drop the demand for the immediate opening of Talienwan was clearly made in order to facilitate the success of the loan negotiations. Although the instructions sent three or four days later for the withdrawal of the British ships² which had sailed to Port Arthur obviously represented an attempt to conciliate the Russians, this may well have been inspired as much by a desire to disarm Russian

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1. Salisbury to O'Connor, 25 January 1898, Gooch and Temperley, I, 8.
 2. When Macdonald complained that British prestige in China had been injured by the report that the British men-of-war had been withdrawn because of Russian representations, Salisbury maintained that the "statement that [the] Admiral has been directed to withdraw ships from Port Arthur is a pure invention". Rather, the Admiral had merely been told that he might move the ships whenever it was convenient to do so. It is clear however that Salisbury himself considered that this instruction constituted an order for the withdrawal of the ships for he telegraphed to O'Connor: "Orders already sent for withdrawal of British ships from Port Arthur." Salisbury to O'Connor, Tel.13, 21 January 1898, F065/1557; cp. also Letters of Queen Victoria, iii, 227.

opposition to the loan as by any wish to smooth the way for negotiations for an Anglo-Russian understanding. And whilst O'Connor was pursuing the question of an understanding at St. Petersburg, the Foreign Office was engaged in obtaining a final settlement of the arrangements for the loan and, subsequently, in considering what action Britain should take if the Chinese refused the loan.

At a Court Ball in St. Petersburg on 1 February the Emperor spoke to O'Connor in very encouraging terms about the possibility of an agreement between the two countries. The Emperor's message was received in London just after the announcement that the Chinese had refused the British loan on account of Russian threats. Consequently "it will be difficult for us" Salisbury said "to put on paper an effusive recognition of the Emperor's kindness". However he told O'Connor to thank the Emperor verbally for the goodwill shown in his message and, more important, instructed him to discuss the conditions of the British loan with the Russians and find out their objections.¹

Thus the possibility of a British Government loan to China was once again revived. The British had apparently considered at first that the Chinese refusal of their loan ended the matter. O'Connor however had told Lamsdorff, the Russian Assistant Under-Secretary for Foreign Affairs, that

1. Salisbury to O'Connor, 6 February 1898, Gooch and Temperley, I, 11.

he thought the British Government had gone too far with their loan negotiations to give them up and Lamsdorff had said that the Russians did not object so much to the principle of an Anglo-Chinese loan as to some of the conditions which had been proposed.¹ When it was decided that nothing could be done to assist the Hong Kong and Shanghai Bank in raising the loan, Bertie pointed out that then one of the other Powers would probably make the loan and thereby acquire "reasonable ground for claiming to introduce into the ... Customs Service, nominees of their own. We shall then find the control slipping out of our hands."² At his suggestion, therefore, the British took advantage of the fact that O'Connor had kept the way open for discussion of the loan. The introduction of this question into the negotiations gave a much more practical point to the conversations with Russia from the Government's or, at least, from Salisbury's point of view.

Russia's demands in return for letting Britain make the loan to China were, Lamsdorff told O'Connor on 18 February, "very simple, merely a lease for, say, twenty years of Talienwan and Port Arthur, or some other port in the North which may ultimately be considered more desirable as a terminal railway station."³ This was not an entirely unforeseen event.

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1. O'Connor to Salisbury, Tel. 24 Secret, 7 February 1898, F065/1559.
 2. Bertie, Memorandum, 3 February 1898, F017/1356.
 3. O'Connor to Salisbury, 19 February 1898, Gooch and Temperley, I, 14.

From the time of the announcement that the Russian Far Eastern Squadron was going to winter at Port Arthur, it had been expected that Russia would ask for a port. The chief concern of the British Government, amidst all the excitement which this prospect aroused, had been to ensure that any port acquired by Russia would be open on equal terms to British trade. On 27 January de Staal, the Russian Ambassador in London, had told Salisbury of a message which he had received from Monravieff in which the Foreign Minister referred to the fact that English statesmen had publicly acknowledged that it was only natural that Russia should desire a commercial outlet in the Pacific. "Any such port" the message continued "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."¹ This assurance apparently did much to allay any uneasiness caused by the Russian objections to the British demand for the opening of Talienwan. Certainly, Salisbury laid great emphasis on it in the debate in the House of Lords on 8 February when Parliament reassembled. Tracing the story of the British demand for the opening of Talienwan, he explained that it had been withdrawn but that the Chinese had agreed that it should be opened if ever a railway was brought down the Liaotung Peninsula. He

1. Salisbury to O'Connor, 2 February 1898, A. & P., [1898], CV, [C.8814], 32.

added, however, that the point held little interest for him any more "for ... we have received spontaneously from the Russian Government an assurance that any port which they might obtain leave to employ for the outlet of their commerce would be a free port, free to the commerce of this country. Now a free port", he concluded, "is much better than a Treaty Port. So having ascertained that Talienwan was to be a free port it interested us very little to know whether it was to be a Treaty port or not."¹ Although de Staal explained the next day

that he had actually meant that "the port to be used by Russia as a commercial outlet" would be a Treaty port and not a free port, Salisbury still seemed fairly satisfied. A Treaty port, he said, was "not much inferior in value to a free port" and moreover it was preferable from the British point of view that the port should thus be brought within the framework of the Treaties.² When Lansdorff announced that Russia wanted

Port Arthur as well as Talienwan, O'Connor protested that "the possession of such a military position ... would radically alter the condition of things"³ and he told Salisbury that the

Russians clearly wanted Port Arthur as a naval dockyard for their exclusive use.⁴ Salisbury however took no apparent notice

1. Lansdorff's Parliamentary Debates, 4th Series, LIII, (1897-98), 40-41.
2. Salisbury to O'Connor, 9 February 1898, A. & P., [1898], CV [C.8214], 96-97.
3. O'Connor to Salisbury, 19 February 1898, Gooch and Temperley, I, 14.
4. O'Connor to Salisbury, Tel.33 Secret, 27 February 1898, F065/1559. Part of this telegram is printed in Gooch and Temperley, I, 15.

of this possibility and simply insisted again that Russia, if she acquired these places, must treat them as commercial ports. He told O'Connor to find out if the Russians were fully aware that the British would "stick fast" to the provisions of the Treaty of Tientsin so far as Talienwan and Port Arthur¹ were concerned. And five days later he stated with emphasis that the British would have no objection to a Russian lease of these ports -² "for purely commercial purposes."

The projected understanding between the two countries thus became a very practical proposition: Russian objections to a British loan to China were to be waived in return for British assent to a Russian lease of Talienwan and Port Arthur. Other developments at the same time however led Salisbury to doubt increasingly whether Britain had anything to gain by such an agreement. From the British Government's point of view the attraction of making the loan lay not in the transaction itself, from which they were rather averse, but in the conditions attached to it. After the British raised the question of the loan in their conversations with the Russians, the Chinese, to compensate for their refusal of the loan offered by the British Government, conceded a number of the demands which the British had originally made as a condition of the loan.³ The two most important points which these Chinese

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1. Salisbury to O'Connor, Tel.52 Secret, 20 February 1898, F065/1557.
 2. Salisbury to O'Connor, Tel.56, 25 February 1898, F065/1557.
 3. Vide supra p.145-146.

concessions did not cover were the opening of Nanning and the extension of a British railway from Burma into the Yangtze valley. The French were opposed to both these demands and Lamsdorff had made it clear that on this account Russia would be unable to help the British in pressing the Chinese to grant these requests.¹ Consequently, as Salisbury pointed out, "any acquiescence in the occupation of Port Arthur and Talienwan would be almost gratuitous." In fact, "if we accepted the bargain hinted at by Russia we should really gain nothing except liberty to advance £16 m. Is that in itself of any great value?"²

This was the question which Salisbury put to O'Connor and to Macdonald and which he intended to bring before the Cabinet when it met on 23 February.³ He himself was clearly sceptical of the value of the bargain. O'Connor on the other hand thought that it was well worth while for the British to consent to the Russian acquisition of Port Arthur and Talienwan if this would enable Russia and Great Britain to come to a general understanding, particularly since their refusal was unlikely to deter the Russians and yet certain to create much sore feeling between the two countries.⁴ From the beginning

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1. O'Connor to Salisbury, Tel.31 Secret, 18 February 1898, F065/1559.
 2. Salisbury to O'Connor, Tel.52 Secret, 20 February 1898, F065/1557.
 3. Ibid.
 4. O'Connor to Salisbury, Tel.33 Secret, 22 February 1898, F065/1559. Part of this telegram is published in Gooch and Temperley, I, 15.

it was from O'Connor that much of the impetus for a general understanding had come. It was he who first suggested that the proposal should include the Near as well as the Far East and he commented now that he had always regarded the loan as "merely an incident in our negotiations".¹ This remark shows the contrast between O'Connor's and Salisbury's approach to the proposed agreement for it is striking to observe how closely the negotiations for an understanding had become allied in Salisbury's mind with the question of the loan. Indeed the Hong Kong and Shanghai Bank's conclusion of an agreement to provide the loan removed the one remaining attraction of the bargain in his eyes and confirmed him in the conviction that Britain had nothing to gain from an agreement with Russia. There is no available record of the Cabinet's decision in this matter but it is apparent from what followed that Salisbury's view prevailed. On 25 February he explained to O'Connor that the British Government did not object to a Russian lease of Talienwan and Port Arthur but that she could not "formally assent to it unless Russia offers something in return. But she has nothing to offer us because France prevents her from supporting Nanning on the Burmese railway and the loan and other things have been done without her help. It seems an impasse."²

This seems to be the point at which the British lost interest in the negotiations, although they were not formally

1. O'Connor to Salisbury, Tel.33 Secret, 22 February 1898, F065/1559. Part of this telegram is published in Gooch and Temperley, I, 15.
2. Salisbury to O'Connor, Tel.56, 25 February 1898, F065/1557.

abandoned. Salisbury indeed had never been very hopeful. On 11 February - the same day on which Hicks Beach protested that it was impossible, in good faith, to entertain Cameron's proposals while negotiating with the Russians - he had said in a telegram informing Macdonald of the negotiations: "We have had some interchange of friendly language at St. Petersburg but they are insincere and their language is ambiguous."¹ And yet it was apparently Salisbury who took the initial step in the overture. When Macdonald's telegram urging that Britain and Russia should come to an agreement to work together in China was received at the Foreign Office, Bertie's comment was: "Impossible I fear. Russia is too closely bound to France."² But it was on the same afternoon that Salisbury instructed O'Connor to approach Witte. It may however be relevant to point out that this was but one of several instructions touching affairs in China sent on the same day. It is also important to remember that Salisbury's original instruction was to approach Witte "if practicable" and to discuss with him the possibility of Anglo-Russian co-operation in China. O'Connor enlarged Salisbury's proposal. He also broached it to Mouravieff as well as to Witte. O'Connor would not however seem to have been alone in his enthusiasm

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1. Salisbury to Macdonald, 11 February, Gooch and Temperley, I, 11.
 2. Macdonald to Bertie, Telegram, Private, 16 January 1898, FO17/1340. Minute by Bertie.

for a general understanding with Russia. Professor Langer has suggested that it was Balfour, Chamberlain and Hicks Beach who were anxious for such an agreement.¹ There is little specific evidence on this point. But there are indications that in the case of Hicks Beach at least this was so: his own reference, in connection with proposals for the loan, to ~~be~~ ^{the} negotiations with Russia² and his biographer's statement that he wished for a cordial understanding between England and Russia³ both bear out the contention. It receives general confirmation moreover from Macdonald's reference to a letter from Bertie written on 7 January in which the latter had mentioned that there was "an inclination among some of the Powers that be to run with Russia ..."⁴

On balance, however, Professor Langer's description of this overture as "half-hearted"⁵ seems justified. In any event the idea of a general understanding between England and Russia was soon lost in the rapid pace of other developments. The final agreement for the Anglo-German Syndicate's loan to China was signed on 1 March.⁶ On 5 March the agreement between

1. W.L. Langer, op.cit., II, 467.
2. Vide supra, p.149.
3. Lady Victoria Hicks Beach, Life of Sir Michael Hicks Beach, [1932], II, 59.
4. Macdonald to Bertie, Private, 28 February 1898, P017/1333.
5. W.L. Langer, op.cit., 470.
6. Macdonald to Salisbury, 1 March 1898, Gooch and Temperley, I, 15.

Germany and China regarding Kiaochau was finally concluded.¹
 And on 6 March the Russians demanded from the Chinese a
 lease of Port Arthur and of Talienwan and the right to
 construct a railway from Peking on the Trans-Siberian line
 in Manchuria to Port Arthur.² The Chinese conceded these
 requests on 24 March.³

Then Macdonald reported on 25 February that the Chinese
 would be glad to offer Britain a lease of Wei-hai Wei, the
 reply had been that "the present policy of H...A...G... is
 to discourage alienation of Chinese territory. It is
 therefore premature to discuss the lease of Wei-hai
 Wei unless the action of other Powers materially
 alters the position."⁴ It was exactly a month later
 that Macdonald was told that the "Surrender by Yamen of
 Port Arthur to Russia materially alters balance of
 power in Gulf of Pechili. It is therefore necessary
 to obtain in the manner you think most efficacious and
 speedy the refusal of Wei-hai Wei when Japanese have
 left it...."⁵ The turning point between these two
 pronouncements was the presentation of the Russian demands
 on 6 March.

On the day on which the news of the Russian demands
 was received in London, Balfour telegraphed to Macdonald:

1. Macdonald to Salisbury, 9 March 1898, A. & P., [1898],
 CV, [C.3814], 104.
2. The Times, 7 March 1898, p.7.
3. Macdonald to Salisbury, 24 March, A. & P., [1898], CV,
 [C.3814], 115.
4. Salisbury to Macdonald, 25 February 1898, Gooch and
 Temperley, I, 18.
5. Salisbury to Macdonald, 25 March 1898, ibid., 25.

"If...the Russians are to have the lease of Port Arthur and Tallienan on the same terms as the German lease of Kiao-chan, the influence of these Powers over the Government of Peking will be so increased to the detriment of that of Her Majesty's Government, that it seems desirable for us to make some counter-move...". This immediate reaction of the British

to the news of the Russian action bears witness to the strong impact which is made upon them. The sense of urgency which the British evidently felt at first was no doubt due to the report that the Russians had insisted upon the Chinese replying within five days and had threatened a military move into Manchuria if the Chinese did not comply with the Russian requests. When it became evident that the Russians were not proceeding quite so rapidly after all, the British were able to consider at a more leisurely pace exactly what their policy should be. Once they had decided what action they should take, the British intention was to approach the Russians and inform them of the conditions upon which Britain would acquiesce in the granting of the Russian demands.

When Balfour telegraphed to Macdonald on 7 March, he suggested that the best plan for Britain might be to insist

1. Balfour to Macdonald, Tel. 65 Secret, 7 March 1898, FO17/1338. This telegram is printed in A. & P., [1898], CV, [C.8814], 104, but the printed version says "the influence of Russia" instead of "the influence of these powers". Salisbury was ill at this time and from 7 March, if not earlier, Balfour took his place at the Foreign Office. Salisbury did not however leave England for France before 26 March.
2. Balfour to O'Connor, 8 March 1898, A. & P., [1898], CV, [C.8814], 104-105.

on the refusal of the lease of Wei-hai Wei when the Japanese left.¹ The British were confirmed in their desire to have some hold over Wei-hai Wei in reports that Germany had designs upon the place. 'We ought to get there first' was Bertie's comment² and by the middle of March it was evident that the British were determined at least that no other Power, with the possible exception of Japan, should have Wei-hai Wei. They were not however anxious to incur the expense of actually occupying Wei-hai Wei and preferred the idea of obtaining a pledge from the Chinese, such as had been given in the case of Khusan that Wei-hai Wei would not be ceded to any other Power.³

But when Salisbury said on 18 March that 'we have no wish for special rights at Wei-hai Wei ourselves'⁴ he made his statement dependent upon Britain receiving satisfactory assurances that Russia would not infringe Treaty rights. The fundamental concern of the British was to ensure that Treaty rights would be observed in all the places affected by the granting of the Russian demands and that both Yalienwan and Port Arthur would be open to foreign trade. The possibility of countenancing any other arrangement in this respect was not admitted in any of the alternative lines of policy

1. Balfour to Macdonald, 7 March 1898, L.C.P., [1898], CV, 10.2214, 104.
 2. Cameron to Bertie, 11 March 1898, FO17/1857, minute by Bertie.
 3. Salisbury to Macdonald, Tel. 30, 11 March 1898, FO17/1858.
 4. Ibid.

which the British considered adopting. Yet there was ample reason to doubt whether it was in accord with the real intentions of the Russians to give such assurances as the British desired.

The question had already arisen in January as a result of the British request for the opening of Talienwan and de Steal had assured Salisbury that any port acquired by Russia would be open to foreign trade.¹ This however was before the Russians indicated that they wanted Port Arthur as well as Talienwan and since then there had been no repetition of this assurance with specific reference to Port Arthur. O'Connor felt that the Russians obviously wanted Port Arthur as a naval base for their own use.² And Mouravieff, speaking to O'Connor on 9 March about the Russian demands for Port Arthur and Talienwan, said that Talienwan would be open to foreign trade.³ The Foreign Office noticed the evident distinction between Talienwan and Port Arthur and told O'Connor to seek assurance that the stipulations of the Treaties would prevail in both places.⁴ O'Connor took up the question with Mouravieff who claimed that he had never given any

1. Vide supra, p.156.
2. O'Connor to Salisbury, Tel.33 Secret, 22 February 1898, FO65/1559.
3. O'Connor to Salisbury, 9 March 1898, A. & P., [1898], CV, [C.8814], 105.
4. Ibid., 106, Salisbury to O'Connor, 11 March 1898.

assurance that Port Arthur would be open to trade. This was literally true. He was however very disconcerted upon realizing that de Staal had said that any port acquired by Russia would be open to foreign trade. Recovering himself, he said that the Emperor's orders were that Talienwan should be open to trade but that Port Arthur should be a strictly military port, and therefore Mouravieff could not give the assurance which he required without consulting the Emperor again.¹ Three days later he told O'Connor that he might inform the British Government that foreign trade would have "free access" to Port Arthur and Talienwan, if acquired by Russia "similarly to other ports in the Chinese Empire."²

On 19 March Balfour told Macdonald that "It seems probable that we may have to choose between two policies, 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 - we taking as a makeweight a lease of Wei-hai Wei.

"The other requiring the Russians to abstain from leasing Port Arthur, we engaging to take no port in the Gulf of Pechili and not to intervene in Manchuria..."³

The Cabinet had met on 18 March⁴ and Balfour's outline of the alternatives facing Britain would appear to be a statement of the different opinions advanced at that meeting. The first

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1. O'Connor to Salisbury, 13 March 1898, (R.18 March), Gooch and Temperley, I, 19.
 2. O'Connor to Salisbury, 16 March 1898, A.& P., [1898], CV, [C.3814], 108-109.
 3. Balfour to Macdonald, 19 March 1898, Gooch and Temperley, I, 21-22.
 4. The Times, 19 March 1898, p.11.

proposal sums up the conclusions reached in the course of Foreign Office consideration of what British policy should be. The second suggestion on the other hand bears little relation to the thinking of the Foreign Office on the subject.

Ronaldshay says that many members of the Government were opposed to Curzon's conviction that the best policy was to occupy Wei-hai Wei¹ and it is probable that the second alternative, in which Wei-hai Wei had no place, originated in the Cabinet. There was another Cabinet meeting on 22 March apparently for the purpose of deciding what line Britain should take.² The decision reached is an interesting combination of the two alternative propounded by Balfour.

O'Connor was told to inform Mouravieff that the British Government was glad to take note of Russian assurances that they had no intention of infringing treaty rights and to tell him that Britain did not object to Russia having an ice-free commercial port nor to a railway connecting that port with the Trans-Siberian line. On the other hand, the message continued, "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 whole 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."³

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1. Ronaldshay, The Life of Lord Curzon, [1928], I, 285.
 2. Letters of Queen Victoria, iii, 237-8.
 3. Salisbury to O'Connor, 22 March 1898, Gooch and Temperley, I, 23.

The British Government had grave objections to the policy implicit in such action and would promise not to occupy any port in the Gulf of Pechili themselves as long as other powers refrained from doing so.¹ At the same time Macdonald was instructed to tell the Chinese that the British Government thought that the best course would be not to lease Port Arthur to Russia and that they would promise not to occupy Wei-hai Wei if this course was followed. He was also told however to inform the Tsungli Yamen that the British Government would in return insist upon a pledge that Wei-hai Wei would not be "alienated or ceded to any other European Power."²

Thus on the one hand the British kept the way open for the occupation of Wei-hai Wei should that prove necessary whilst on the other hand they expressed their objections to the Russian occupation of Port Arthur which would make it necessary. It is noticeable that the British did not protest directly against the lease of Port Arthur to Russia and in this they followed closely a minute which Salisbury had written that day saying that "The only thing to be done is to object to the military occupation of Port Arthur in language sufficiently measured to allow Russia to find a way out."³

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1. Gooch and Temperley, I, 23.
 2. Balfour to Macdonald, Tel.99, 22 March 1898, F017/1338. cp. also Letters of Queen Victoria, III, 233.
 3. Minute by Salisbury, 22 March 1898, Gooch and Temperley, I, 22-23. This minute is from the Sanderson MSS.

Balfour had said of the second alternative that it could "only be carried through at the risk of general war ..."¹ Salisbury's determination to avoid this risk is evident. The reason for it was made clear a few days later when the Russians, paying no attention to the British representation, obtained the consent of the Chinese to all their demands. Lady Gwendolen Cecil has described how some of Salisbury's colleagues came to see him at his house in Arlington Street, on the morning after this news had been received in London, "in a state of indignation almost as great as that which agitated the outside public and anxious to urge a strong course of action on their chief."² Salisbury was unable to receive any visitors but his daughter took up to him the message which his colleagues wished to send to the Russians. Salisbury's comment was that the message would probably mean war and he explained that "In six months' time we shall be on the verge of war with France; I can't afford to quarrel with Russia now."³

It was on 24 March that Macdonald reported that the Russian Government had informed the Chinese that Port Arthur and Tallienwan could not be treated as separate questions and that Russia would take "hostile measures" if she was not granted

1. Gooch and Temperley, I, 22 Balfour to Macdonald, 19 March 1898.
2. Lady Gwendolen Cecil, Biographical Studies of Robert Third Marquis of Salisbury, [1948], 58.
3. Ibid.

a lease of both places by 27 March. "The Chinese Government are therefore," the Tsungli Yamen told Macdonald, "forced, against their will, to give way."¹ The next day the Cabinet met to consider what Britain should do in light of this new turn in events.² The result was the instruction to Macdonald to ask for the lease of Wei-hai Wei.³

Curzon, according to Ronaldsday, was almost entirely responsible for the conversion of a reluctant Government to the idea of taking Wei-hai Wei. At first Balfour, Chamberlain, Goschen, the Duke of Devonshire, Hicks Beach, and Lansdowne were all opposed to it. Then Curzon won Balfour's support and was invited to put his case before the Cabinet.⁴ Unfortunately there is little other direct evidence on this point with which one can compare Ronaldsday's account. It is to be noticed however that as early as 7 March Balfour suggested that the best plan would be to ask for the refusal of the lease of Wei-hai Wei. If his adoption of this idea was the result of Curzon's persuasion, it is the more interesting to observe how little trace there is in the Foreign Office documents of any previous opposition to the idea on Balfour's part. Indeed a reading of these documents alone gives the impression that by the middle of March those at the Foreign

Macdonald to Salisbury, 24 March 1898,
 1. A. & P., [1898], CV, [2.7314], 115.
 2. Letters of Queen Victoria, III, 237.
 3. Gooch and Temperley, I, 25.
 4. Ronaldsday, The Life of Lord Curzon, [1928], I, 283-285.

officials were definitely thinking in terms at least of ensuring that no other Power should have Wei-hai Wei. It is possible that Curzon's efforts were more important in convincing other members of the Government that the best policy was to take Wei-hai Wei.

One writer has said that 'many an Englishman felt that it was unparliamentary to strike at China while she was prostrate. However, commercialism was more potent than sportsmanship and the acquisition of Wei-hai Wei was the result.'¹ It is however important in considering the decision to take Wei-hai Wei to remember that from the end of 1895 the British had planned to ask for a similar concession in Russia and Germany acquired stations in China.² The significant feature of the decision is that the place chosen was not in Central China where British commercial interests were concentrated but in the north, near the seat of the Chinese Government.

The decision however hardly seems in accord with a resolution which was passed unanimously in the House of Commons on 1 March 1898 that 'it is of vital importance for British commerce and influence that the independence of Chinese Territory should be maintained.'³ In the debate on this

1. F. S. McCordock, British Far Eastern Policy, 1894-1900, 1961, 256-7.

2. Ibid. supra, p. 111-113.

3. Parliamentary Debates, 4th Series, LVII, 309. The resolution was moved by Sir John Lubbock-Bentley and seconded by Mr. Dixon Bowles.

resolution Curzon had affirmed "that the integrity and independence of China are matters of intense solicitude to the Government ... and that they may be considered to be the cardinal bases of our policy with reference to that country."¹ This resolution however was not one put forward by the Government. Indeed it had for some time been the British intention to ask for a similar concession if other Powers were granted stations in China. On the other hand, until another Power definitely obtained such a concession, the British would make no move to claim a counter-concession. In short, the British were prepared to set a good example but if it was not followed, they would follow the example of others. The maintenance of Chinese independence and integrity was the most desirable condition of affairs from the British point of view but they could not go to any great lengths for its preservation. "... The seizure of Chinese territory, the alienation of Chinese territory, the usurpation of Chinese sovereignty," said Curzon, "is not primarily any part of British policy."² Nor, it is clear, was the active defence of Chinese independence and integrity.

1. Hansard's Parliamentary Debates, 4th Series, LIV, 331-332.

2. Ibid., 332.

CHAPTER 6

"THE BATTLE OF CONCESSIONS"¹

"Speaking generally," wrote Balfour in a despatch to O'Connor on 28 March setting forth the British Government's view of the concessions which Russia had obtained from China,

"it may be said that the policy of this country is effectively to open China to the commerce of the world, and that our estimate of the action of other Powers in the Far East depends on the degree to which it promotes or hinders the attainment of this object. The construction of railways, so long as the natural flow of trade along them is not obstructed or diverted by fiscal or administrative regulations, must always be one of the most powerful means by which the ends desired by Her Majesty's Government may be attained." ²

Thus did the British Government approach a subject which was soon to become their main preoccupation in China. For excitement over Chinese affairs did not subside after the events of March, and in the months that followed it was more and more upon the competition for railway concessions that foreign interest and activity in China was concentrated.

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1. "It does not seem that the battle of concessions is going well for us" Salisbury to Macdonald, 13 July 1898, A. & P., [1899], CIX, [C.9131], 435.
 2. Salisbury to O'Connor, 28 March 1898, Gooch and Temperley, I, 27.

The building of railways was not an entirely new development in China but very little had been done in this direction before the Sino-Japanese war.¹ The first attempts made by foreigners to introduce railways in China were almost completely unsuccessful owing to the opposition of Chinese officials. A request for permission to build a railroad from Shanghai to Soochow, made by a group of Shanghai merchants in July 1863, was refused. A more comprehensive plan presented in the same year by Sir MacDonal'd Stephenson, who had taken a leading part in the development of railways in India, was also turned down. Thirteen years later a line was actually built from Shanghai to Woosung and, when opened in July 1876, showed every sign of becoming a great success. The local population was not in the least hostile. But the officials were opposed to it and when a Chinese was run over and killed, it was required in settlement of the episode that the railroad should be handed over to the Chinese Government. When it was taken over in 1877 traffic was stopped and soon afterwards the line was destroyed.

In the years that followed however a few Chinese officials took up the question of railways and, despite the strong opposition of a large section of Chinese officialdom, achieved some results. Between 1889 and 1893 sixty miles of railway

1. On the developments in this early period cp. P.H. Kent, Railway Enterprise in China, [1907], 1-42; H.B. Morse, The International Relations of the Chinese Empire, [1910-1918], III, 72-81.

had been built in Formosa. More important, by 1894 there was a railway line all the way from Tientsin, at the mouth of the Pei-ho, along the coast to Shanhaikwan, just within the Great Wall, - a distance of some 160 miles. This line owed much to the interest and support of Li Hung-chang, the Viceroy of Chihli. Li had also conceived the idea of extending the railway northeastwards from Shanhaikwan across the southern provinces of Manchuria. It was news of this intention which led the Russians to undertake the construction of the Trans-Siberian railway in 1891. They also tried to hinder the fulfilment of Li Hung-chang's plan but in 1893 he received permission to construct the railway and 40 miles of it had been built when the Sino-Japanese war started.

A special bureau, the Imperial Railways of North China, was established to manage this line which was a Government undertaking. C.W. Kinder, a British engineer who had played a leading part in the construction of the Tientsin Shanhaikwan railway from its earliest stages, was appointed Engineer-in-Chief to the new administration. In the spring of 1895 however there were disturbing reports that some of the other British engineers employed by the Imperial Railways were being dismissed whilst Gustav Detring, an ambitious and energetic German and a protégé of Li Hung-chang's, had been appointed a Director.¹ At this time the Chinese wanted to mortgage the

1. O'Connor to Kimberley, no.73 Confidential, 8 March 1895, FO17/1233.

Northern line to a foreign company in the hope of protecting it from Japanese attack and they approached both the British and German banks on the subject. The opinion of the Foreign Office was that such an arrangement, made by one of the belligerents after the war had begun, would not be valid.¹ Detring, however, was said to be planning the formation of a syndicate to take over the line, on the condition that he was given the concession for the railway from Tientsin to Hankow. And O'Connor, although he realized that it was probably impossible for the British to afford any protection to the northern line during the war, felt keenly "the danger of ... placing the railway administration under German influence from the start."²

It was widely expected that when the war was over there would be a great development of railways in China. Immediately after the conclusion of peace, when the British Government was preoccupied with the negotiations for the indemnity loan and worried about the possibility of Britain being excluded from the loan, O'Connor telegraphed: "I am more afraid of our losing important railway concessions for want of suitable applicants."³ In point of fact the war was not followed by

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1. O'Connor to Kimberley, Tel.9 Confidential, 19 February 1895, FO17/1242, minutes by W.E. Davidson, Legal Advisor to the Foreign Office, and Kimberley.
 2. O'Connor to Kimberley, no.73 Confidential, 6 March 1895, FO17/1233.
 3. Private Kimberley Papers, O'Connor to Kimberley, Telegram, Private, 11 May 1895. O'Connor sent this telegram as no.53 Confidential in the Official Series but was subsequently instructed to make it a private telegram.

a sudden spate of activity in this field. Indeed it was about two and half years before the competition for railway concessions became intense.

The slow pace of development was largely the result of the strong opposition which still existed among Chinese officials to the introduction of railways. Actually their objection was not so much to the railways themselves as to the use of foreigners in the construction of them. In conversations on the subject of railways, Ministers of the Tsungli Yamen stressed their desire to keep the construction of railways in Chinese hands.¹ There was a similar feeling with regard to mineral development. Macdonald wrote that there was a "fear on [the] part of officials that to allow any foreign control of mines would mean the gradual passing of the country into foreign hands".² But Chinese officials with any understanding of the problem realized that development was impossible without foreign assistance. Both the capital and the technical experience of foreigners was required. Moreover to float a Chinese railway loan in Europe some measure of control of the railway was necessary as security. Shêng Tsotai who had apparently undertaken to arrange for the construction of the Peking-Hankow railway

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1. O'Connor to Salisbury, no.406, 24 October 1895, F017/1239; Beauclerk to Salisbury, no.33, 22 January 1896, F017/1275; Beauclerk to Salisbury, no.135 Confidential, 21 April 1896, F017/1277.
 2. Macdonald to Salisbury, no.35, 11 March 1897, F017/1311.

"without any foreign interference, ... practically admitted the impossibility of this."¹

Nevertheless there was a general sense of impending development. The subject was being discussed more and more and by 1897 a number of syndicates had been formed for the purpose of seeking railway and mining concessions. The Hong Kong and Shanghai Bank and the German Deutsch Asiatische Bank, who co-operated in issuing two of the indemnity loans, had agreed in July 1895 to share any railway concessions which either might obtain in China.² In the autumn of the 1895 the Eastern Contract Company, a British concern, applied for a concession for a railway through the Province of Yunnan;³ late in 1896 W. Pritchard Morgan, an M.P. with some experience in mining who had come to an agreement with Li Hung-chang that summer regarding the development of mines in China, went out to China to investigate the possibilities; and in the summer of 1897 the Peking Syndicate, an Anglo-Italian group, was formed to obtain mining and railway concessions.⁴

A considerable stir was caused in May 1897 by the sudden

1. Macdonald to Salisbury, no.15 Confidential, 13 February 1897, F017/1311.
2. Sanderson to Cameron, 31 July 1895, F017/1254.
3. O'Connor to Salisbury, no.406, 24 October 1895, F017/1239.
4. Salisbury to Macdonald, Tel.33, 7 June 1897, F017/1314.

news that Shêng Teotai was on the verge of concluding an agreement with a Belgian Syndicate for the construction of the line from Peking to Hankow which the Chinese had for some time wanted to have built. The proposed arrangement with the Belgian Syndicate was said to provide that all foreign personnel on the railway should be Belgian and that all the material should be bought in Belgium. It was also suspected that under the cover of the Belgian Syndicate the French were actively interested in the proposed railway. It was discovered moreover that the agreement included several lines besides the one from Peking to Hankow - "practically all [the] important lines in China" telegraphed Macdonald.² And a telegram from the Hong Kong and Shanghai Bank at Tientsin referred to the "Belgian offers apparently supported by France and Russia in order to exclude England and Germany from all paying trunk railways".³ The British and German Legations at Peking made an immediate protest against the secret conclusion of such an agreement⁴ and shortly afterwards the American Minister took similar action. An agreement with the Belgian Syndicate was apparently signed a few days later but, as a result of these protests, in a modi-

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1. Macdonald to Salisbury, Telegram (no number), 13 May 1897, F017/1314. Macdonald was in Tientsin at this time. Hence the absence of numbers on his telegrams.
 2. Macdonald to Salisbury, Telegram (no number), 15 May 1897, F017/1314.
 3. Enclosure in Cameron to Bertie, 13 May 1897, F017/1329.
 4. Macdonald to Salisbury, Telegram (no number), 13 May 1897, F017/1314.

fied form which dealt only with the Peking-Hankow line. "The air is thick with railway intrigues", Macdonald wrote on 20 May, "and there is some good heavy lying going on all round.

It is very difficult to actually prove anything in this City of Intrigue but everything points to the fact that the strong protests of the German and American Ministers coupled with my own have stopped the French and Russians playing a very big card and getting the whole railway system of China from Moukden to Canton into their hands".¹

It is interesting to notice the inclusion of requests for railway concessions or for preferential rights in the working of mines or the construction of railroads in demands made on China by other Powers and to observe the association of such requests with attempts by these Powers to create spheres of influence for themselves. In the Franco-Chinese Convention of 20 June 1895 there was a clause providing that railways in Annam might, upon arrangement, be extended into Chinese territory and that China in developing mines in Yunnan, Kwangsi and Kwangtung might in the first instance call upon French engineers and manufacturers.² It was on the basis of this clause that Gérard asked shortly afterwards for the concession to a French company of the right to extend the Hanoi-Lungson railway to Lungchow.³ The German demands in November 1897 included a request that German engineers should have preference

1. Macdonald to Bertie, Private, 20 May 1897, F017/1311.
2. J.V.A. MacMurray, op.cit., I, 29-30.
3. D.D., Chine 1894-1898, [1898], 21-24.

in the construction of any railway which the Chinese might decide to have built in Shantung.¹ And when the Russians asked for the lease of Port Arthur and Taliénwan, they also requested permission to connect Port Arthur and the Trans-Siberian line. More significant in this connection however were the objections repeatedly raised by Pavloff, the Russian chargé d'affaires at Peking, to the employment of Kinder, the British engineer, to superintend the construction of the northern extension of the Tientsin - Shanhaikwan railway. In a discussion of this subject he told Macdonald 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".²

The British had repeatedly expressed their objections to any Power having special privileges in China. The implication, in the provisions of the Franco-Chinese Convention, that France was to have certain preferential rights in the southern provinces of China led them to remind the Chinese that they would expect equal treatment in the matter of commercial and industrial concessions in this area as elsewhere in China.³ They also sought to ensure equality of treatment by the provision in the Salisbury-Courcel agreement, concluded between England and France in January 1896, that "all commercial

1. Vide supra p. 125

2. Macdonald to Salisbury, 19 October 1897, A. & P., [1898], [C.8814], 68.

3. Vide supra p. 115

and other privileges and advantages" which either country acquired in the provinces of Yunnan and Szechuen should be "extended and rendered common to both Powers and to their nationals and dependents...".¹ Similarly, the British had objected to the German request for preferential treatment in Shantung² and had protested to the Russian Government about the attempts to secure Kinder's removal from the Northern Line.³

In January 1898, moreover, there were emphatic public assertions of the Government's determination to maintain Britain's Treaty rights in China. Speaking of the British desire to open China to foreign trade, Sir Michael Hicks Beach said at Swansea on 17 January: "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 were absolutely determined, at whatever cost, even - and he wished to speak plainly - if necessary, at the cost of war, that that door should not be shut."⁴ And Balfour in a speech the week before had talked of "that equality of opportunity which is all that we claim but which we do claim" and had said "if we ask for freedom to trade, we do not mean freedom to trade ... for Britain alone; we mean freedom of trade for all the world alike".⁵

1. B.F.S.P., [1895-1896], LXXXVIII, [1900], 15.
2. Vide supra p. 127
3. Goschen to Salisbury, 28 December 1897 (R. 3 January 1898), A. & P., [1898], CV, [C.8814], 75; O'Connor to Salisbury, Tel.11, 20 January 1898, F065/1557; Salisbury to O'Connor, Tel.75, 17 March 1898, F065/1557 with a memorandum by Bertie - the telegram is published in A. & P., [1898], CV, [C.8814], 109.
4. The Times, 18 January 1898, p.6.
5. Ibid., 11 January 1898, p.3.

The practical reinforcement of the safeguards protecting British commercial interests in China seems to have been the British Government's aim in their proposal to make a loan to China in January 1898 whilst their subsequent decision to take Wei-hai Wei represented an attempt to counteract the increased influence over the Chinese Government which, in appearance at least, the acquisition of Port Arthur gave Russia. Yet another strand in British policy was their move towards the more definite assertion of a claim to special consideration in the region of the Yangtze, a tendency which became much more pronounced from March onwards.

The adoption of a policy of spheres of influence had been consciously considered in the Foreign Office as early as December. O'Connor favoured this course.¹ Bertie on the other hand argued that: "If we begin by defining a sphere of influence as suggested it amounts to an invitation to Russia, France and Germany to go and do as they would with the undefined areas. Our paramount interest in China is unrestricted trade everywhere and therefore we should discourage spheres as long as possible..."²
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 And on the whole Salisbury seemed to concur in this opinion. Nevertheless he was evidently not disposed to take exception to Russian claims to a somewhat special position in northern China. It is true that when de Steal maintained that the

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1. Sanderson, Memorandum on a conversation with O'Connor, 23 December 1897, FO17/1330.
 2. Bertie, Memorandum, 23 December 1897, FO17/1330.
 3. Ibid., minute by Salisbury.

British would be "encroaching on the Russian sphere of influence" if they insisted upon Tsalienwan becoming a Treaty Port, Salisbury refused to admit that Russia could have any legitimate ground for objections.¹ But at the same time he did not take exception to de Staal's use of the phrase "sphere of influence". It was Macdonald who, on receiving an account of the conversation, telegraphed: "Am I to recognize a Russian sphere of influence? Up to now I have always refused to do so, maintaining that China being an independent country, spheres of influence do not exist..."² To which Salisbury

replied: "H.M.G. have never recognized that any nation has as of right a sphere of influence in China and therefore you should not do so.

"As a matter of courtesy nations generally conceive that as regards regions adjacent to their own possessions they have a special claim to the consideration of their wishes."³

Meanwhile there were indications that the British themselves were anxious for some recognition of their special interest in the region of the Yangtze. Salisbury had suggested in December that they should ask for the first refusal of concessions in the Yangtze valley. This idea was not adopted but the British did request and receive an assurance that territory in the Yangtze should not be alienated to any other

1. Salisbury to O'Connor, 19 January 1898, A.& P., [1898], CV, [C.8814], 84.
2. Macdonald to Salisbury, Tel.30 Secret, 29 January 1898, F017/1340.
3. Salisbury to Macdonald, Tel.24, 29 January 1898, F017/1338.

Power.¹ And then on 7 March came the news of the Russian demands on the Chinese. Two days later there was an anxious enquiry from the Foreign Office to Macdonald asking if the Chinese interpreted this assurance in the same way as the British did - namely, as meaning that territory in the Yangtze valley should not be ceded to any Power other than Great Britain.² More interesting in this connection, however, is Balfour's statement, on the day on which he learnt of the Russian demands, that if the Chinese complied with the Russian request for permission to connect the Trans-Siberian line by rail with Port Arthur, Britain would "require as a counterpoise the prolongation of the Burmese railway into China".³

This particular idea was apparently dropped but it was soon evident that the British intended to insist upon the concession of some major railway line in the Yangtze valley as one condition of their acquiescence in the granting of the Russian demands. Their next suggestion was to inform the Russians that "we presume ... that they will throw no obstacle in the way of a commercial railway by [an] Anglo-Chinese Company being constructed from Hankow to Peking".⁴ When

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1. Vide supra p. 138, 145.
 2. Salisbury to Macdonald, Tel. 61 Confidential, 9 March 1898, FO17/1338.
 3. Balfour to Macdonald, Tel. 56 Secret, 7 March 1898, FO17/1338. This telegram was seen by Lord Salisbury.
 4. Balfour to Macdonald, Tel. 67 very Confidential, 11 March 1898, FO17/1338.

Macdonald expressed some doubts as to the feasibility of this line, it was explained that "what we contemplate is a demand on the Chinese Government for [the] promise of [a] main trunk line to be constructed by [an] Anglo-Chinese company under British control. Direction might be determined hereafter ... our demand would have to be made in such terms as not to commit us to carry the thing through."¹ Macdonald thought

that the best line would be one from Hankow to Canton or Kinkiang and on 25 March, the day on which it was decided to take Wei-hai Wei, Balfour instructed him to press for such a concession if he thought the time was suitable.² Macdonald thought that it was, if there was a British syndicate ready to take up the concession. Balfour however replied that

"You should obtain [the] promise of such a railway concession to any combination hereafter recommended by H.M.G."³

It is unusual to find the British Government pressing for the promise of a concession to an unspecified applicant. In this case however they were clearly less interested in the actual construction of the railway than in staking a claim to the concession as an instrument for the positive assertion of their special interest in the Yangtze region.

Meanwhile the growing competition for other railway concessions was threatening to become a source of friction between England and Germany. In the middle of February the

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1. Balfour to Macdonald, Tel.72 Secret, 15 March 1898, F017/1338.
 2. Balfour to Macdonald, Tel.110, 25 March 1898, F017/1338.
 3. Balfour to Macdonald, Tel.118, 30 March 1898, F017/1338.

British learnt of the German objections to the Chinese plan to build a railway, partly with English capital, from Tientsin to Chinkiang. A section of the railway would pass through Shantung and the Germans claimed that no railway could be built in that province except by arrangement with Germany.¹

The British took exception to this pretension. Balfour telegraphed to Macdonald on 1 March that "... we cannot admit that railway concessions to British subjects can be barred by such an assertion of preferential rights on the part of Germany ... simply because a portion of the proposed line passed through the province."²
 "You should oppose any admission of such a claim".

The desire to avoid antagonizing Germany, which had been such a noticeable feature of the British attitude to the German demands in November and December, was at first conspicuous by its absence from the British consideration of the taking of Wei-hai Wei, in spite of the fact that Macdonald had emphasized more than once that Britain would incur German hostility by this step.³ This consideration however was doubtless one element in Balfour's readiness to accept an invitation to lunch privately with Hatzfeldt, the German ambassador in London. "It was at the moment when things were approaching their hottest in connection with Port Arthur", Balfour explained to Salisbury afterwards, "and as I thought that some good and no harm could come of it, I accepted". The luncheon actually took place on the very day on which it was decided to take Wei-hai Wei.

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1. Macdonald to Salisbury, Tel.44, 18 February 1898, F017/1340.
 2. Balfour to Macdonald, Tel.52, 1 March 1898, F017/1338.
 3. Macdonald to Salisbury, Tel.71, 10 March 1898, F017/1340;
 Macdonald to Salisbury, Tel.90 (P), 21 March 1898,
 F017/1343.

The meeting had been arranged by a small group of persons who hoped for an Anglo-German alliance. In fact, very little came of it. "There was an infinity of talk", Balfour told Salisbury,

"out of the nebulous friendliness of which I really gathered very little except that the Germans did not at all like Joe's methods of procedure in Africa, and I felt aggrieved at our protest about Shantung Railways".

Balfour was sceptical about the chances of an alliance between England and Germany. It was Chamberlain who pursued this idea with enthusiasm. But the striking feature of the specific suggestions which he made to Hatzfeldt with regard to Chinese affairs is how out of keeping they were with the general view of British policy in China held by the Foreign Office. Chamberlain said that he thought England and Germany

"might say to Russia - 'You have got all you say you want. We are ready to recognize your position, but you must not go further. The rest of China is under our joint protection'. Germany might extend that protection over Shantung and the provinces in the Hinterland, and, by agreement with China, Germany might establish there, in the name of and on behalf of China, such control over the financial administration as would secure sufficient funds to provide an army under German officers. At the same time England might act similarly in the central and southern provinces, and then, if in the future Russia attempted further aggression, she would have to confront not only a war with two great European Powers but also the defensive forces of China organized and led by European officers".²

Schemes on such a large scale were not within the contemplation of Salisbury and the Foreign Office.

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1. Blanche E.C. Dugdale, Arthur James Balfour, [1936], I, 258-259.
 2. J.L. Garvin, op.cit., III, 266.

On the other hand serious consideration was being given to the idea of coming to an agreement with Germany regarding railways in China. The Germans resented the protest which Macdonald had made against their claims in Shantung and hoped that it might be withdrawn. The question gave the British the opportunity which they desired to conciliate the Germans. "It might possibly be of use in allaying their objections to our obtaining Wei-hai Wei", Balfour telegraphed to Macdonald on 28 March, "if, without waiving our Treaty rights, we gave them an assurance that we would not support attempts to obtain railway concessions in or through [the] Province of Shantung without previous consultation with Germany".¹

The Hong Kong and Shanghai Bank and the Deutsch-Asiatische Bank, who in July 1895 had come to an agreement whereby each had the option of sharing any railway concessions obtained by the other in China, were on the verge of separating. The Foreign Office advised the British bank "to hold on to the Germans as long as they are in any way reasonable"² but there seemed to be little chance of averting the separation. The British were doubtless fortified in their desire for some arrangement with Germany by the prospect of the friction between England and Germany which would inevitably result from competition between the two banks for concessions all over China.

On 2 April the British informed the German Government that they were going to take Wei-hai Wei and they offered to

1. Balfour to Macdonald, Tel. 114 Confidential, 28 March 1898, F017/1338.
2. Minute on Cameron to Bertie, 28 March 1898, F017/1358.

give an undertaking not to connect the place by rail with the interior of the province.¹ Balfour felt however that the proposal for a general railway agreement required more careful consideration before the subject was broached to the Germans.² Macdonald's comment upon Balfour's suggestion had been that it "implies the recognition of Shantung as [the] German sphere for railway construction". He was not necessarily opposed to this but thought that "if we are to give such recognition ... it would be better to do so openly and obtain similar preferential rights in the lower Yangtze.

Our line would be to insist on our free trade throughout China but to accept [the] principle of spheres for railway and mining concessions. We should gain more by such a policy than by objecting in theory, but practically admitting the claim of other Powers".³

It was upon such lines that Balfour approached the subject in a memorandum which he wrote on it on 14 April. And on the same day he wrote to Curzon that "it seems very desirable to mark out spheres in which we should not interfere with each others concessions".⁴

The actual formulation of a proposal raised many problems. Balfour felt hampered to begin with by the "vagueness of our knowledge both about the German railway claims and, even more, about the railway claims which we should like to see carried through".⁵ The Germans apparently wanted the British to support neither concessions

1. Balfour to Lascelles, 2 April 1898, Gooch and Temperley, I, 31.
2. Minute by Balfour on memorandum by Bertie, 1 April 1898, FO17/1358.
3. Macdonald to Balfour, Tel.109, 30 March 1898, FO17/1340.
4. Balfour to Curzon, 14 April 1898, B.E.C. Dugdale, op.cit., I, 256.
5. Minute by Balfour, 14 April 1898, FO17/1358.

for lines in Shantung nor concessions for lines which would compete with those in Shantung. This raised such questions as the best means of ensuring the protection of through traffic on lines passing through Shantung and the exact definition of what constituted a competitive line.¹ But the greatest difficulty of all was to mark out spheres "without either giving them too big a sphere or ourselves too small a one".² For the Germans would probably only agree to recognize special British rights over an area of roughly the same size as Shantung and if Britain was to "accept any such restricted sphere, it would be difficult so to word our agreement as not to imply that we have no special rights outside it and this we are by no means prepared to do."³ Balfour sent his memorandum to Bertie, Sanderson, and Curzon for their comments. The general reaction was that the British should concentrate upon ensuring that some acceptable provision was made for a through railway from Tientsin to the Yangtze but that they should not bind themselves by specific arrangements regarding other parts of China. Curzon felt rather strongly that they were in danger of "acquiescing a little too hastily ... in the German pretensions over all Shantung".⁴ Bertie however was convinced that "we must reconcile ourselves to the evident

1. Minute by Balfour, 14 April 1898, F017/1358.

2. Balfour to Curzon, 14 April 1898, Dugdale, op.cit., I, 256.

3. Minute by Balfour, 14 April 1898, F017/1358.

4. Curzon, Memorandum, 17 April 1898, F017/1358.

fact that if the Germans have squeezed out of the Chinese engagements granting exclusive or preferential rights in Shantung we shall not get anything in that province except with German concurrence however much we may think and contend that our Tientsin Treaty rights have been thereby infringed".¹

In the meantime dispute had also arisen over the Shanghai-Nanking railway. The Hong Kong and Shanghai Bank had become interested in this concession since their separation from the German bank but they wanted more time to consider the matter than the Chinese would allow and they were afraid that in consequence the Germans would get the concession. "I need not point out", Cameron wrote to Bertie, "what a serious blow it would be to British prestige if the railway system in the rich provinces of Kiangsu and Chekiang were to pass under the control of any other Power".² This line was of special importance to the British since it would pass through the heart of the region where their interests were concentrated. Macdonald was instructed to persuade the Chinese to grant the delay which the Bank required. He was told moreover that he could point out that "this concession is one of the conditions which H.M.G. considers themselves entitled to press in view of the privileges already conceded to other Powers."³

Ten days later Hatzfeldt, the German Ambassador in London, came to the Foreign Office to complain of Macdonald's

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1. Bertie, Memorandum, 15 April 1898, F017/1358.
 2. Hong Kong and Shanghai Bank to Bertie, 22 April 1898, F017/1358.
 3. Salisbury to Macdonald, Tel.156, 23 April 1898, F017/1338. This was included in the demands which Macdonald made upon the Chinese in consequence of the granting of the French demands. Macdonald to Salisbury, 25 April 1898, A. & P., [1899], CIX, [C.9131], 305; vide infra p.195.

opposition to the concession for the railway being granted to the Deutsch-Asiatische Bank. He expressed the hope that the British would withdraw their demand for the concession. This the British were not disposed to do.¹ They were however anxious "to avoid friction with Germany" and to this end Salisbury suggested to Hatzfeldt on the next day certain terms upon which an agreement might be reached with regard both to the specific case of the Shanghai-Nanking railway and to the general question of railway concessions. Salisbury's proposal was that the English and German banks should share equally all the profits of the concession for the Shanghai-Nanking railway but that the company for its construction should be registered as an English one and should be under English management if it was not under Chinese control. His general proposal was that the profits of all concessions obtained by either bank in the region of the Yangtze and the province of Shantung should be divided equally between them but that companies for concessions in the Yangtze should be registered as English and be under English management whilst in the case of concessions in Shantung the management should be German.² The Hong Kong and Shanghai Bank was apparently anxious to resume co-operation with the German bank. Indeed Salisbury's proposal was virtually identical with a memorandum by Cameron outlining the

1. Bertie, Memorandum, 3 May 1898, FO17/1359.

2. Salisbury to Macdonald, Tel.169, 7 May 1898, FO17/1338.

conditions upon which the Bank would be willing to join hands with the Germans again,¹ and consequently he was assured of the arrangement being approved by the Bank if it was accepted by the Germans.

The German response however was discouraging. Salisbury urged that an arrangement should at least be made about the Shanghai-Nanking railway even if a general agreement was out of the question.² But both suggestions were turned down. Hatzfeldt maintained moreover that the British position in the Yangtze and the German position in Shantung were not comparable. He argued that the occupation of Kiaochau gave Germany a special position in Shantung which in consequence was "not unreservedly open to British enterprise, whereas England not having occupied anything in the Yangtze region, that region is still unreservedly open to German enterprise...".³ Salisbury refused to accept this argument and he telegraphed to Macdonald that:

"In these circumstances you will of course continue to oppose [the] grant of the Shanghai-Nanking railway to the German Bank".⁴

The British were still preoccupied at this time with

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1. Rothschild to Bertie, enclosing a memorandum by Cameron, 4 May 1898, FO17/1359.
 2. Bertie, Memorandum, 6 May 1898, FO17/1359.
 3. Salisbury to Macdonald, Tel.176, 11 May 1898, FO17/1338.
 4. Ibid.
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arranging not only the lease of Wei-hai Wei but also an extension of their territory at Hong Kong. The Foreign Office had for three years turned a deaf ear to the pressure of the Colonial Office, the Admiralty and the War Office for such an extension. In March however the French had asked the Chinese for the lease of Kwangchow Wan, a port on the southern coast of China about 150 miles from Hong Kong. The British reply to the concession of the French demands in April was to ask for "all the land required for the military defences of Hong Kong".¹ The Chinese had already intimated their willingness to let Britain have the extra-territory which she needed on Kowloon, provided that Kowloon City was not included.² This was the main difficulty in the negotiations for the British considered that Kowloon City was necessary. Eventually an agreement was reached whereby Kowloon City was included in

1. Balfour to Macdonald, 13 April 1898, A. & P., [1899], CIX, [C.9131], 293. The French also asked for the concession for a railway from the Tongking frontier to Yunnan-fu; for the consideration of a Frenchman as Director of Posts should the Chinese make such an appointment; and for a promise of the non-alienation of the provinces of Kuangtung, Kuangsi and Yunnan. Macdonald to Salisbury (Balfour), 12 April 1898, A. & P., [1899], CIX, [C.9131], 286. The British in reply asked for a similar undertaking regarding the Provinces of Kuangtung and Yunnan. Their other counter-demands were for the opening of Nanning, the concession for the Shanghai-Nanking railway, and an assurance that China had not given France any exclusive privileges in connection with railways and mines. Balfour to Macdonald, 13 April 1898, A. & P., [1899], CIX, [C.9131], 293; Macdonald to Salisbury, 25 April 1898, A. & P., [1899], CIX, [C.9131], 305.
2. Macdonald to Salisbury (Balfour), 12 April 1898, A. & P., [1899], CIX, [C.9131], 286.

the area leased to Britain subject to the continuation of Chinese civil jurisdiction there side by side with the British administration. The Convention for the extension of Hong Kong was signed on 9 June.¹

The British took over Wei-hai Wei on 24 May when the Japanese evacuated it.² It was another month however before the arrangement of the details of their lease was completed. The Chinese were very anxious that their men-of-war should still be allowed to use the port and that there should be facilities there for the training of Chinese naval officers.³ Whilst there was some reluctance on the part of the British to commit themselves to giving the Chinese definite privileges at Wei-hai Wei, their interest in the possibility of assisting China in the reorganization of her fleet made them disposed to be accommodating. "If we wish to use Wei-hai Wei as a base from which to construct an efficient Chinese navy and army under British officers we must not lésiner about small things" said Salisbury.⁴

And a stipulation was inserted in the Convention providing that Chinese warships retained the right to use the port.⁵

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1. B.F.S.P., (1898-1899), XC, 17-18.
 2. Macdonald to Salisbury, 24 May 1898, A. & P., [1899], CIX, [C.9131], 369.
 3. Macdonald to Salisbury, 24 May 1898, A. & P., [1899], CIX, [C.9131], 376; Macdonald to Salisbury, 3 April 1898, Gooch and Temperley, I, 30.
 4. Salisbury to Macdonald, Tel. 189, 25 May 1898, F017/1338, minute on draft by Salisbury. The telegram is published in A. & P., [1899], CIX, [C.9131], 370-371.
 5. B.F.S.P., (1898-1899), XC, 16-17.

During these negotiations the British forbore to a certain extent to press other matters on the Chinese. In the meantime however the competition for railway concessions was becoming a source of growing concern. It became known at the end of May that the Belgian Syndicate was receiving open French and Russian support in its negotiations for the Peking-Hankow concession and that the line might be financed by the Russo-Chinese Bank.¹ "A concession of this nature", protested the British two weeks later, "is no longer a commercial or industrial enterprise, and becomes a political movement against British interests in the region of the Yangtze".² Also indicative of the British view of this development was their immediate instruction to Macdonald³ to press for the Hankow-Canton railway: the one which they had first requested in March when they desired the concession for some line in the Yangtze valley as a counterpoise to the prolongation of the Trans-Siberian line to Port Arthur.

The Government was feeling the pressure upon them to take more vigorous measures. "Macdonald sends us next

1. Salisbury to Macdonald, 24 May 1898, A. & P., [1899], CIX, [C.9131], 370; Macdonald to Salisbury, Tel.184, 26 May 1898, F017/1340 (most of this telegram is published in A. & P., [1899], CIX, [C.9131], 370).
The Belgian Syndicate had obtained the concession for this line in May 1897 (vide supra p.) but since then it had been reported that the Syndicate was unable to carry out its agreement and was on the verge of collapse (cp. W.C. Cartwright, memorandum, 30 June 1898, F017/1360).
2. Salisbury to Macdonald, 9 June 1898, A. & P., [1899], CIX, [C.9131], 391.
3. Salisbury to Macdonald, 26 May 1898, A. & P., [1899], CIX, [C.9131], 372.

"to no information about all these railway schemes", complained Curzon on 15th June. "The Times and other newspapers have daily articles denouncing us for supineness. I have no material for answering properly Parliamentary questions".¹ Once the

success of their Hong Kong and Wei-hai Wei negotiations was assured, the British felt free to devote themselves to the

other matters calling for their attention. "Now that Kowloon and Wei-hai Wei are arranged", Salisbury telegraphed to Macdonald on 23 June, "it is desirable ... that we should settle the order in which other projects should be pressed on the Yamen".²

The real objection of the British to the Russian interest in the Peking-Hankow line was that "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 region of the Yangtze".³ The British sense of grievance was aggravated by the news received a few days later that the Russian chargé d'affaires had objected to the Chinese using a loan from the Hong Kong and Shanghai Bank for the extension of the Northern line to Newchwang.⁴ In his telegram on 23 June Salisbury told Macdonald that "Negatively you have to resist all German railways so long as they resist ours and to oppose all Russian attempts to capture railways in the Yangtze districts".⁵

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1. Minute by Curzon on draft of Tel.206, Salisbury to Macdonald, 16 June 1898, FO17/1339. (Most of the telegram is published in A.& P., [1899], CIX, [C.9131], 403).
 2. Salisbury to Macdonald, 23 June 1898, A.& P., [1899], CIX, [C.9131], 409.
 3. Salisbury to Macdonald, 9 June 1898, A.& P., [1899]. CIX, [C.9131], 391.
 4. Macdonald to Salisbury, Tel.201, 14 June 1898, FO17/1341.
 5. Salisbury to Macdonald, Tel.211, 23 June 1898, FO17/1339. Part of this telegram is published in A.& P., [1899], CIX, [C.9131], 409.

The British were clearly intent upon asserting themselves more vigorously in the competition for concessions. But how they could best do so was a difficult question. A policy of obstruction, such as that indicated in Salisbury's instruction to Macdonald, was not really welcome to them - least of all to Salisbury who was ever ready to adopt the refrain of "the more railways the better".¹ In replying to Curzon's outcry on first hearing of the Russian interest in the Peking-Hankow line, Salisbury had explained his feelings on this subject at some length. "I understand you to propose that we should resist and prevent the construction of any Chinese railway to whose expenses any Russian bank has subscribed. Is this practical?" he asked,

continuing that "if you do not accept this general principle I do not see how the particular offence of financing the Hankow railway can be detected and punished. I do not see my way, if Russian capitalists will throw their money about, to preventing the Chinese from picking it up. We must find some equally patriotic Capitalists on our side; otherwise we must say sorrowfully of the Russian coin - 'Roublet'." 2

Determination to bolster up the British position had since apparently made Salisbury less reluctant to consider the

1. Salisbury to Macdonald, 25 May 1898, A. & P., [1899], CIX, [C.9131], 371. This particular comment was made upon hearing a report that France had obtained a concession for a railway from Pakhoi to Nanning. "The more railways the better, from a commercial point of view", telegraphed Salisbury, "but there is great distrust here of French methods [and] differential rates against British trade are feared..." Salisbury to Macdonald, Tel. 190, 25 May 1898, F017/1338. Most of the telegram is published in A. & P., [1899], CIX, [C.9131], 371.
2. Ronaldshay, Life of Lord Curzon, I, [1928], 287.

blocking of other concessions and the Russian objections to the financing of the northern line by the Hong Kong and Shanghai Bank¹ had doubtless helped to make him feel that such a policy was more justifiable.² Nevertheless Salisbury retained his dislike of a purely obstructive policy. It was characteristic, and also in accord with the views which he had expressed in his letter to Curzon, that he was anxious to discuss the subject with some "practical" person. Lord Rothschild, to whom Bertie mentioned this on 6 July, was doubtful whether Britain could "without resorting to force extract concessions from the Chinese unless we work with an ally!"³ Nor apparently did Mr. Keswick,⁴ whom Rothschild brought to discuss the question with Salisbury a week later,

1. Macdonald to Salisbury, Tel.201, 14 June 1898, F017/1341.
2. Salisbury remained unconvinced however of the "political importance" of the Peking-Hankow line being under French or Russian management. He commented upon a minute in this sense by an official of the Foreign Office: "I think the 'political influence' thereof is largely an imagination. I know no instance on which it can be based. The Western Railway of France was made by Englishmen and conducted by Englishmen for some time. It never gave us the slightest influence in France. The Hirsch railways never increased by an iota the influence of Austria in the Balkan peninsula. The German Emperor got concessions because he backed the Sultan and drilled his army: but there is no ground for believing that the Asia Minor railways have increased his influence. Certainly the Smyrna-Aidin railway has given no influence to Great Britain".
Minute by Salisbury on Macdonald to Salisbury, Tel.253, 23 July 1898, F017/1341.
3. Bertie, memorandum, 6 July 1898, F017/1360.
4. William Keswick of Jardine Matheson Company and the China Association.

inspire a more hopeful mood. "The battle of concessions does not seem to be going well for us"; Salisbury telegraphed to Macdonald afterwards, "and we must face the possibility that the mass of Chinese railways if they come into existence will be in foreign hands".¹

Faced with such a possibility, the first concern of the British was as always the protection of their trade. The concessions for railways might go to others. And as a result the orders for railway materials would go elsewhere. This Salisbury was willing to accept as an unavoidable evil. But the other danger, the danger of preferential rates on these railways which would strangle British trade, he thought they could prevent by pressing for the inclusion in all railway concessions of stipulations providing for equal treatment. Such an attempt would require a considerable amount of detailed work, and to assist Macdonald in this Salisbury² proposed sending out an expert from the Board of Trade. Macdonald felt that there would not be much use in having such a person, but said that a Chinese-speaking commercial attaché would be very useful. "Obtain leave from the Treasury" directed Salisbury, "it ought not to be refused while this³ initial period continues".

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1. Salisbury to Macdonald, Tel.223, 13 July 1898, F017/1339. Part of this telegram is published in A. & P., [1899], CIX, [C.9131], 438.
 2. Ibid.
 3. Macdonald to Salisbury, Tel.235, 23 July 1898, F017/1341. Minute by Salisbury.

But despite the note of resignation sounded by Salisbury in his telegram to Macdonald, the British were not abandoning the battle for concessions. On the contrary there is an evident anxiety to ensure that certain concessions at least went to British syndicates. The question was brought before the Cabinet when it met on 16 July¹ and in a telegram to Macdonald that afternoon, presumably after the Cabinet meeting, Salisbury said that "much anxiety prevails here about three railways". These three were the Peking-Hankow, the Shanghai-Nanking, and the Peking (Tientsin)-Chinkiang lines. The last was considered "apparently the most important". Of the Shanghai-Nanking railway Salisbury said "We hope we shall at least be able to prevent the Germans getting it".² And the Peking-Hankow line they hoped they might be able to acquire in exchange for their rights over the Northern line. A note from Bertie to Cameron on 22 July, asking if the Bank's syndicate had given up negotiations for the Tientsin-Chinkiang and Canton-Hankow lines and if so whether he might inform another syndicate that these were available, is another indication

1. Keswick, Memorandum, 14 July 1898, FO17/1361; Hong Kong and Shanghai Bank to Bertie, 14 July 1898, FO17/1361. Both these papers are marked "Print for the Cabinet - By July 16".
2. Salisbury to Macdonald, Tel.227, 3.40 p.m. 16 July 1898, FO17/1339. Most of this telegram is published in A. & P., [1899], CIX, [C.9131], 438.

of the Government's desire to see that as many concessions as possible should be in British hands.¹

The main aim of the British Government in the steps which they were taking seems to have been to inspire in British competitors for concessions a sense of the Government's sympathy and support for their activity. In this they were proceeding on lines very close to those laid down by Keswick in a memorandum which he sent to Salisbury after their interview. "It may be assumed that the financial and commercial public will take care of themselves and be ready to compete with all comers", Keswick had written, "but to give them confidence they must feel sure of the field being kept open for them and of vigorous and sustained support if the Chinese are induced to recede from their agreements ..."²

This the Government was willing to do. Indeed it was only ten days later, after reports had been received that the Russian chargé d'affaires had again strongly protested against the financing of the Shanhaikwan-Newchwang line by the Hong Kong and Shanghai Bank and even that he had threatened a Russian seizure of the province of Ili or Kuldja if the Chinese persisted in the arrangement, that Macdonald was told that he could "inform [the] Yamen that Her Majesty's Government

1. Bertie to Cameron, Private, 22 July 1898, F017/1361.
2. Keswick, Memorandum on Railways in China, 14 July 1898, F017/1361.

"will support them against any Power which commits an act of aggression on China because China has granted to a British subject permission to make or support any railway or similar public work".¹

On the other hand the Government was not disposed to give practical assistance in the financing and construction of railways. The Hong Kong and Shanghai Bank were hoping in the middle of July to get the concession for the Tientsin-Chinkiang railway but wanted a Government subsidy. "They are not likely to get this", Salisbury told Macdonald. Nevertheless he urged him to press for the concession, saying that "if the chance of having the concession is put actually within their reach, I do not think they will insist on this condition".² A few days later there was some question of the Hong Kong and Shanghai Bank acquiring the concession for the Canton-Henkow line from the American Syndicate which held it. Apparently however they felt that some Government assistance would be necessary to raise a loan for this railway. Bertie asked Salisbury if he had any directions to give. Salisbury's reply reflects very accurately the whole tenour of the Government's activity in

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1. Salisbury to Macdonald, 22 July 1898, Gooch and Temperley, I, 36. This telegram is also published in A. & P., [1899], CIX, [C.9131], 443. It is interesting that it was included in this Blue Book (Correspondence respecting the Affairs of China) rather than in A. & P., [1899], CIX, [C.9329] (Correspondence between Her Majesty's Government and the Russian Government with regard to their respective Railway Interests in China) which contains all the other published material regarding the Shanhaikwan-Newchwang railway.
 2. Salisbury to Macdonald, 16 July 1898, A. & P., [1899], CIX, [C.9131], 438.

this question: "Be very sympathetic" he told Bertie
 "Promise all the assistance which we can give -
 but they must not expect a farthing from the
 Treasury".¹

But although the Government was anxious not to be drawn into practical commitments of this kind, they were on the other hand ready to go to considerable lengths to support their demands for concessions. This was amply illustrated in August when issues between the Chinese and the British regarding railways came to a head. The source of the dispute was once more the Peking-Hankow line. On 12 August the Tsungli Yamen ratified their agreement with the Belgian Syndicate for this line, despite the assurance which they had given Macdonald that they would not do so if it was found to contain provisions for the financing of the line by the Russo-Chinese Bank and in face of the repeated protests which he had made when he heard that ratification was nevertheless being rushed through. "If heavy payment is not exacted from the Chinese for their bad faith", telegraphed Macdonald, "Li [Hung-chang] will persuade his colleagues that it is safer to slight England than any other Power".²

Balfour, who was again taking Salisbury's place at the Foreign Office, took up the question with equal warmth. He instructed Macdonald to insist upon a written assurance that a number of the railway concessions for which the British

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1. Cameron to Bertie, 21 July 1898, F017/1361, minute by Salisbury.
 2. Macdonald to Salisbury, 13 August 1898, A. & P., [1899], CIX, [C.9131], 463-464.

were then negotiating would be granted at once and on the same terms as those of the Peking-Hankow concession.

Macdonald was told moreover that he could inform the Chinese that if they did not comply immediately, Britain would "regard their breach of faith concerning the Peking-Hankow railway as an act of deliberate hostility against this country, and shall act accordingly".¹ The threat was not an empty one. The British were prepared to use force if necessary, their intention in such an event apparently being to seize the forts at the mouth of the Yangtze.² "Our object", Balfour explained to Macdonald, "is to punish Chinese perfidy, and to make the punishment swift".³

Macdonald presented the British demands to the Tsungli Yamen on 20 August, not mentioning the measures which Britain intended to take if they were not granted but stressing the seriousness of the situation.⁴ Balfour, anxious for a quick settlement, told Macdonald that if he thought it would hasten matters he could inform the Chinese that additional demands would be made if they delayed.⁵ In the event however a settlement was reached without either resorting to force or making additional

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1. Balfour to Macdonald, 17 August 1898, A. & P., [1899], CIX, [C.9131], 466.
 2. Balfour to Macdonald, Tel.245 (repeating Instructions to Admiral Buller), 17 August 1898, F017/1339; Bertie, Memorandum, 17 August 1898, F017/1362.
 3. Balfour to Macdonald, Tel.250, 20 August 1898, F017/1339.
 4. Macdonald to Balfour, Tel.263, 21 August 1898, F017/1341. Most of this telegram is published in A. & P., [1899], CIX, [C.9131], 467.
 5. Balfour to Macdonald, 24 August 1898, A. & P., [1899], CIX, [C.9131], 482.
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demands. On 14 September Macdonald received from the Tsungli Yamen a despatch apologizing for their conduct and consenting to the construction, by British syndicates and on terms "not inferior" to those of the concession for the Peking-Hankow line, of the railroads which Macdonald had demanded.¹

Although the British had not hesitated to consider using force against the Chinese in this matter, they had been at pains to exclude from their ultimatum any demands which might bring them into conflict with other Powers besides China. They were particularly anxious that Russia should not become involved in the settlement of British differences with China and Balfour insisted upon the Shanhaikwan-Newchwang railway being treated as a completely separate matter.

Nevertheless in this question too, which had also come to a head at this time, he took an equally firm line. The Russians had sustained their opposition to the interest of the Hong Kong and Shanghai Bank in the Shanhaikwan-Newchwang line. They were now contending that they could not countenance the mortgage of the line or any provision for its control by Europeans - a restriction which the Bank said would make a commercial loan impossible.² Salisbury told the Chinese

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1. Macdonald to Salisbury, 14 September 1898, A. & P., CIX, [C.9131], 515.
 2. Salisbury to Macdonald, 24 July 1898, A. & P., [1399], CIX, [C.9329], 655; Macdonald to Salisbury, Tel. 247, 6 August 1898, F017/1341.

Minister on 8 August that Russia had no right to make such
 objections.¹ Four days later Balfour remonstrated with
 Lessar, of the Russian Embassy, pointing out that Pavloff's
 action was "in manifest contradiction to the Treaty of
 Tientsin ... and that the active participation of
 the Russian Government in this violation of our
 rights must lead to consequences of great gravity."²

The next day Macdonald was told that he could, as he had
 suggested, inform the Chinese that their assent in the Russian
 interference was considered a "mark of extreme unfriendliness
 to Great Britain...".³ And Balfour cautioned him
 specially to "say nothing to suggest that any compensation
 which they could give us elsewhere would condone
 their offence".⁴ He gave a still more explicit and
 formal expression of the British objections five days later
 when he instructed Scott, the British Ambassador at St.

Petersburg, to tell Mouravieff that "it is impossible for Her
 Majesty's Government to acquiesce in an arrangement
 which while excluding England in her share of the
 railway enterprises of Manchuria leaves all China
 open to the railway enterprise of Russia. Such a
 pretension if persisted in must inevitably produce
 the most serious international difficulties. It has
 already aroused in this country a feeling of great
 exasperation".⁵

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1. Minute by Salisbury, 8 August 1898, Gooch and Temperley, I, 37.
 2. Balfour to Scott, (despatch), 12 August 1898, A. & P., [1899], CIX, [C.9329], 658.
 3. Macdonald to Salisbury, 10 August 1898, A. & P., [1899], CIX, [C.9329], 658.
 4. Balfour to Macdonald, Tel.241, 13 August 1898, F017/1339. Part of this telegram is published in A. & P., [1899], CIX, [C.9329], 659.
 5. Balfour to Scott, 17 August 1898, Gooch and Temperley, I, 37.

What, then, were the British to do? Macdonald, who was very anxious that the Bank should not lose the concession, thought that this might be prevented if the Bank would accept some other security that did not infringe the Tsungli Yamen's agreement with the Russian chargé d'affaires, Britain insisting at the same time on compensation elsewhere.¹ This Balfour described as "acquiescence" which he ruled out as being "on every ground inadmissible".² On the other hand it seemed to him hardly worthwhile to risk war over this question:

"... we should be fighting because we want Manchuria and the Yangtze to be a common field for English and Russian concessionaires. They would be fighting because they preferred dividing the field into two portions ... A small matter about which to set the world on fire".³

And yet here Balfour was not quite accurate in his statement of the point of difference between England and Russia. The objectionable feature of the Russian claims from the British point of view, as Balfour himself had stressed, was that Russia wanted to preserve Manchuria for herself and at the same time to compete equally in the region of the Yangtze. A genuinely reciprocal division the British might

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1. Macdonald to Salisbury, Tels. 252 and 253, 10 August 1898, FO17/1341. Part of tel. 253 is published in A. & P., [1899], CIX, [C.9329], 658.
 2. Blanche E.C. Dugdale, Arthur James Balfour, [1936], I, 265. Mrs. Dugdale says that the memorandum in which this occurs was written after Balfour "had studied the question at close quarters for five days". This suggests that it was written on 16 or 17 August.
 3. Ibid.

be expected to consider - they had been willing to do so with the Germans earlier in the year.¹ It was Lessar who in his conversation with Balfour on 12 August suggested that a solution of the difficulties between the two countries might be an agreement whereby England refrained from pressing for railway and mining concessions in Manchuria and Russia did likewise in the Yangtze region.²

Balfour, still intent upon emphasizing the grave and inadmissible nature of the Russian action regarding the Shanhaikwan-Newchwang railway and no doubt still feeling insufficiently acquainted with the details of the case, refrained at first from indicating that such an arrangement might be acceptable.³ But in the memorandum which he drew up four or five days later outlining the alternatives which Britain might adopt, he wrote that "there is much to be said"⁴ in favour of the idea of coming to an arrangement with Russia. And on receiving a report on 18 August of a conversation in which Mouravieff had also appeared to endorse this idea, Balfour enquired whether he was correct in understanding Mouravieff to suggest as a solution a reciprocal agreement of the kind

1. Vide supra p. 189-194.
2. Balfour to Scott, (despatch), 12 August 1898, A. & P., [1899], CIX, [C.9329], 658.
3. Ibid., 659.
4. Dugdale, op.cit., I, 265.

suggested by Lessar and an understanding that the Hong Kong and Shanghai Bank might finance the construction of the railway to Newchwang as long as the line was under Chinese control and was not mortgaged to a non-Chinese Company. "...I think perhaps¹ this might be made the basis of a settlement" he concluded.

The Hong Kong and Shanghai Bank was evidently already² arranging to accept some other security for their loan. Balfour however asked them to suspend their negotiations or at least not to make any modifications in the terms of their preliminary agreement until there was some indication of how the negotiations with Russia were going to turn out. He was unwilling that there should be any concession to the Russian objections regarding the Shanhaikwan-Newchwang railway unless there was some assurance that Russia was willing to enter³ into a general agreement. Such an agreement really had a great deal to recommend it from the British point of view and it is evident that Balfour was afraid that Russia might lose interest in the idea if she won her point regarding the Shanhaikwan-Newchwang railway. In the event a great many complications did emerge to obstruct the conclusion of the negotiations and no agreement was reached until April 1899.⁴

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1. Balfour to Scott, 19 August 1898, A. & P., [1899], CIX, [C.9329], 660-661.
 2. Macdonald to Balfour, 21 August 1898, A. & P., [1899], [C.9329], 661.
 3. Balfour to Macdonald, Tel.259, 29 August 1898, F017/1339.
 4. Salisbury to Bax-Ironside, 30 April 1899, Gooch and Temperley, I, 40.

Early in September, however, the news that the Emperor had approved the idea of an engagement seemed to offer the British some assurance of a settlement on the lines which they had¹ chosen.

Indeed, fortified by the hope of such an agreement and by the fairly satisfactory outcome of their ultimatum to China, the Government may well at this time have felt able to enjoy a certain sense of having maintained the British position and even of having made some headway in the battle of concessions which had plagued them all summer. The battle was to continue for some time but for a while at least there was a brief respite.

"The 'midsummer madness' on the subject of concessions is rather passing away ..." observed Hicks Beach with an evident sense of relief at the end of September.² In the steps which they took to protect British interests in the competition the Government had, as this remark suggests, been impelled to a considerable extent by the pressure of public opinion. "Please collect and send me not later than Monday

1. Scott to Balfour, 2 September 1898, A. & F., [1899], CIX, [C.9329], 664. There had been continued misunderstanding between Macdonald and the Foreign Office regarding the desirability of suspending the Bank's negotiations. On 4 September however a Foreign Office official commented that "Macdonald's incapacity to get a certain point does not matter now there is a prospect of settlement at St. Petersburg". Minute on Macdonald to Salisbury, Tel.279, 3 September 1898, F017/1341.
2. Hicks Beach, Memorandum, 23 September 1898, F017/1363.

"morning all the addresses we have received from Chambers of Commerce in favour of railway construction in China during the last two months"¹ directed Salisbury

at one point. Belfour said in August that "at the present moment ... we are really fighting a battle for prestige rather than for material gain ...".² And it was

perhaps almost as much a question of maintaining the Government's prestige in the country as it was of maintaining Britain's prestige in China.

This aspect of the matter is particularly noticeable in the consideration of projects for a railway from Burma to Yunnan and the Yangtze. Informed opinion was generally agreed in holding that any such railway was unlikely to be worthwhile even if, as was doubted, its construction was possible.³

Nevertheless there were those who expected great things of such a railway and Bertie recommended the inclusion in the British ultimatum of a request for the concession of a railway connecting Burma and the Yangtze - "not that it is likely to be feasible as a commercial enterprise, but in order to satisfy a persistent and noisy though perhaps small section of the public at home".⁴ Three weeks earlier a group called the Yunnan Company had informed the Foreign Office of their desire

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1. Salisbury, Memorandum, 30 July 1898, F017/1361.
 2. Dugdale, op.cit., I, 265.
 3. Carey, a member of the Chinese Customs Service stationed at Szemao in the extreme south of Yunnan, writing privately to Curzon said: "The question of railways to Szemao is really not worth discussing ... every person insane enough to subscribe to such an idiotic project should be incarcerated promptly in the nearest lunatic asylum". 10 March 1898, F017/1361.
 4. Bertie, memorandum, 17 August 1898, F017/1362.

to arrange for the construction of a railway from Burma to the Yangtze. Salisbury commented upon how hopeless the project seemed. "However", he concluded, "if people can be found to spend their money on such an enterprise, by all means let us encourage them. It will relieve the Government and gratify the Chambers of Commerce".¹

The concern which genuinely moved the British Government so far as railways were concerned was the protection of their trade. Otherwise they had little intrinsic interest in the matter themselves. Salisbury was prepared to face with comparative equanimity the fact that most railways in China might be built by others. There was even a slight tendency to disparage the real importance of the whole question.

"The forces moulding [the] destinies [of China and Manchuria] cannot indeed be accurately estimated", wrote Balfour, "but we may surely say that among them are not to be estimated the number of steel rails we export, or the number of lines that are managed by English engineers."²

Strong feeling on the subject in Britain however required more vigorous action than their own inclination might have dictated. This discrepancy would seem to account in large measure for the welcome which the Government accorded to the idea of an agreement with Russia whereby each would refrain from pressing for concessions in the area in which the other was particularly interested, as for their earlier interest

1. Yunnan Company to Salisbury, 26 July 1898, FC17/1361. Minute by Salisbury.
2. Dugdale, op.cit., I, 265-266.

in agreement with Germany regarding railways in China. For such an arrangement promised at once to satisfy those who clamoured for the energetic defence of British interests in the competition for railway concessions and at the same time to save the Government from being involved, by their defence of those interests, in continued friction with other countries.

The British did not regard their sphere of influence, or 'sphere of interest' as they had preferred to call it,¹ as a stepping-stone to more definite control of that region. The possibility was alluded to occasionally. Curzon in a memorandum on the question of a railway from Burma to the Yangtze said that "... should our Yangtze sphere ever crystallize into anything like a protectorate or even actual possession it might be desirable to have a railway to bring up Sikhs and Gurkhas from India".² But there was no desire on the part of the Government for such an outcome.

"... mere territorial expansion has to a great extent ceased to have any charm for the Government of England" Salisbury told a deputation from the Chambers of Commerce in June.³ And Belfour wrote in August that "we want no more fragments of China for ourselves".⁴

Events at the end of the year elicited a still more explicit disavowal of any such desire or intention. The

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1. Hansard's Parliamentary Debates, 4th Series, 29 April 1898.
 2. Curzon, memorandum, 12 June 1898, FO17/1360.
 3. The Times, 15 June 1898.
 4. Dugdale, op.cit., I, 266.

Emperor's reform movement of the summer months was suddenly ended in September by a coup d'état in which the Empress Dowager resumed control of the Government. The country was in a very unsettled state in the weeks that followed and there was considerable anxiety as to what was going to happen. Lord Charles Beresford was making an energetic tour of China at the time, seeing all the high officials and discussing projects for the reform of the Chinese army. In the north, he was much impressed by General Yuan Shih-Kai and, apparently having heard that the British intended to take some drastic steps in China, he telegraphed home: "... If trouble, and strong action determined in China I could reach Peking one day with Yuan Shih-Kai's force, mutual confidence, friendship. Through Yuan Shih-Kai I could maintain order, support dynasty, control Government which would have to act under Sir Claude Macdonald's orders - will you authorize me when the time comes? Perfectly possible probably without a shot..."¹

His enthusiasm met with no response. "At the beginning of the century the idea would have been attractive", replied Salisbury, "but now, to attempt to assume the Government of China in defiance of the mass of Chinese and of all the European powers besides would be too exhausting for England".²

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1. Macdonald to Salisbury, Tel.332 [sent at Beresford's request] 7 November 1898, FO17/1341.
 2. Salisbury to Macdonald, Tel.313, 8 November 1898, FO17/1339.

CONCLUSION

"We have hitherto been favoured with one Eastern Question, which we have always endeavoured to lull as something too portentous for our imagination, but of late a Far Eastern question has been superadded, which, I confess, to my apprehension is, in the dim vistas of futurity, infinitely graver than even that question of which we have hitherto known".¹

Thus did Rosebery address the banquet of the Royal Academy on 5 May 1895. It was only ten days before that the British had refused to join Russia, France and Germany in protesting against the Japanese acquisition of the Liaotung Peninsula. The question of the intervention had shown how relations between the European Powers might be affected by affairs in the Far East and the subject was still weighing upon Rosebery's mind. The previous autumn he had painted a vivid picture of the dangers of the collapse of China, saying "a headless China, a China without a Government of any kind, means such a scene of chaos and horror as the world perhaps has never contemplated".² The apprehensions which he expressed in May seem to reflect a sense of the dangers inherent in the combination of the two circumstances which together largely formed the Chinese question of these years - the weakness of China on the one hand, and on the other hand, the growing interest and ambition of other Powers there.

1. The Times, 6 May 1895.
2. The Times, 27 October 1894.

There were some who saw in the situation an opportunity for Britain to take over China. But leaders of the Government were uncompromising in their disavowal of any desire for conquest or control there. Salisbury at the end of 1898 repudiated Beresford's proposal that the British should assume control of the Chinese Government just as Kimberley had renounced similar suggestions during the Sino-Japanese war.

"I do not agree in the necessity of embarking in some great scheme of influence over China" Kimberley had written. "We must extend and protect our trade but we want nothing more than that".¹

British actions bear out their assertions that trade was their main concern in China. The questions which prompted them to take drastic action were invariably these in which there was some direct threat to their commercial interests. This is apparent in their decision in October 1894 to resist any Japanese attempt to attack Shanghai, a decision made without hesitation in spite of the desire to cultivate Japanese friendship which was already evident. The significance of the decision is all the more pointed when one remembers the British refusal six months later to join the protest against the cession of the Liaotung Peninsula. There is an obvious distinction between the importance of the two cases from the point of view of British commercial interests. In the

1. Private Kimberley Papers, Kimberley to Captain Cavendish, 30 May 1895.

Liaotung Peninsula, these were comparatively small. An attack on Shanghai, on the other hand, would have been a direct injury to British commercial interests in an area where they were very great.

In the negotiations of the third indemnity loan, the Government showed the same quick response to any development which endangered British trade. When they learned that Russia might make the loan on conditions which would probably give her control of the Customs Administration in the future, they abandoned their previous refusal to consider guaranteeing the loan and proposed to make it themselves, a definite departure from customary practice.

But, before 1898 at any rate, there was an evident desire that affairs in China should not be the occasion of undue excitement and that this question, which Rosebery had seen as a grave one only in "the dim vistas of futurity", should not be considered an immediately pressing one. "I think we foreshorten time and distance" said Salisbury, speaking at the Guildhall on 9 November 1895 shortly after reports of the conclusion of a Russo-Chinese Convention, and he expressed regret that there should be "unnecessary disturbance and alarm"¹. Balfour in his speech on the Far East two months later spoke of it as "this far distant region"². And all alike took up

1. The Times, 10 November 1895.

2. The Times, 4 February, 1896.

gladly the refrain "In Asia there is room for us all".

It is clear that the British were anxious that affairs in China should not be a source of conflict between the European powers. One can sense a feeling on their part that it was absurd that their relations with other countries should suffer on account of the simple requirements of protecting their trade in China. Determination to safeguard their commercial interests is continually apparent. They admitted no question of this in their own minds. But at the same time their policy is marked by the attempt to offer an accommodating response to the ambitions of the other Powers.

This was accompanied by repeated insistence that there was no innate incompatibility between the two. Indeed, implicit in much that the British said was the suggestion that it would be heresy for other Powers to have any intentions at variance with the principle of equal commercial opportunity which was the cardinal desire of the British. This may have been partly a tool of policy: an attempt to discourage such intentions by talking as if there could be no question of their existence. But it also seems to have been a genuine conviction.

The other considerations entering into the British view of the activity of other Powers in China were complex. Underlying many of them was the simple fact that Britain had numerous interests in many parts of the world besides China.

Indeed, her interest in China was limited in comparison with many of her interests elsewhere. In particular, Britain was not in the position of responsibility in China which she held in India and parts of Africa. Her widespread interests were already the occasion of much friction with other Powers and consequently the desire to keep affairs in China from becoming yet another source of dispute was a natural one. This can be seen at work very plainly in the deliberate British abstention from showing any opposition to the German demand for Kiaochau, a question which arose at a time when Anglo-German relations were already strained on other accounts.

But the country with the greatest interest in China, the one whose activity was really undermining the supremacy of influence which Britain had enjoyed there earlier in the century, was Russia. Two considerations however blunted the force of the objections which Britain might otherwise have been disposed to feel towards Russian activity in China. One was the fact that Russian preoccupation promised a less active Russian interest in Central Asia, thus affording some relief to the British in India. It also held out hope of the slackening of Russian interest in the Near East. The second consideration, no doubt particularly compelling to Salisbury with his strong sense of the practicable, was Britain's inability to stand in Russia's way in China. "We can give no promise of protection against Russia", Salisbury told Macdonald when

the imminent Chinese refusal of a British Government loan on account of Russian threats was reported, "because she threatens a military move over the frontier against which we are necessarily powerless".¹ This lends more pointed significance to Salisbury's statement in his "Dying Nations" speech only three months later that "... 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".²

One difficulty arose from the fact that Peking, the seat of the Chinese Government, was in the extreme north of China. The British were disposed to look upon the penetration of Russian influence in Northern China as being to a large extent inevitable. But they could not afford to contemplate with quite the same equanimity the exceptional influence which the position of Peking gave Russia over the Chinese Government, for this was of consequence to British interests in all parts of China. As the British themselves recognized, the Russian acquisition of Port Arthur probably added little in reality to the influence which Russia already enjoyed at Peking by virtue of her long common frontier with China. In appearances, however, it enhanced Russian influence considerably. Moreover the Russian success appeared par ricochet as an affront to

1. Salisbury to Macdonald, Tel. 25, 1 February 1898, F017/1338.

2. The Times, 5 May 1898.

Britain. The British decision to take Wei-hai Wei was inspired by the need which they felt to assert themselves in face of the Russian success and by their concern to uphold their influence at Peking.

The succession of events in these years, the intensification of foreign interest in China which was their dominant characteristic, left no room to doubt that the unchallenged supremacy which Britain had once enjoyed among foreigners in China was a thing of the past. The British Government's desire to avoid being drawn into the conflicts with other Powers, for which the new circumstances afforded such ample opportunity, was manifest throughout. They sought some relief from the friction with other Powers which the competition for concessions entailed in the more definite assertion of their special interest in the region of the Yangtze whilst sustaining their efforts to ensure that their trade should have equal access to all parts of China. "I submit," said Curzon in the House of Commons on 1 March 1898, "that we should ... 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." ¹

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- : "Domestic" - correspondence between the Foreign Office and the Chinese Legation in London, 1894-1898.
- : "Various" - interdepartmental correspondence, correspondence with commercial groups and members of the general public and minutes and memoranda by members of the Foreign Office

[The "Various" volumes are a particularly important source for this subject on account of the constant communications which they contain from Mr. Cameron of the Hong Kong and Shanghai Bank. These are useful not only for the information which they give about the state of loan negotiations but even

more because they are the occasion of minutes and memoranda by members of the Foreign Office which provide some of the clearest indications of the reasons for the British Government's concern with the indemnity loans and, more particularly, of the importance attached to the maintenance of British influence in the Customs Administration.]

: Journey in Outer Chih-Li. Report by Mr. C.W. Campbell. [1894] FO17/1218.

: "Case Volumes"

- Affairs of Burmah and Siam; French Proceedings, &c.

FO17/1219-1226	[1894]	vols.28-35
FO17/1265-1272	[1895]	vols.36-43
FO17/1293-1296	[1896]	vols.44-47

[This series, opened in 1885, was not continued after 1896. These volumes include much of the material on the negotiation of the Anglo-Chinese Burma frontier convention of 1894, the proceedings of the commission set up afterwards for the delimitation of the frontier, the proposal for the establishment of a neutral buffer state on the Upper Mekong, and the negotiations for the rectification of the Burma frontier and the opening of the West river.]

- Anti-Foreign Riots

FO17/1227	[1894]	vol.11
FO17/1260-1264	[1895]	vols.12-16
FO17/1292	[1896]	vol.17
FO17/1368	[1897-1898]	vol.18

[This series was started in May 1891 when there was an outbreak of anti-foreign riots. It lapses after 1898.]

- Transit Passes (Likin)

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- : "domestic" and "various", 1894-1898.

The changing importance of Far Eastern affairs in these years is reflected in the handling of business relating to China in the Foreign Office. It was at the end of June 1894 when war between China and Japan became a serious possibility that Kimberley began to take an active part. He then continued to do so however for the rest of his tenure of office - through the war, the peace negotiations, and the negotiations for the indemnity loan which were successively the centre of attention.

Although Kimberley did a considerable amount of original drafting in this period, he did not take it over entirely at critical moments, his interest showing itself as much in corrections of drafts written in the first instance by Foreign Office officials.

When the Liberal Government resigned at the end of June Britain was not involved in any important negotiations regarding China. The Treaty of Shimonoseki had been ratified six weeks earlier; the contract for the first indemnity loan was clearly going to Russia and France although it had not been finally signed; and the news of the Franco-Chinese Convention had only just been received - indeed the Government resigned just as Kimberley was on the point of protesting to the French Government and consequently it was left to his successor to take action. Chinese affairs thus afford little in the way of specific illustration of the effects of the change of Government upon policy.

Salisbury saw and initialled most papers relating to China from the time that he assumed office and his minutes and drafts show that he followed the main negotiations fairly closely. There is no comparison however between his activity in the first two and a half years of the Government's office and the part which he played in the crucial period after November 1897. There is a noticeable change upon the German occupation of Kiaochau: many of the instructions arising out of that event were drafted by Salisbury. And then from the end of December until he became ill at the end of February, he took the conduct of affairs almost entirely into his own hands. In the months following his return to the Foreign Office at the end of April, constant minutes by Salisbury indicate that he continued to direct the conduct of affairs very closely although he handled less himself than he had in January and February. Relations with other Powers were not involved to quite the same extent as they had been at that time. Moreover much of the business arising from the competition for concessions was not, on account of its detailed and practical character, such as would be dealt with by Salisbury personally.

Bertie, then Assistant Under Secretary and Supervisor of the Asiatic Section of the American and Asiatic Department, was the most important of the Foreign Office officials so far as British policy in China was concerned. His influence is particularly noticeable in the British concern with the maintenance of their influence in the Chinese Customs Administration. It was he who urged that steps should be taken to ensure that there was a suitable British successor to Sir Robert Hart and who repeatedly drew attention to the

danger to British interests of Russia, France, or Germany taking advantage of having made a loan to China to claim that more of their subjects should be employed in the Custom Service. When Hicks Beach commented in February 1898 after the proposed British Government loan to China had been refused that he cared very little who got the loan in view of the concessions which Britain had obtained from the Chinese, Bertie stressed this point and it was upon his suggestion that O'Connor was instructed to discuss the conditions of the proposed British loan in his negotiations with the Russians.

B. The Satow Papers at the Public Record Office. P.R.O.30/33.

P.R.O.30/33/5 : correspondence with Consuls and Legation Staff, 1895-1900.

[Sir Ernest Satow was British Minister at Tokio from 1895 to 1900. This correspondence is largely concerned with British proceedings in Japan and is of little interest from the point of view of affairs in China. There is however one interesting letter from Salisbury to Satow written in October 1895 discussing the question of Japan's importance to Britain and also the part that Satow should play in commercial matters.]

C. Private Kimberley Papers at Kimberley House, Wymondham, Norfolk.

Kimberley was Foreign Secretary from March 1894 until June 1895. His papers for this period include correspondence with Rosebery and other members of the Cabinet and with many of the British diplomatic representatives abroad. There is a memorandum of the Cabinet's decision on 23 April 1895 not to join the intervention of the Powers against Japan. There are a number of private telegrams to and from O'Connor which are particularly useful for the indication which they give of the British attitude in the early stages of the negotiations for the first indemnity loan. There are also letters and telegrams exchanged between Kimberley and the Foreign Office at the times when he was at Wymondham and these contain some material on the genesis of the British decision in October 1894 to resist any Japanese attempt to attack Shanghai.

The chief value of these papers lies in their more informal and direct expression of the motives for action and in their explicit confirmation of things which can only be deduced from the official records. Thus it is interesting to find Kimberley actually stating, with reference to Japan, that "our policy must be to make her our ally". For the most part the steps taken by the British can be traced in the official archives. For example the vital papers on the most important British action in the loan negotiations, (their appeal to the Rothschilds and their subsequent proposal to China and the other Powers) are in the Foreign Office records. Kimberley's papers are however a very valuable supplementary source on the subject: the correspondence with Rothschild adding information on what happened after the British made their proposal and the telegrams to and from O'Conor showing the importance which the British attached to the loan from the beginning of the negotiations.

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[1899], CIX, [C.9081], p.635.
- : Convention between the United Kingdom and China respecting an Extension of Hong Kong Territory, with a Map. Signed at Peking, 9th June 1898. Ratifications exchanged at London, 6th August 1898.
[1899], CIX, [C.9087], p.639.
- : Correspondence between Her Majesty's Government and the Russian Government, with regard to their respective Railway interests in China.
[1899], CIX, [C.9329], p.645.

The Annual Series of Trade Reports, which contain reports by the British consuls on the trade at the various Treaty Ports in China, are also published in Accounts and Papers:

- [1895], XCVII, [C.7581] and [C.7828].
- [1896], LXXXV, [C.7919].
- [1897], LXXXIX, [C.8277].
- [1898], XCIV, [C.8648].
- [1899], XCIX, [C.9044] and [C.9496].

The Miscellaneous Series of Trade Reports include the following reports which are of interest:

- 1897 : Correspondence respecting Diplomatic and Consular Assistance to British Trade Abroad. [1897]. LXXXVIII, [C.8432], p.1.
- : Report on the Revenue and Expenditure of the Chinese Empire by Mr. Consul Jamieson. [1897], LXXXVIII, [C.8278].
- 1899 : Opinions of Her Majesty's Diplomatic and Consular Officers on British Trade Methods. [1899], XCVI, [C.9078], p.619.

The first correspondence on Chinese affairs laid before Parliament in this period was in April 1898: there are no Blue Books covering the period from 1894 to the autumn of 1897. Thereafter there is a steady increase in the amount of published correspondence. This corresponds to the marked development of public interest in Chinese affairs, just as the absence of Blue Books in the earlier period reflects and is probably to a considerable extent the result of a comparative absence of public interest in affairs in China before the end of 1897. But the fact that no correspondence was published cannot be ascribed entirely to lack of interest. Although public interest may have diminished again afterwards, the Sino-Japanese war of 1894-1895 had turned European attention to the Far East and caused much concern. At that time however there were practically no British negotiations regarding China which had any positive result. Their attempts to prevent the war and subsequently to bring about peace negotiations were unsuccessful; their decision in the matter of the intervention was a negative one; and the first indemnity loan, with which the Foreign Office was preoccupied in May, was eventually made by Russia and in any event there was never any question of the Government actually making the loan and the subject was not one upon which the correspondence which was likely to be published. At the end of June 1895 the Liberal Government resigned and Salisbury returned to office. The negotiations which started shortly afterwards for the rectification of the Burma frontier and the opening of the West river were not completed until 1897. Meanwhile there was a comparative lull in the general interest in China

until the events of the last months of 1897 brought Far Eastern affairs to the forefront of attention in Europe.

In the subsequent Blue Books relating to China there is, as has been noted, a "fairly full record of events" and "the most important ... omissions are of a type normal in the Blue Books of the period".¹ These characteristic omissions do however take much of the colour out of the picture. Speculation is inevitably cut out and the sense of the tentative consideration of various possible lines of action which gives the documents of this period much of their interest does not emerge fully from the published correspondence. Nor does the full extent of the importance which the British attached to the loan to China proposed in January 1898, partly no doubt because this plan had been superseded by other arrangements by the time that the Blue Book was published. The overture to Russia in the same month is not recorded and there is only one despatch mentioning the abortive suggestions made in April and May of an agreement with Germany regarding railways in China.

It is interesting to note a couple of alterations in the 1898 Blue Book. One reflects the British desire to conciliate Germany at the time that this correspondence was published. Where Balfour's original telegram to Macdonald on 7 March read that "if the Russians are to have a lease of Port Arthur and Talienswan on the same terms as Germany of Kiaochau, the influence of these powers over the Government of Peking will be so increased to the detriment of that of Her Majesty's Government", the Blue Book version speaks only of "the influence of Russia".² Another alteration is indicative of the adjustment which events had forced upon British policy. Macdonald had described the German request for preferential treatment in Shantung as a "dangerous precedent". In the Blue Book it became a "novel precedent".

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1. H. Temperley and L.M. Penson, A Century of Diplomatic Blue Books, [1938], 424-425.
 2. Balfour to Macdonald, Tel.55 Secret, 7 March 1898, FO17/1338; A. & P., [1898], CV, [C.8814], 104.
 3. Macdonald to Salisbury, Tel.69, 22 November 1897, FO17/1314; A. & P., [1898], CV, [C.8814], p.64.

Some of the other considerations which affected the selection of correspondence are indicated in two telegrams from Macdonald at the time that the 1898 Blue Book was being compiled. "Great difficulties will be caused me here", he telegraphed on 15 April, "by disclosure of friendly conversations with [the] German Minister and of confidential discussions with [the] Yamen and it will tend to make confidential relations between me and the Yamen or any of my foreign colleagues impossible...[the] Yamen greatly dislike official disclosures of the kind, to which their attention is promptly drawn". (Macdonald to Salisbury, Tel.127 [P], 15 April 1898, FO17/1343). And in another telegram on the same day he also pointed out that "telegrams ... showing that China made concessions only under pressure are difficult to reconcile with recent parliamentary utterances.

Any publications indicating that Hart occupies himself with political affairs would be very detrimental to him and would have the worst possible effect". (Macdonald to Salisbury, Tel.128, 15 April 1898, FO17/1340).

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