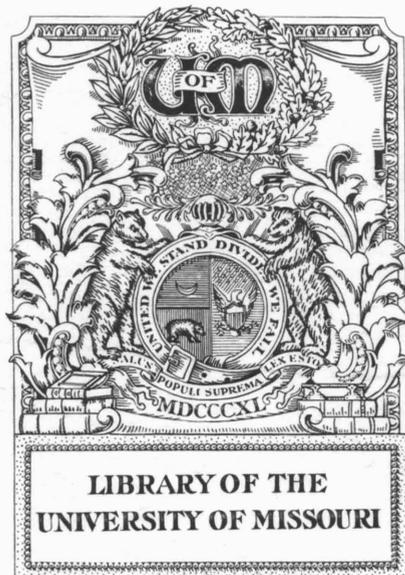


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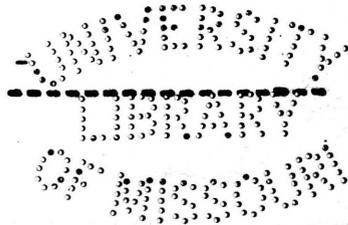
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THE ORIGIN, DEVELOPMENT, AND PRESENT STATUS  
OF THE <sup>30</sup>  
OPEN DOOR POLICY

by

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I N D E X

	Page
Introduction	1
Chapter 1. Commercial and Political Background.	5
Chapter 2. Spheres of Influence	12
Chapter 3. The Break-Up of China.	33
Chapter 4. The Open Door Policy	43
Chapter 5. The Treaty of Portsmouth: Its Importance and Effects.	70
Chapter 6. Japan Openly Violates the Open Door Principle in Manchuria by Discriminating Against Foreign Commerce. America Protests.	75
Chapter 7. Foreign Railroads and Administrative Aggressions in Manchuria.	85
Chapter 8. Attempts of America to Check Foreign Aggressions in Manchuria.	98
Chapter 9. International Loans to China.	109
Conclusion	128
Bibliography	133

Introduction

International statesmen of influence and integrity prophesy that world politics of the future will increasingly center about the Pacific. Conflicts among nations will be more and more over commercial advantages, as is evidenced by the present conflict devastating Europe. The countries bordering the Pacific offer peculiarly rich prizes commercially. No country appeals in a higher degree to international cupidity than China. Her resources, undeveloped, as yet, are reported as vastly opulent and much underestimated. Upon China the eyes of the entire globe are focused.

Among modern nations certain well defined principles are recognized. The commercial privileges to be won must be gained according to specific rules agreed upon among nations as the standard to which all must conform. One of these great principles of commercial competition is that of the open door, or the equality of opportunity for the commerce and enterprise of all nations. This commercial principle which is destined to play the chief role in the maintenance of the status quo of the vast resourceful Chinese Empire, will be discussed under the general caption of the "open door."

(2)

The term "open door," as used throughout this discussion, signifies that no nation shall enjoy any special or privileged rights of trade in China not granted to others. It does not mean, as ordinarily understood by those unfamiliar with the term, "free trade," or the absence of customs duties or similar exactions but, on the contrary, nothing more or less than equality of trade without favoritism. Since the "open door" policy is the result of international interest in the rapidly increasing trade with China, an exposition of the subject without first including a careful review of the commercial and political background would be futile.

The opening paragraphs contain a discussion of the extent and possibilities of the Chinese Empire. A brief history of the early foreign trade with China follows. Considerable attention has been given to the restricted and inconvenient methods by which commerce was carried on and how it has developed proportionately as the trade gates of exclusiveness have gradually been opened.

In carrying out this scheme, an attempt has been made to show how several European powers gradually developed their own national interests to such an extent as to subsequently culminate in "spheres of in-

(3)

fluence." From this point consideration has been given to the manner in which several of the powers anticipated the danger of these growing "spheres," which threatened China's disruption. As a precautionary measure they finally obtained from the representative nations formal assurances guaranteeing the maintenance of the principle of equal commercial privileges for all.

The further discussion will develop the most essential facts concerning America's policy towards the open door in China since its origin in 1898; the quotation of statistics demonstrating the advantages accruing to various nations through their foreign trade; the policies of other nations, especially those of England, Russia, Japan, and France; the Boxer Rebellion of 1899 showing how this uprising jeopardized commercial interests and led to temporary unity among the various powers in protection of their foreign trade; the discrimination of Japan against foreign commercial relations in China; America's urgent protest against repeated violations of the open door policy and her fruitless attempts to check the advance of foreign influence and administrative authority; the problem of foreign controlled railways in Manchuria; the aggressions of Russia and Japan upon Chinese administrative

(4)

rights in that country; and the policy of the United states in regard to the matter of international loans to China.

THE ORIGIN, DEVELOPMENT, AND PRESENT STATUS,  
OF THE  
OPEN DOOR POLICY.

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Chapter I

COMMERCIAL AND POLITICAL BACKGROUND

The growth of China within the past two or three decades has been enormous. Its progress has been materially accelerated through commercial intercourse together with such other relations as have resulted in her recent awakening, in the preservation of her integrity, and in her salvation from dismemberment.

The Empire occupies an area equal to about one-twelfth of the land surface of the earth and comprises a population approximating one-fourth of the people of the globe. It is not at all strange, then, that events instrumental in bringing about more progressive business methods, and the adoption of more congenial commercial relations, should attract attention. This vast resourceful country, populated so densely, possesses an interesting history covering thousands of years. During all of this period, however, its doors

(6)

have been closed against the introduction of foreign trade, until within the memory of the present generation. <sup>(1)</sup> Within the brief interval that it has been partially opened to the commerce of other nations, the period following the Chino-Japanese war is the one of greatest commercial advancement and the one of most vital significance. China has 6,000 miles of rail-ways in operation and 2,300 miles under construction. <sup>(2)</sup> She has telegraph lines connecting the capital with her provinces and the outside world; <sup>(3)</sup> her steam navigation has been improved materially, and she has granted foreign steamers permission to penetrate her streams as far as water conditions will permit; she has opened up treaty ports from time to time until a foreigner is now permitted to travel anywhere in the Empire for pleasure, or on business, and to carry with him his wares, machinery, and manufacturing devices under government protection. <sup>(4)</sup> Such a radical change from her old policy of exclusiveness has resulted in fixing the eyes of the entire world upon the Chinese Empire.

The Portuguese, in 1516, took steps to open trade

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- (1) Burrill & Crist, "Trade Conditions in China," p. 15.  
(2) China Year Book, 1914, p. 208.  
(3) Blakeslee, "Recent Developments in China," pp. 96, 195, and 196; China Year Book, 1914, p. 270.  
(4) U. S. Commerce and Finance, January, 1904, p. 2356.

(7)

with China by sending a ship to that coast. While the trip was not characterized by unqualified success, it served as the initial step toward building up commercial relations with that Empire. In 1522 they succeeded in establishing a " factory " at Ningpo and a second one in the East in 1537 on the island of Macao, not far off the coast of Canton, which still remains under their control. They were privileged to sell at that only to Chinese merchants having " hong " at Canton. <sup>(1)</sup> In 1586, the island of Macao was granted to the Portuguese in consideration of their efforts to suppress piracy. <sup>(2)</sup>

The next foreigners to attempt commercial relations were the Spaniards who carried on a considerable amount of trade between Manila and China continuously under the same conditions that governed Portuguese trade. This intercourse continued from the time they conquered the Philippines in 1543 until these islands were wrested from them by the United States in 1898. <sup>(3)</sup>

After the Dutch had succeeded in throwing off the Spanish yoke, many of them emigrated to the Pes-

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(1) Morse, " The Trade and Administration of China," pp. 277-278; Colquhoun, " Transformation in China," p. 43.

(2) U. S. Commercial Relations, 1856, Vol. I, p. 237.

(3) Foster, " American Diplomacy in the Orient, p. 6.

cadores Islands off the eastern coast of China in 1624. Their subsequent wars with the Chinese precluded them from building up any extensive business with that country, however. Then, too, they were somewhat handicapped since all trade was necessarily conducted through the "hong merchants" at Canton. <sup>(1)</sup>

The first British ship reached Macao in 1635, but was denied trading privileges of any kind until the respect of the Orientals was forcibly acquired by means of its guns. <sup>(2)</sup> Then, the British were accorded the same privileges of trading through the "hong merchants" as had been granted to all others before them. <sup>(3)</sup> Their trade through the East India Company increased rapidly subsequent to 1664. Commerce was carried on chiefly through the "hong merchants," yet the smuggling of goods, especially opium, was not uncommon. Opium was the leading export of British India and, in time, became exceedingly popular with the Chinese. <sup>(4)</sup>

American commerce with China began in 1784. The first vessel left New York February 22~~nd~~ of that

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(1) U. S. Commercial Relation, Vol. I. 1856, p. 530; Colquhoun, "Transformation in China," p. 42.

(2) Morse, "The Trade and Administration of China," p. 280; Foster, "American Diplomacy in the Orient," p. 5.

(3) Colquhoun, "Transformation in China," p. 45.

(4) Commerce and Finance, Jan. 1904, p. 2325.

year and returned on May 11, 1785. The trip was a success since it secured for the United States equal recognition along with the other nations. It may be considered the initial step on the part of the United States toward encouraging that rapidly growing commerce now being realized. Statistics show that the United States sold three times as much to China in 1904 as it did in 1899.<sup>(1)</sup>

The Opium War between Great Britain and China was caused by the Chinese seizing a cargo of opium which was brought from India in English vessels. The war was concluded by the Treaty of 1842. Great Britain was ceded the island of Hongkong which she made a "free port." It was made subject to British laws and regulations and British subjects were permitted to reside at the ports of Canton, Shanghai, Foochow, Amoy, and Ningpo, all situated on the east coast. British consuls were appointed who were held directly responsible to the Chinese Government ( in place of the "hong merchants " ) for all revenues payable by British subjects. The Portuguese soon followed this example with Macao.<sup>(2)</sup>

In 1844, President Tyler sent Caleb Cushing as a

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(1) U. S. Com. Rel. 1856, Vol. I, p. 515; Commerce and Finance, Jan. 1904, pp. 2408-2409.  
(2) U. S. Com. Rel. 1856, Vol. I, p. 530; Rockhill, "Treaties and Conventions," p. 173.

representative of the United States to China to  
negotiate a treaty of Friendship and Commerce. (1)

Such a document was signed and ratified giving to the citizens of the United States the same residence and commercial privileges at the five ports as had previously been granted to Great Britain. (2) France was successful a few months later in concluding a similar treaty, and all of the ports then open became known as " treaty ports," which name has since applied to all other ports opened to residence and foreign trade by similar treaties. There are now forty-eight open treaty ports, twenty-seven additional " open to trade," and twenty five " ports of call." Many of the ports are located several hundred miles inland. (3)

In 1858 Russia acquired a large part of the Amur region, and two years later ( 1860 ), gained the whole coast of Manchurian Tartary from the mouth of the Amur to the frontier of Korea. This territory included Vladivostok which later became the important strategic naval port. In 1881 she followed up

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(1) U. S. Senate Documents, 28th. Cong., 2nd. Session, 138, pp. 1, 8; Presidents' Messages, Vol. IV, p. 211.

(2) Treaties, Conventions, etc., Vol. I, p. 196, 61st. Cong., 2nd. Session.

(3) China Year Book 1914, pp. 120-121.

these acquisitions by the annexation of the Ili  
(1)  
country.

The French occupied the port of Cochin China in  
1862 which was a dependency of the Chinese Empire;  
five years later they annexed more of its territory.  
Subsequently the French settled in Tongking, a section  
of the dependent state of Annam. This brought on  
the Franco-Chinese war which was concluded by the  
Treaty of Tientsin ( 1885 ) and which enabled Annam (2)  
to negotiate with France for the cession of Tongking.

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(1) Rockhill, " Treaties, Conventions, etc. " p. 223.  
(2) U. S. Commerce and Finance, March 1899.

(A)

## TREATY PORTS, MARTS, ETC.

## A Customs Stations

Port	Province	Date of Custom Opening	By Treaty With	Estimated Chinese Population, 1912
Aigun	Heilung-kiang	July, 1909	Japan, 1905	5,800
Amoy	Fukien	April, 1862	Great Britain, 1842	114,000
Antung	Shengking	March, 1907	United States, 1903	34,000
Canton	Kuangtung	Oct., 1859	Great Britain, 1842	900,000
Changsha	Hunan	July, 1904	Japan, 1903	250,000
Chefoo	Shantung	March, 1862	Great Britain, 1858	54,000
Chinkiang	Kiangsu	April, 1861	" "	184,000
Chinwang-tao	Chihli	Dec., 1901	Imperial Dec., 1898	5,000
Chungking	Szechuan	March, 1891	Great Britain, 1890	614,500
Dairen	Shengking	July, 1907	(1)	20,000
Foochow	Fukien	July, 1861	Great Britain, 1842	624,000
Hangchow	Chekiang	Oct., 1896	Japan, 1895	3,700
Hankow	Hupei	Jan., 1862	Great Britain, 1858	826,000
Harbin	Kirin	July, 1909	Japan, 1905	3,700
Hünchun	"	Jan., 1910	" "	3,700
Ichang	Hupei	Apr., 1877	Great Britain, 1876	55,000
Kiao-chou	Shantung	July, 1899	(2)	34,000
Kiukiang	Kiangsi	Jan., 1862	Great Britain, 1858	36,000
Kiungchow (Hoihow)	Hainan	April, 1876	" "	43,000
Kongmoon	Kuangtung	March, 1904	" " 1902	62,000
Kowloon	"	April, 1897	" " 1886	
Lappa	"	June, 1871		
Lungching-stun	Kirin	Jan., 1910	Japan, 1905	500
Lungchow	Kuangsi	June, 1889	France, 1886	13,000
Manchouli	Heilung-kiang	Feb., 1907	Japan 1905	5,000
Mengtze	Yunnan	Aug., 1889	France, 1886	10,900
Nanking	Kiangsu	May, 1899	" 1858	269,000
Nanning	Kuangsi	Jan, 1907	Great Britain, 1897	40,000
Newchwang	Shengking	May, 1864	" " 1858	61,000
Ningpo	Chekiang	" 1861	" " 1842	450,000
Pakhoi	Kuangtung	April, 1877	" " 1876	20,000
Samshui	"	June, 1897	" " 1897	6,000

Continued on following page

(B)

## Customs Stations

Port	Province	Date of Custom opening	By Treaty With	Estimated Chinese Population, 1912
Sansing	'Kirin	'July, 1909	'Japan, 1905	22,500
Santuao	'Fukien	'May, 1899	'Imperial Dec., 1898	8,000
Shanghai	'Kiangsu	'June, 1854	'Great Britain, 1842	651,000
Shasi	'Hupeh	'Oct., 1896	'Japan, 1895	95,900
Soochow	'Kiangsu	'Sept., 1896	" "	500,000
Suifenho	'Kirin	'Feb., 1908	'Japan, 1895	1,500
Swatow	'Kuangtung	'Jan., 1860	'Great Britain, 1858	70,000
Szema	'Yunnan	'Jan., 1897	'France, 1895	15,000
Tatungkow	'Shengking	'Mar., 1907	'Japan, 1903	4,300
Tengyueh	'Yunnan	'May, 1902	'Great Britain, 1897	10,000
Tientsin	'Chihli	'May, 1861	" " 1860	800,000
Wenchow	'Chekiang	'April, 1877	" " 1858	100,000
Wuchow	'Kuangsi	'June, 1897	'Great Britain, 1897	40,000
Wuhu	'Anhui	'April, 1877	" " 1876	98,000
Yatung(3)	'Tibet	'May, 1894	" " 1893	
Yachow	'Hunan	'Nov., 1899	'Imperial Dec., 1898	20,000

(1) By an agreement dated May 30, 1907, Japan undertook to place the Darien Customs under the control of the Maritime Customs.

(2) By an agreement dated December 2, 1905, Germany placed Kiaochou Customs under the control of the Maritime Customs.

(3) No Customs Revenue is collected at Yatung.

The above table is taken from the China Year Book (1914), p. 120.

(C)

B Opened to Trade

In addition to the above " ports," the following places have been declared open to international trade:-

In Manchuria

1	Mukden	(Shengking)	U. S., 1903
2	Fakumen	"	Japan, 1905
3	Fenghuangcheng	"	" "
4	Hsinmintun	"	" "
5	Tiehling	"	" "
6	Tungkiangtze	"	" "
7	Yingkou(Port of Newchwang)	"	" "
8	Liaoyang	"	" "
9	Changchun(Kuanchengtze)	Kirin	" "
10	Kirin	"	" "
11	Ninguta	"	" "
12	Chuitzuchien)	"	1909
13	Toutaokou	} Chientao	" "
14	Paitsaokou		" "
15	Tsitsihar	Heilungkiang	" 1905
16	Hailar	"	" "

In Sinkiang

17 Kashgar Russia, 1860

In Shantung

18 Choutsun Imperial Decree, 1904  
19 Tsinanfu " " "  
20 Weihaiwei Leased to Great Britain  
21 Weihsien Imperial Decree, 1904

In Kiangsu

22 Wusung(near Shanghai) " " 1898

In Kuangtung

23 Hongkong Ceded to Great Britain  
24 Macao Ceded to Portugal  
25 Kuangchouwan Leased to France

In Tibet

26 Gartok } Great Britain. Tibetan Treaty, Sept., 7, 1904  
27 Gyangtze } (Confirmed by China, April 27, 1906)

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Above table taken from China Year Book, 1914, p. 121.

(D)

C Ports of Call

I Yangtze Stages

(a) Tatung (Anhui)	} For Passengers and Cargo	} By Chefoo Agreement September 13, 1876
(b) Anking "		
(c) Hukow (Kiangsi)		
(d) Wusueh (Hupeh)		
(e) Lukikow "		
(f) Kiangyin (Kiangsu)	} For Passengers	} Yangtze Regulations August, 1898
(g) Icheng "		
(h) Huangchihkang (Hupeh)		
(i) Huangchow "		

II West River Stages

(a) Kumchuk (Kuangtung)	} For Passengers and Cargo	} Burma Agreement, Feb. 1897 " " " "
(b) Shuihsing "		
(c) Paktau "		
(d) Takhing "		
(e) Lating "		
(f) Dosing "	} For Passengers	} Mackay Treaty, Sept., 1902 Burma Agreement, Sept. 1902 Mackay Treaty, " " Mackay Treaty, Sept., 1902
(g) Fungtsun "		
(h) Kaukong "		
(i) Yutshing "		
(j) Lukpo "		
(k) Howlik "		
(l) Lutu "		
(m) Maning "		
(n) Yungan "		
(o) Kulo "		
(p) Jungki "		

(1) For Above see China Year Book, 1914, pp. 121-122.

Chapter II

SPHERES OF INFLUENCE

During the closing years of the nineteenth century, several of the leading European powers were granted colonizing rights on the eastern coast of the mainland of China. This resulted in a considerable amount of international political comment as many of the interested nations had built up a very extensive commerce with that Empire. The anti-foreign feeling of the Chinese had manifested itself in various ways from the time of the admission of the first foreigners. The Chinese being a conservative people and slow to accept innovations resented the constant influx of the foreigners. This hatred was fostered by many of every rank, from the lowest classes to some of the highest provincial and Imperial officers, until it finally culminated in the murder of several foreign officials. As an indemnity for one such barbarous act, the Chinese Government was obliged to lease a small area of territory, or "sphere of influence," on the mainland of China in the Shantung province to Germany. This later served as a basis for several similar

claims by other European powers holding commercial interests in China. " Spheres of influence," therefore, as used in connection with this subject are, " sections where one country exercises that paramount influence which practically forbids any other country from operating industrially, commercially, or politically within its limits without permission or acquiescence of the paramount power. Technically the phrase casts no reflection on the sovereignty of China, but unless a firm stand is taken by China, supported by the United States and other powers most concerned, these spheres will eventually evolve into " areas of actual sovereignty." <sup>(1)</sup>

The " spheres of influence " as related to the mainland of China had not assumed any particularly alarming aspects until the close of the Chino-Japanese war. The incidents of this contest culminated in the Treaty of Shimonoseki in which the Chinese agreed to recognize the independence of Korea, to cede to Japan the southern part of the Province of Fengtien ( southern Manchuria ), with all of its islands in the Bay of Liaotung and in the northern part of the Yellow

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(1) Beresford, " The Break-Up of China," Chap. XXX; Colquhoun, " China in Transformation," Chap. XIV; Barrett, Review of Reviews, 21:48.

Sea, the island of Formosa and the Pescadores group, and to pay an indemnity of 200,000,000 taels. As a further provision Japan was permitted to occupy Wei Hai Wei until the entire indemnity was satisfied, which served to guarantee the faithful performance (1) of the stipulations of the treaty.

China was opposed to the incurrence of a large money indemnity since it would necessarily entail a certain amount of foreign interference with her internal affairs. Accordingly, she offered the Japanese concessions of the Peking-Tientsin railway as a partial substitute for the financial indemnity required. This was refused. Russia's subsequent objections, supported by Germany and France, to Japanese occupation of any part of the mainland of the Chinese Empire, became so powerful that Japan consented to give up the Liaotung peninsula and to accept in lieu an increase in the amount of the indemnity. (2) Russia consummated a plan whereby China was enabled to sell her bonds for the payment of the indemnity when the installments became due, and thereby

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(1) Rockhill, "Treaties, Conventions, etc.," p. 193.

(2) U. S. For. Rel. 1895, p. 103; Krause, "China in Decay," p. 159; Foster, "American Diplomacy in the Orient," p. 343.

succeeded in playing the chief role in the expulsion of the Japanese from the mainland and in establishing for herself a sort of "protectorate" over China. (1)

The quid pro quo was the privilege of extending the Siberian railway through the province of Manchuria to the ice-free port of Port Arthur located at the southernmost point of the Liaotung peninsula on the Pacific. Russia had long coveted an ice-free port on the Pacific because her naval station at Vladivostok was an unfavorable one, since it was closed during the greater part of the year on account of snow and ice. With a good naval station such as Port Arthur, which carried with it very favorable mining and industrial privileges, she would be enabled to build up a navy second to none in the world, and the control of northern China would, doubtless, eventually pass into her hands. (2)

While the acquisition by Russia of an ice-free port on the Pacific was not the object of paramount significance, yet it served to veil the real issue which was to assume political and administrative authority in Manchuria.

Following the Treaty of Shimonoseki and the

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(1) Foster, "American Diplomacy in the Orient," p. 343; Rockhill, "Treaties, Conventions, etc.," Convention of November 8, 1895, p. 93.

(2) Krause, "The Far East," p. 186; Hazen, "Europe Since 1815," p. 699; Review of Reviews, 10:249, and 13: 656.

commercial treaty of the next year ( 1896 ), privileges were more easily obtained and commercial methods were materially improved. The most significant features of these treaties were that they opened up the rivers and canals to the traffic of foreign nations, gave foreigners the right to purchase goods--even to produce them anywhere in the interior of China--to rent storehouses without the exaction of special taxes, to manufacture, to import machinery--paying only the regular import duties--and to transport any products manufactured in China at the same charges placed upon similar goods imported into the country. (1)

While the terms of the treaty conferred specifically all the foregoing privileges upon Japanese subjects primarily, yet under the interpretation of the "most favored nation " clause, these rights immediately became applicable to subjects of all other nations possessing full treaty relations with China. (2) The granting of such exceptional advantages by China and the immigration of foreigners into the country, together with the establishment of modern manufacturing and industrial institutions at old treaty ports

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(1) U. S. For. Rel. 1897, pp. 78,79.  
(2) " " " " " " 79.

and new ones, produced a marvelous increase in the commerce of China. <sup>(1)</sup> The railroad extending from Tientsin northward through Peking into Manchuria was hastily completed by the Chinese Government. Contracts for the construction of thousands of miles of railroads were effected. Telegraphs were extended and telephones and electric lights were installed. Mining and manufacturing concessions were granted freely. The West River, which traverses southern China west, was opened to commerce, and steamers under foreign control were permitted to navigate; in fact, foreign steamers were allowed to transact business on all <sup>(2)</sup> streams penetrating treaty ports and provinces. Coal and iron mines ranking among the greatest in the <sup>(3)</sup> world were opened and operated by foreign capital. These various industrial enterprises afforded splendid <sup>(4)</sup> opportunities for the development of foreign trade.

In concluding the treaties with Great Britain in 1897, with France in 1897 and 1898, and with Japan in 1898, China made explicit declarations that she would not alienate any of the neighboring territory; consequently it became incumbent upon these three

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(1) U. S. For. Rel. 1897, pp. 57-59.  
 (2) Rockhill, "Treaties, Conventions, etc.," Treaty of Shimonoseki, Art. VI., p. 249; North American Review, January 1898.  
 (3) U. S. For. Rel. 1903, Vol. I, p. 196  
 (4) Burrill & Crist, "Trade Conditions in China," p. 73.

European Powers to effect such an agreement as would permit them to enjoy the material benefits of territorial acquisition without positive annexation.

The beginning of this movement is to be traced to the settlement concluded between China and Great Britain in 1897 regarding the regions near the " buffer " territory of Upper Burmah. <sup>(1)</sup> By the treaty of February 4, 1897, Great Britain consented to recognize certain described territory as belonging to China with the important qualification that, " in the whole of this area China shall not exercise any jurisdiction or authority whatever. The administration and control will be entirely conducted by the British Government who will hold it on a perpetual lease from China," while China explicitly agreed not to transfer to any other power any territory in that particular section of the Empire. In addition to the foregoing declaration of the theory of territorial acquisition by leasehold tenure, an effective principle was found in the theory of " spheres of paramount influence." This latter expedient, which was already being used in other sections of the globe, was first applied in China when the British opened to commercial

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(1) British and Foreign State Papers, Vol. 91, pp. 91-94

traffic the Yangste Valley in 1860 and 1876 by establishing British steamer lines on the river, a condition which resulted in the predominance of British trade in that rich section of the country. The relationship existing between Great Britain and China as the result of the former's rights in the Yangste Valley gave rise to the term "spheres of influence." In the exchange of the identic notes between the United Kingdom and Russia on April 28, 1899, it was stated that, in return for British assurances of non-interference with the Russian railway projects to the north of the Great Wall of China, "Russia on her part engages not to seek for her own account, or on behalf of Russian subjects, or of others, any railway concessions in the basin of the Yangste, and not to obstruct, directly or indirectly, applications for railway concessions in that region supported by the British Government."<sup>(1)</sup>

The fresh impetus which was given to commercial enterprises during the years just following the Japanese war caused the immigration of many foreign people into the Empire. The natives viewed these intrusions with mingled antagonism and suspicion.<sup>(2)</sup> The

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(1) British and Foreign State Papers, Vol. 91, pp. 91-94.

(2) Douglass's China, P. 447; General Wilson's China, p. 394.

feeling became gradually augmented to such a degree that it resulted in the murder of two German missionaries in the Province of Shantung on November 1, 1897. The German Government, upon receipt of the news of this barbarous act, on November 4th., seized Kiaochau giving as a reason the desire to obtain satisfaction for the murder of the two missionaries. <sup>(1)</sup> On March 6, 1898, China leased to Germany provisionally for ninety-nine years Kiaochau and both sides of the entrance to the Bay of Kiaochau. She granted specific privileges by which Germany obtained rights to land troops, to erect military fortifications, to build a coaling and naval station, to construct railways, and to carry on general manufacturing, industrial, and mining enterprises in the rich province of Shantung. Vessels of China, as well as those of nations holding treaties with China, were to have accorded to them the same treatment in Kiaochau Bay during the term of the lease as previously. Furthermore, if Germany cared to surrender her rights to the lease before the expiration of the term, all privileges so granted were to revert to China on condition that the latter should reimburse the former for all

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(1) U. S. For. Rel. 1898, p. 188.

(1) Thus was improvements made during her occupancy. established most effectively a complete German " sphere of influence " over the greater portion of this valuable Chinese province, about which Germany might erect a wall and close the territory to all foreign trade. This procedure could not fail to jeopardize the trade of all nations with that Empire, and especially that particular territory.

About a month after the German seizure of Kiao-chau, the Russian Government obtained formal permission of the Chinese Government to winter its naval squadron at Port Arthur on the Liaotung peninsula, which region it, supported by Germany and France, had caused Japan to relinquish at the close of the Chinese-Japanese war in 1895. (2) Three weeks after the signature of the Kiaochau lease, Russia succeeded on March 27, 1898, in obtaining from the Chinese Government a lease of Port Arthur and the contiguous territory of Talienwan for a period of twenty-five years with the right of renewal by mutual agreement at the expiration of the lease. This cession included eight hundred square miles of territory, all harbors between Port Arthur and the port of Talienwan to be

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(1) U. S. For. Rel. 1900, p. 384.

(2) Foster, " American Diplomacy in the Orient," p. 414; Krausse, " The Far East," p. 50; Hazen, " Europe Since 1815," p. 696.

used jointly by Russian and Chinese men-of-war, and gave Russia the right to construct a branch of the " Chinese Eastern " railway through Manchuria to Talienwan and to another specified point on the Liao-tung peninsula. <sup>(1)</sup> The latter concession was subsequently changed by the agreement signed at St. Petersburg, May 7, 1898, to a grant for the construction of the branch line of the Chinese Eastern railway to Talienwan, and by the same instrument the aforesaid territory was made neutral ground closed to the occupancy of mining industries and trade of any other <sup>(2)</sup> powers.

France and Great Britain were both planning the acquisition of naval stations on the Chinese coast at the time the Germans were being satisfied, and on April 10, 1898, China concluded a convention with France by which she leased Kwangchouwan in the southern part of the Empire convenient to her Tonkin possessions, near the strait of Hainan, as a naval base and coaling station. The terms were the same as those granted to the Germans, and carried with them the right to connect by rail the territory of Tonkin with the Chinese province of Yunnan and the city of Yunnanfu. This convention, however, was not ratified

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(1) U. S. For. Rel. 1898, p. 184  
 (2) " " " " 1900, p. 383.

until January, 1900. Thus was established the third real " sphere of influence " in the Chinese Empire according to the interpretation of the term in this discussion.

The most significant countermove to offset the extensive naval advantages gained by the Germans and Russians was made by Great Britain as a result of the presence of her fleet in the Chinese waters. In order to balance the concessions made to Germany and Russia at the gateway to Peking, China on April 2, 1898, leased Great Britain the harbor of Wei-hai-Wei, the most commanding site on the Shantung peninsula, midway between the acquisitions of Germany and Russia and nearly facing Port Arthur on the opposite side of the Gulf of Pechili, as a naval station for better protection of the British commerce in the " neighboring seas " " for so long a period as Port Arthur shall remain in the occupation of Russia." England which had heretofore insisted on the preservation of the Empire, and had proclaimed the " open door " policy had gained no adherents to her long cherished policy and had at last decided to pursue a different course. <sup>(1)</sup> She took possession of Wei-hai-Wei on May 24, 1898. Permission was granted her in

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(1) U. S. For. Rel. 1900, p. 384

the document to occupy a strip of territory ten miles wide along its entire length, to erect fortifications, station troops, and to take any other measures necessary for military and naval purposes. The instrument conferred, however, no commercial privileges, and consequently respected the German " sphere of influence " in the province of Shantung. The walled city of Wei-hai-Wei within these limits was to remain under the control of the Chinese. <sup>(1)</sup> Later, in the same year, England succeeded in securing from the Chinese Government a lease for ninety-nine years of an area of territory two hundred square miles in extent on the mainland of China which surrounded the Chinese city of Kowloon directly across from her island of Hongkong; the city of Kowloon, however, was to remain under the control of the Chinese Govern-  
<sup>(2)</sup>ment. Thus during the eighteen months ending with April, 1899, four great European nations--Germany, Russia, France, and England--obtained long leases of ports and naval stations on the coast of China, and the countries of Italy and Japan had presented claims for equal advantages; Italy demanded the port

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(1) U. S. For. Rel. 1900, p. 384; Rockhill, " Treaties Conventions, etc. " p. 271.

(2) U. S. For. Rel. 1898, p. 190, 384.

of Sanmen and Japan desired a small portion of the continental country opposite her island of Formosa. The latter was successful in obtaining a " non-alienation " declaration regarding the province of Fukien.

The leased territories so advantageously selected by three great powers of Europe virtually commanded the entrance to the Gulf of Pechili. A careful examination of the agreements and conventions transferring these " spheres of influence " reveals no declarations by any of the recipients to recognize or to respect the traditional policies or welfare of the Chinese people. On the other hand, each concession apparently tends to dismember the Empire by parcelling out small sections of territory to avaricious powers which granted no compensating advantages in return to the donors. (1) These acquisitions by foreign powers but served to confirm and further intensify the ant-foreign feeling to a frenzy of exaggerated political fanaticism which, in many provinces, not unnaturally resulted in hostile (2) manifestations toward all foreign occupants. Viewing the situation in this light, it is not at all

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(1) Beresford, " The Break-Up of China, " p. 21.

(2) U. S. For. Rel. 1900, p. 85.

surprising that the embittered feeling usually broke out first in provinces most affected by foreign occupation.<sup>(1)</sup>

The foregoing aggressions on the part of several of the great European powers were but characteristic of those practiced by many nations in all parts of the globe since the sixteenth century. The partitioning of Africa in the decade following 1884, the efforts on the part of several European powers to establish "spheres of influence" in China between 1895 and the Boxer Uprising, and the Spanish American War of 1898 may, however, be deemed the conclusion of international diplomacy under the old method of territorial expansion. The colonial policy, prior to the beginning of the twentieth century, signified colonial dominion only, since the great and expanding commercial powers of the West were unwilling to admit freely the backward and indifferent folk of the Far East. Powers seeking an outlet for their raw and finished products could be certain of markets for their goods in the East and Oceanic regions only by seizing promising market places and walling them in behind locked doors, closed to all other distributing nations. (2)

Since China has been opened to all nations, the

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(1) U. S. For. Rel. 1898, Pres.'s Mess., p. LXXII.  
 (2) Larned, "History for Ready Reference," Vol. VII, p. 731.

Western people, stimulated by the ideal climate, the great mineral wealth of certain provinces, the extensive fertile areas awaiting development into admirable agricultural sections, and the opportunities open for the construction of railways and the introduction of other modern Western institutions, (1) have been more energetic in their exploitations.

While the methods of Western progress have been seriously retarded through inadequate transportation facilities and antipathy on the part of the Chinese people to innovations, and while these improvements have often been consummated by deplorable practices, yet there is a perceptible difference in the modus operandi pursued by the respective nations which have undertaken the promotion of their national interests (2) in the Orient.

From England's acquisition of Hongkong down to the present, her policy has been to share her territorial and commercial advantages with other countries and to be non-exclusive in her foreign relations. She has dictated and practiced open competition; she has opposed policies of exclusive priv-

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(1) Burrill & Crist, "Government Report of Trade Conditions in China," p. 83.

(2) Ibid, pp. 29, 30, and 35.

(1) illegitimate or superior opportunity. Her motives in China have been prompted by the desire to gain access to the countries of the East where she might enjoy trading facilities and concomitant privileges. In her activities she has been governed by the necessities of her own existence, and such territory as she has recently acquired has come into her possession through efforts of self-defense; further, such territory has been maintained to preserve, protect, and encourage her rapidly increasing foreign trade. She has established naval bases and maintained military forces to protect these interests when the political exigencies of the time have seemed to require such steps. (2) During the seven years from 1891 to 1898, inclusive, England's trade with China increased 72%. In 1891 her trade ( imports and exports combined ) amounted to 169,399,000 haikwan taels which was 71% of China's total foreign trade, or greater than that of all other countries combined. (3) It would naturally be presumed that with such an overwhelming balance in her favor, England would spare no efforts

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(1) U. S. For. Rel. 1899, p. 31.

(2) Beresford, " The Break-Up of China," pp. 2, 3, 5, 7, 10, and 13.

(3) Ibid, pp. 5 and 13.

in the support of such principles as would result in the maintenance and further development of that increased trade and, on the other hand, would positively oppose any steps or measures on the part of any power to establish "spheres of influence" in the Chinese Empire.<sup>(1)</sup>

Diametrically opposed to this policy of England, so often reiterated when the political status of international affairs seemed to require it, were the principles of France and Russia. They obdurately closed to foreign trade all territories acquired by them and established exclusive opportunities within their limits. While the French policy was not so aggressive as the Russian, yet both made frequent attempts to partition China and to establish "spheres of influence" therein.<sup>(2)</sup> The result is that great areas of undeveloped sections of country are closed to the commerce of other nations, and are maintained by such large forces as to cause political dissatisfaction and social unrest on the part of the native population.<sup>(3)</sup> The policies of France and Russia were as natural as England's as will be shown in the

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(1) Beresford, "The Break-Up of China," p. 3.  
(2) Rockhill, Treaties, Conventions, etc., "Conventions Between Russia and China Concerning Port Arthur and Taliénwan, Arts. III & V, p. 176.  
(3) Krause, "The Far East," p. 104.

succeeding paragraph.

In the case of Russia, which has ever coveted such concessions calculated to enlarge her already vast Empire, her system has been so selfishly characterized as to preclude travellers from even traversing her provincial territories unless provided with a permit issued to satisfy the particular case. (1) She has always been opposed to equal commercial opportunities, as is perhaps natural, since she has been able to compete with the manufactured articles of other countries only through her method of rigid protection. (2) In 1898, seven-tenths of the trade of the United States with China was carried on with the northern section of that country. (3) Subsequent developments demonstrated that Russia in 1898 began to Russianize the northern part of the Chinese Empire. As rapidly as the territory became settled she applied her accustomed restrictions to foreign trade. (4) This political aspect threatened to endanger foreign commerce seriously and was viewed by several of the leading powers with gravest concern.

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(1) U. S. For. Rel. 1898, pp. 183, 185.  
 (2) Krause, "The Far East," p. 201.  
 (3) See Tables Following.  
 (4) Hazen, "Europe Since 1815," p. 699.

France has been actuated by the indomitable desire to increase the extent and number of her colonies. Her policy has always been prejudicial to equal commercial privileges to all nations, and when she successfully leased from China Kwangchouwan, other great powers feared that she would follow the same procedure in that territory as she had previously pursued in some of her colonial dependencies. In 1885, seven-eighths of the imports into Tonkin and Cambodia were English and German products. As soon as France applied her protective duties in those places, the imports from England and Germany were diminished one-fourth. So exclusive is French commercial policy that one diplomat has said, " territory acquired by France might just as well be wiped (1) off the map so far as the world's trade is concerned. English experience in Madagascar is instructive and proves the truth of the preceding quotation. When France, not without some diplomatic trickery, suddenly declared Madagascar French territory instead of merely a French protectorate, British treaty rights of trade in that island were at once extinguished. Lord Salisbury complained, but M. Hanotaux, representative of France, was firm and England was left without redress.

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(1) Nation ( Editorial ), 70:254; Outlook, 64:99.

Mr. Hay, Secretary of State of the United States, foresaw a similar peril to our interests in China and took steps to forestall this diplomatically. (1)

Germany has been prompted by desires similar to those of England. She was in search of marts where the disposition of her exports would be certain. She often manifested a grave solicitude in the development of that increased foreign trade which has distinguished China during the past three or four decades.

The Japanese policy during the last years of the nineteenth century was ostensibly akin to that of England. (2) The early years of the twentieth, however, were characterized by frequent discriminations against commerce other than her own in the Chinese Empire. (3)

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(1) Nation 70:1 ( January 1900 )  
(2) Beresford, " The Break-Up of China," pp. 431-2.  
(3) U. S. Monthly Consular and Trade Reports, Sept. 1906, No. 312, p. 56; U. S. For. Rel. 1906, Pt. I, pp. 163-188.

## Chapter III

## THE BREAK-UP OF CHINA

The motives of the different powers which successfully gained "spheres of influence" in the Far East have not been prompted by the same aim; neither have their respective policies been at all similar. This contrast in systems is of the deepest international significance as regards territorial aggrandizement in the Orient. In fact the incentives actuating the various powers precipitated the proposed dismemberment of the Chinese Empire.<sup>(1)</sup>

Subsequent to the acquisition of certain so-called "spheres of influence" by several of the nations, the dissolution of the Chinese Empire appeared inevitable.<sup>(2)</sup> The weakness in the political status of China was due to the inadequate administrative methods of Imperial and provincial government, corruption, poverty, riots, rebellions, and the pressure

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(1) U. S. For. Rel. 1899, p. 142; Ibid 1898, Pres.'s Mess., p. LXXII.

(2) Boulger, North American Review, March 3, 1899.

of foreign claims which she had no power either to resist or refuse. <sup>(1)</sup> The disintegration of the Empire was certain to be accelerated by the introduction of foreign capital for the building of railways, the opening of mines, and for the construction of other public works all of which encouraged a large influx <sup>(2)</sup> of foreigners to this hitherto exclusive Empire.

While it was generally conceded that the dissolution would not occur immediately, yet the interested nations feared that its partition was probable, because a united action on the part of the Chinese was out of the question. The people of the Empire were not entirely homogeneous; they lacked the patriotism possessed by many of the people of other lands; and were so discordant that unity of action industrially and politically was impossible. They were destitute of a strong centralized Imperial Government, and the army and navy forces were provincial rather than Imperial. In other words, they lacked such elemental requisities as are indispensable to a well organized government. Such a political and social disorganization under the pressure of foreign influence was <sup>(3)</sup> most conducive to the breaking up of the Empire.

(1) Beresford, "The Break-Up of China," p. 448;  
Blakeslee, "Recent Developments in China," p. 171.  
(2) U. S. For. Rel. 1898, Pres.'s Mess., p. LXXIII.  
(3) Krause, "The Far East," p. 134;

So certain was the world concerning the disruption of the Empire in the last years of the nineteenth century, that Demetrius C. Boulger wrote in the March Number of the North American Review that the " United States should join England in an effort, not to prevent China's disintegration, but to save the fragments with a view to the future union and reorganization, unimpaired by the roads of foreign powers. We should develop China's latent strength for China's own preservation." (1) In the January, 1900, Review of Reviews, the opportunities offered of expanding and developing the country are set forth, together with wonderful natural advantages of the Empire, openings for a network of railways, the chances to dredge and improve the public waterways and harbors, and to remove the bars. The great need for the construction of railways, the installation of electric lights, telephones, telegraphs, water and sewer systems, educational institutions, and the remarkable field for working out reforms in governmental administration of state, province, and city are emphasized. The writer then points out that the weakness of the

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(1) Boulger, " America's Part in the Dissolution of the Chinese Empire," March, 1900; Secretary Hay's Letter to the Powers, July 3, 1900 ( U. S. For. Rel. 1901, p. 12 ); Chamber of Commerce Annual Report, 1897-98, pp. 74-75.

Oriental government, and the tendency on the part of the powers to firmly establish "spheres of influence" on the mainland will inevitably result in the destruction of that increased trade which the United States has long enjoyed and encouraged. Mr. John Barrett states that "many foreign powers are delaying the possibility of the second result (policy of establishing "spheres of influence") by taking China's treaty ports and thus destroying her confidence in their purpose and counsels. Open Chinese markets will be lost to us (United States) unless we take steps to protect our interests under the old and new treaties which say that America shall have the same rights in China as any other nation. The language is plain. Our first treaty with China in 1844 says: 'If additional privileges of whatever description be conceded hereafter by China to any other nation, the United States and citizens thereof shall be entitled thereupon to a complete, equal, and impartial participation in the same.' The treaties of 1858 and 1880 are fully as strong."<sup>(1)</sup>

Since China's condition is comparatively primitive or undeveloped, as Mr. Barrett's article conclusively shows, our trade with China is but in its infancy.<sup>(2)</sup>

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(1) Barrett, "Our Interests in China," Review of Reviews, 21:42.

(2) Barrett, North American Review, January, 1898.

China's condition at present is not sufficient to supply her own wants with the necessities. We are nearest to this market and by using energy, intelligence, and tact, we can eventually secure the major part of China's foreign trade.<sup>(1)</sup> In the development of the United States, the extension of the railroads westward caused a strong immigration in that direction. China is waiting for railroads. As soon as they have been built foreign commerce will be materially accelerated. If China with her millions of people, abundant natural resources, and boundless energy, could be awakened industrially, her foreign trade would be increased proportionally.<sup>(2)</sup>

During the closing years of the nineteenth century when the dissolution of the Empire seemed imminent, the United States adopted such policies as seemed necessary to preserve her commercial intercourse with China.<sup>(3)</sup> Her trade had increased enormously during the decade beginning with 1890.<sup>(4)</sup> The importance of this growing trade which was so seriously threatened by the establishment of "spheres of influence" on the mainland of China may be shown in tabular form:

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- (1) U. S. For. Rel. 1898, p. LXXII.  
 (2) Barrett, "Our Actual Interests In China," N. Am. Review, "Jan. 1898.  
 (3) U. S. For. Rel. 1900, p. XIV.  
 (4) N. Y. Chamber of Commerce Annual Rep., 1897, p. 75.

Table A (1)

Countries	Imports into China		Exports from China	
	1890	1897	1890	1897
United Kingdom	24,608,000	40,016,000	13,095,000	12,945,000
Hongkong	72,057,000	90,126,000	32,931,000	60,402,000
India	10,300,000	20,068,000	1,056,000	1,046,000
St. Settlements	1,772,000	2,856,000	1,465,000	1,858,000
Austral. & New Z.	226,000	81,000	1,265,000	537,000
S.Af. & Mauritius	-----	-----	215,000	202,000
British N. America	612,000	6,504,000	485,000	299,000
Total British Emp.	109,575,000	159,651,000	50,512,000	77,289,000
United States	3,676,000	12,440,000	8,165,000	17,828,000
Continent of Europe	3,158,000	11,800,000	15,342,000	29,845,000
Russian Manchuria	211,000	207,000	616,000	3,014,000
Japan	7,389,000	22,564,000	4,832,000	16,627,000
Macao	4,271,000	3,515,000	1,846,000	5,849,000
Philippine Islands	38,000	76,000	221,000	132,000
Cochin China, etc.	342,000	503,000	133,000	532,000
Siam	93,000	42,000	352,000	541,000
Java & Sumatra	-----	679,000	230,000	420,000
Other Countries	5,000	758,000	4,895,000	11,389,000
Total	128,758,000	212,235,000	87,144,000	163,501,000
taikwan tael	128,758,000	212,235,000	87,144,000	163,501,000
Total	162,517,000	153,849,000	109,997,000	127,531,000
dollars	162,517,000	153,849,000	109,997,000	127,531,000

Comparing the figures of the exports of the United States with those of Great Britain for the years 1890 and 1897 in the above table, we find that while Great Britain did not double the amount of her trade during the eight years, the United States more than trebled hers. On the other hand, Great Britain's purchases decreased while those of the United States more than doubled. The value of the exports of the

(1) Commerce and Finance, House Doc. Vol. 41, 1904, pp. 2408-2409, 58th. Cong, 2nd. Session.

United States to China during the year 1897 was greater than that of all continental Europe including the Russias, European and Asiatic. The United States bought more of China than Great Britain, Japan, or all Russia, and her purchases amounted to more than the combined purchases of India, Singapore and the Straits, Australia and New Zealand, South Africa ( including Mauritius ), British America, South America, Macao, Philippine Islands, Cochin China, Annam and Tonkin, Siam, Java, Sumatra, Turkey in Asia, Persia, Egypt, Algiers, Aden, etc. ( The most of these countries are included in the above table under the caption, " Other Countries." )<sup>(1)</sup> The above figures are not accurate since many of the United States' goods are shipped via British America, London, and through Hongkong. Such trade in the above table is recorded to the credit of Great Britain rather than to the United States. Consul Fowler estimated the sales of the United States to China during the year 1897 at 30,000,000 taels as against 12,440,000 as given in the table.<sup>(2)</sup> The above table shows conclusively that the foreign trade of China was growing rapidly when various European nations

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(1) U. S. Com. Rel. 1898, p. 127.

(2) " " " " " "

were granted long leases of territory on the mainland of China over which they were to exercise exclusive (1) political and commercial privileges.

The situation became so critical that on January 13, 1898, many of the leading merchants and manufacturers of the country presented the following petition to the New York Chamber of Commerce:

" The undersigned merchants, manufacturers, and others interested in the large and rapidly growing export trade of the United States in the Empire of China, believing that the movements of European powers recently occurring, and likely to further occur within the territory of such Empire, affect, and may ultimately prove highly detrimental to the trade privileges now enjoyed there by American citizens under the existing treaty rights, hereby respectively urge the Chamber of Commerce of the State of New York to consider, and to take such immediate action in the premises as may be deemed expedient and proper, to the end that the present situation may be brought to the attention of the Department of State at Washington, and that the important commercial interests of the United States, together with the existing treaty rights of her citizens in China, may be duly and promptly further safeguarded." (1)

The petition was assigned to the Committee on Foreign Commerce and Revenue Laws, which made the following report to the Chamber on January 28, 1898:

" Your committee find that citizens of the United States and China are accorded certain trade rights and privileges under three treaties concluded at various times between the United States Government and that of the Empire of China, guaranteeing to the citizens of the United States under the so-called favored nation clause, all rights, privileges, and

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(1) Annual Report Chamber of Commerce, N. Y., 1897, pp. 74-75.

favors granted by China to any other nation. Furthermore, they find that the export trade from the United States to China and Hongkong, as far as it could be determined from the returns of trade, have increased in value from the sum of \$8,117,059 in 1893 to the sum of \$17,978,065 in 1897. These figures are incomplete as the sums quoted and taken from the Chinese Customs returns represent goods carried directly between an American and a Chinese port, whereas goods transhipped in a British vessel, or from a foreign port appear under the head of imports from the intermediate country. The total quantity of exports from the United States to China, therefore is, in reality, without doubt considerably larger. The returns given by your committee, nevertheless, indicate a considerable growth in the exports from the United States to China in the present condition of trade with that country, which is limited to certain treaty ports, and it is to be expected that with the further opening of the Empire to Western civilization and the removal of the restrictions to trade now existing, the export of American products to China will continue to show an increasing growth.

"Steps have been taken by European powers to occupy Chinese territory and to acquire title to such territory whereby the jurisdiction of the Chinese Empire over the territory thus ceded would cease and the laws of the foreign government would prevail.

" Under these circumstances your committee believe that the privileges in China now enjoyed by American citizens under existing treaty rights should be jealously guarded and carefully watched, and that the Chamber of Commerce should impress upon our government of the export trade of the country to the Empire of China, and the imperative necessity for its protection in view of the action taken by the European powers in the East.

Your committee, therefore, submits the following memorial to the President of the United States, embodying these views and urging that steps be taken to safeguard the commercial interests of the United States in China:

" To The President of the United States,

Washington, D. C.

" The Chamber of Commerce of the State of New York

beg leave respectively to represent:

" That there are important changes now going on in the relations of European powers to the Empire of China affecting the territory of that Empire, and to that extent affecting the privileges enjoyed under existing treaty rights by American citizens trading in and with China.

" That the trade of the United States to China is now rapidly increasing, and is destined, with the further opening of that country to assume large proportions, unless arbitrarily debarred by the action of foreign governments, the exports to the United States to China and Hongkong, as far as they may be traced, having grown from \$8,117,059 in 1893 to \$17,978,065 in 1897.

" That in view of the changes threatening to future trade development of the United States in China, the Chamber of Commerce of the State of New York respectively and earnestly urge that proper steps be taken as will commend themselves to your wisdom for the prompt and energetic defense of the existing treaty rights of our citizens in China, and for the preservation and protection of their important commercial interests in that Empire." (1)

The above petition is characteristic of the uneasiness manifested by all who had growing commercial interests in the East. (2) Affairs threatened to become so complicated, and the dangers to American interests became so imminent, that the President caused the Secretary of State to issue circular letters to the several powers concerned, asking for assurances supporting the " open door " policy. This became the (3) enunciation of the aforesaid policy.

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(1) N. Y. Chamber of Commerce, Annual Report, 1897-98, p. 75.

(2) U. S. For. Rel. 1898, Pres.'s Mess., p. XVIII.

(3) " " " " 1900, " " " p. IX.

## CHAPTER IV

## THE OPEN DOOR POLICY

The " open door " policy is of comparatively recent origin when compared with the age of the Empire with which it primarily deals. A critical study, however, reveals the fact, that the so-called policy simply supplanted an unwritten law which was apparently observed by several of the great powers prior to 1900. An announced policy not only seemed advisable, but also absolutely necessary in order to preserve the integrity of the Chinese Empire and to establish equal commercial privileges for all. <sup>(1)</sup> While the principles of the policy have been recognized by the various powers in the past under the " most favored nation " clause, yet the application of the term " open door " to it, is of but recent standing.

It was used especially with reference to Chinese ports in 1898. <sup>(2)</sup> In the same year Sir M. Hicks-Beach employed it in his speech given at Swansea saying, that " if we wanted to keep open doors for our commerce ....  
.....we must be prepared in savage countries to

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(1) U. S. For. Rel. 1900, Pres.'s Mess., p. IX.

(2) Murray's English Dictionary, Vol. VII, p. 141.

incur territorial responsibilities. The government were absolutely determined at whatever cost..... that that door should not be shut." In 1898 its use became so general that the newspapers employed it. The London News states, " Why should Russia object to the policy of the open door, which has been proclaimed.....as the essence of British policy?," <sup>(1)</sup> while in the London Daily Times is found the following: " The incidents which suggest doubts as to the adoption of the open door, which has latterly become a household in our mouths " are not characteris-<sup>(2)</sup> tic of the general attitude toward such a policy. The Atlantic Monthly re-iterates the same view in the words, " Co-operation between this republic ( United States ) and Great Britain as to the furtherance of the open door policy " is essential to its success. <sup>(3)</sup> The London Times expresses this co-operative feeling of the two governments when it states that " both govern- ments ( meaning the United States and Great Britain ) agree in maintaining the open door principle in all regions where they can exert any influence."

While the British government wavered between " spheres of influence " and the " open door " policy, every English trader in China maintained the profound

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(1) London Daily Times, January 25, 4/7.  
(2) London Daily News, March 1, 9/5  
(3) Atlantic Monthly 1898, 82:438.

conviction that the " open door " policy was the only principle for the development of trade and commerce. (1)  
 Following the Chino-Japanese war, and after the acquisition of " spheres of influence " by several of the great European powers, England was even more urgent in her espousal of the doctrine. (2) Her attempts to interest other nations were unavailing, and finally, goaded into desperation as much by the indignation of the supporters of the policy as by the sneers of its rivals, the British Government abandoned its ideal, demanded Wei-hai-Wei, and established herself in an advantageous position to become a recipient of her share of the Empire should it subsequently be dismembered. (3)

In the meantime, a new apostle of the " open door " principle arose in John Hay, Secretary of State, who was destined to achieve what Mr. Colquhoun, Lord Charles Beresford, Mr. Little, and other equally strong men had advocated. Mr. Hay successfully secured written assurances from several of the great European governments supporting the " open door " policy and guaranteeing equal commercial privileges to all nations. (4)  
 This was hailed as one of the greatest diplomatic achievements of the age, and, at that time, was con-

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(1) Beresford, " The Break-Up of China," p. 454.  
 (2) " " " " " " " " pp. 419-432.  
 (3) Sears, " John Hay Author and Statesman," p. 91.  
 (4) Annals of the American Academy, Vol 39, p. 36.

sidered as great as the Monroe Doctrine for it was believed that it would shape the politics and progress of the following century.

When the American Government realized that her commercial interests were about to be jeopardized seriously by "spheres of influence" in the Orient, John Hay addressed the six powers, Great Britain, Germany, France, Russia, Japan, and Italy through our representatives abroad asking for formal assurances that each "within its respective sphere of whatever influence" would not in any way interfere with the existing rights of commerce previously guaranteed to citizens of the United States through treaties. This circular letter expressed the view that the treaty rights then in force should remain inviolable in all of the territories leased to foreign governments, and that America should enjoy "perfect equality of treatment for her commerce and navigation" within such areas. <sup>(1)</sup> Each power in due time replied favorably, agreeing to recognize the principles embodied in the "open door" policy as formulated by Secretary Hay, on condition that all other nations having interests in China should furnish similar formal written guarantees. Having obtained the necessary assurances from

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(1) U. S. For. Rel. 1899, pp. 128-143.

the different governments, Secretary Hay instructed the several representatives accredited to the various countries concerned to inform their respective governments that the proposals of the United States had been unanimously accepted, and that since all conditions had been fulfilled, the American government would consider such policy as being complete and in operation. (1)

This great diplomatic achievement on the part of Secretary Hay secured from the European powers a formal declaration as to the recognition and preservation of our trade rights in China by the simple exchange of official notes. It would have required months and, doubtless, years to have obtained the same assurances by means of treaties and conventions, yet the procedure was effective and expeditious. The diplomatic provision that the agreement should not be binding unless all consented led each nation to agree before it realized the situation. It was materialized within a few months, yet it was a valid moral agreement concluded in such a way that it could not be debated, changed, or repealed by the United States Senate. (2) Statistics for the years

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(1) U. S. For. Rel. 1899, p. 142.

(2) Editorial, Nation, 70:156 and 254.

1896 and 1899 show that the foreign trade with China increased very materially between those years. It was feared in 1899 that the establishment of "spheres" in China might impair the rights of equal commercial privileges.<sup>(1)</sup>

Table B (2)

## Value of Imports into China for the years 1896 &amp; 1899

Countries	1896	1899	Decrease	Increase
United States	11,929,853'	22,288,745'	-----	'10,358,892'
Great Britain	44,571,387'	40,161,115'	4,410,000'	-----
Continent of Europe (including Russia- European & Asiatic)	11,661,114'	13,694,802'	-----	'2,033,688'
Japan (Exclud. Formosa)	11,568,671'	31,414,362'	-----	'20,845,691'
Hongkong	91,356,530'	118,096,208'	-----	'26,739,678'
Formosa	5,821,452'	4,482,383'	1,339,069'	-----
India	23,027,056'	31,911,214'	-----	'8,884,158'
All Rest of World	11,464,106'	11,767,236'	-----	'303,130'
Total (taels)	211,400,169'	273,816,065'	5,749,069'	69,165,237'

This table shows that in the four years from 1896 to 1899, inclusive, the United States doubled her sales to China while Great Britain lost 4,410,272 taels; Japan's increase was twice as much as that of the United States. In 1896 the United States exceeded Japan by 361,182 taels; in 1899 Japan led us by 8,125,617 taels. On the other hand, Great Britain's best year was 1896 while the United States

(1) U. S. For. Rel. 1899, pp. 128-142.

(2) U. S. Commercial Relations 1900, p. 184.

and Japan reached their highest sales in 1899. The value of our sales to China exceeded those of all continental Europe including the Russias ( European and Asiatic ) 32,281 taels; in 1898 this excess in amount had reached 4,171,934 taels, and in 1899 6,191,936 taels. Great as the excess appears over some of the other countries, it is not what it should be since a very large portion of the goods from the United States enter China via Japan and Hongkong. (1)

The value of imports from the non-Asiatic countries may be seen from the following data:

Table C (2)

Imports into China from the Non-Asiatic Countries  
for the year 1899

	Haikwan taels	
United States	22,288,745	\$16,059,041
Great Britain	40,161,115	28,936,083
Australia	272,553	196,375
British America	1,208,865	870,787
Europe (excluding Russia)	10,172,398	7,328,410
Russia ( European )	3,233,239	2,327,548
Total	87,336,915	\$55,718,244

Five-sixths of the entire imports into China

(1) U. S. Com. Rel. 1900, p. 184.

(2) " " " " " " p. 185.

from the non-Asiatic countries in 1899 was from British and American territory, while more than one-half of it was from Great Britain alone. <sup>(1)</sup> The importance of our trade with China in 1899 may be more completely realized by a careful scrutiny of the following statistics:

Table D (2)

Value of Cotton Goods Sold to China by  
the United States in 1899

Articles	Haikwan taels	Dollars
Drills	4,216,004	\$3,037,631
Jeans	272,745	196,513
Sheetings	9,610,090	6,924,570
Total	14,098,839	\$10,158,714

This shows clearly that cotton goods represented over half our sales to China for the year. Moreover, China purchased over one-half of the entire amount of cotton export to the whole world. These

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(1) U. S. Com. Rel. 1900, p. 185.  
(2) " " " " " p. 186.

figures are under-rated, since all of the American shipments via London, Hongkong, and Japan are accredited to those respective countries. <sup>(1)</sup> The commercial relations between the United States and China were mutually beneficial as the United States, according to Chinese returns, secured more commodities from China during the years 1897, 1898, and 1899 <sup>(2)</sup> than did any other country in the world.

The growth of the United States trade with China from 1880 to 1900 was gradual, yet constant. The excess of our commerce over that of other nations ( save that of Great Britain and Japan ), despite the fact that we have no territorial interests there, is a matter well worthy of the deepest consideration. The following table is interesting since it summarizes in a convenient manner the respective Chinese interests of the powers in tabular form.

Table E (3)

Countries	Firms	Resi- dents	Chinese Territory Held. Sq. Mls.	Haikwan tael
Great Britain	424	5,471	529	240,088,000
Japan	212	2,909	13,541	42,691,000
United States	81	1,908	Nil.	31,476,000
France	82	1,054	315,009	15,520,000
Russia	21	1,941	339,127	13,968,000
Germany	120	1,343	120	7,760,000
Portugal	16	1,175	4	3,104,000

Consult following page for references.

The bulk of the trade for the year was transacted with Great Britain, yet when it is considered that competent authorities have concluded that 40% of China's foreign trade consists of trans-shipments at Hongkong, which are thus credited to Great Britain, when in fact they should be divided between the United States and other countries, the preponderance is not so great. (4) Our trade with China ranked third notwithstanding the fact that we possess no territorial interests there. (5) The trade of the United States and Japan from 1895 to 1899 increased rapidly while that of Great Britain decreased. (6) The report for the year 1895 states that Great Britain sold five times as much as the United States to China; in 1898 more than twice as much, and in 1899 the proportion was much more favorable to the United States. Had not the "open door" policy been assured in 1900, all of the territory in China then under the jurisdiction of foreign powers might have been subsequently closed to the trade of other countries.

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- (1) U. S. Com. Rel. 1900, p. 186.  
(2) " " " " " " " "  
(3) Columns 2 and 3 taken from Com. Rel. 1901, p. 165; Column 4 and the last four items of 5 taken from Krause, "The Far East," p. 110; the last four results have been reduced from English pounds to Haikwan taels.  
(4) U. S. Com. Rel. 1907, Vol. I, 340.  
(5) See Table E, page 51.  
(6) Statistical Abstract for the Principal and Other Foreign Countries 1897 to 1907-1908, 1910, pp. 258-9.

At any rate the principle removed all fears on the part of all powers that any commercial discriminations might be effected.

The results of the " open door " policy have accrued to all nations endeavoring to extend their commercial interests to the Orient. Next to Japan and the United States, Great Britain, without doubt, has been the chief beneficiary. In 1900, when the British interests were centered on the insurrection in South Africa, the secret Anglo-German treaty guaranteed her peace with all Africa outside the war zone, but credit is due the originator of the " open door " policy for having established for her, commercial, if not political peace, along the Pacific coast of Asia. The next beneficiary of importance was the Chinese Government. In 1900, when China was experiencing a critical period in its history, the United States rendered it a valuable and humane service in preventing the disintegration of the Empire. This support was given when several of the great European powers, then exercising " spheres of influence " in the Empire, were about to introduce into their respective " spheres " ultra-protectionist policies which would have, doubtless, proven pre-

Judicial to all commercial intercourse with the East, and would have tended to hasten the partition of the Chinese Empire. (1)

The establishment of foreign "spheres of influence" together with the introduction of Western political, commercial, and industrial institutions served to crystallize the already prevalent foreign feeling into an exaggerated sentiment of intense hatred. This antagonism was cultivated and disseminated through various secret societies, or organizations, the most important of which was the "Fist of Righteous Harmony," generally known as the "Boxers." It had for its emblem the clenched hand (fist), and its purpose was the extermination of all foreigners, accompanied by the extirpation of Native Christians. (2) This society grew rapidly until it covered the greater part of northern China. (3)

Open attacks of the "Boxers" began first in the province of Shantung, where two years previously similar outrages had been perpetrated, which had resulted in the seizure of Kiaochau by the Germans. (4) The "Boxers" began their anti-foreign crusade in October, 1899, but were suppressed for a time on

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(1) Barrett, "The Disintegration of China," Review of Reviews, January 1900.

(2) U. S. For. Rel. 1900, p. 77

(3) " " " " " p. 81.

(4) " " " " " " "

account of fifty of their own number being killed by the Chinese Regulars in an effort to restore the Empire to its normal condition. (1) They rallied subsequently, and by the early part of December, were again taking the lives of foreigners and native converts, at the same time destroying much foreign property. (2) On January 1, 1900, they beheaded Mr. S. M. Brooke, an English missionary near Tainanfu. (3) This forced the Chinese Government to some sort of action and it caused the decapitation of three of the "Boxers" which, it is believed, served but to encourage more rioting rather than to eradicate it. By March, the "Boxer" armies were organized and drilled openly, and the movement had spread with such astonishing rapidity that five ministers, representing foreign governments, called in a body on the Tsungli Yamen, and urged it to enact such effective measures as would result in the suppression of the "Boxers" and all similar secret organizations. (4)

The vacillating actions of the Tsungli Yamen were so inadequate and ineffectual that the United

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(1) U. S. For. Rel. 1900, p. 77.  
(2) " " " " " p. 78.  
(3) " " " " " p. 86.  
(4) " " " " " p. 103.

States Government felt under obligations to despatch war ships to Chinese waters in order that she might preserve and protect her interests there. This established a precedent for other nations and, in a short time, a mixed fleet of several war ships was riding at anchor off Taku Bay, the port of Tientsin. (1) By the middle of May the "Boxers" were murdering and torturing foreigners and native Christians openly; business places were being looted and destroyed and foreign cemeteries at Peking were desecrated, graves opened, and the remains scattered abroad. The situation became so alarming in and about Peking, that the foreign legations were forced to call upon their respective governments for defensive guards. On June 1st., a mixed army composed of English, Russian, French, Japanese, Italian, and American men, successfully reached Peking just prior to the destruction of the railroads and bridges leading to that city. (2) The "Boxers" had formerly confined their atrocious acts to native Christians mostly, but by June 4th., they were threatening missionaries, attacking foreign railway employees, and had extended their

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(1) U. S. For. Rel. 1900, p. 114.

(2) " " " " " pp. 126-133.

devastations up to the walls of Peking. (1) On the 11th. of June, the Chancellor of the Japanese legation was attacked at one of the gates, dragged from his conveyance, and brutally murdered. (2) Following this, the Chinese troops affiliated with the "Boxers," cut the lines of communication with the outside world, (3) and began immediately to besiege the legation quarters. The foreign fleet shelled the Taku forts, and after a stubborn resistance, they were taken on June 16th. The city of Tientsin was then taken, the Chinese were driven from its defenses, and the advance was made on Peking. The allied troops under Admiral Seymour fought their way a short distance toward Peking, but the "Boxer" force being too powerful for them, they decided to return to Tientsin, there to await re-inforcements. (4) All of the interested powers thereupon agreed to a concerted action under a single leader to relieve their subjects at Peking and to a general policy for settlement and reparation. (5)

The situation was so grave that it demanded instant action; the powers, however, desired to act in such a manner as not to involve China in a general

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(1) U. S. For. Rel. 1900, p. 129.  
 (2) " " " " " p. 154.  
 (3) " " " " " p. 269.  
 (4) " " " " " p. 197.  
 (5) " " " " " pp. 129 and 273.

war since all of the southern provinces were at peace with the world. <sup>(1)</sup> The United States considered the uprising to be confined to certain riotous sections of the Empire too powerful for the Chinese Government to put down, but several of the other powers intimated that the Imperial Government was in collusion with the "Boxers." When the Chinese Minister Wu-Ting-fang asked Secretary Hay to instruct the Admiral in charge not to send any forces into the southern provinces, since they were entirely under control of the officials who were able to protect all foreigners, the latter replied the same day, stating that the United States had no disposition to send any troops into provinces where the government showed ability to protect the lives and property of foreigners and to preserve order. <sup>(2)</sup> This view was communicated to all of the other interested powers and each agreed to support it. <sup>(3)</sup> All of the southern provinces save Chekiang were loyal throughout the uprising, and thus the faith which had been placed in the various Vice-roys of the peaceful southern provinces had not been

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(1) U. S. For. Rel. 1900, pp. 129 and 173.  
 (2) " " " " " p. 274.  
 (3) Ibid.

misplaced.

The entire trouble was confined to northern China, with the exception of the one province named above, which condition simplified the situation since it eliminated from consideration of action a general belligerent invasion of the whole Empire. There was simply an effort on the part of the powers to rescue their respective legations and the matter was left to the determination of the powers whether the concerted action should be hostile to the Chinese Government, or so favorably conducted in co-operation with it as to convince the Chinese people that the entity and integrity of their Empire was in no way imperiled by the allied action of the powers. The various nations involved communicated with the American Government as to the course to be followed which resulted in the views of the United States being expressed very forcibly in the note of July 3, 1900, in which Secretary Hay said:

" Following the precedents enunciated by the United States as early as 1857, this Government aims at the conservation of peace and amity with the Chinese nation, the furtherance of lawful commerce and the protection of the lives and interests of American citizens in every part of China by all the means guaranteed under extra-territorial treaty rights and by the law of nations, to which end we are prepared to uphold the efforts of the Chinese authorities in the provinces to use their powers to protect foreign

life and property against the attacks of subversive anarchy, and are resolved to hold to the uttermost accountability the responsible authors of any wrong done to our citizens. To attain these objects the Government of the United States is now, as heretofore ready to act concurrently with the other powers in opening up communication with Peking and rescuing the imperiled Americans and foreigners there, to afford all possible protection everywhere in China to American life and property, to guard all legitimate American interests in the Empire, and to aid in preventing a spread of the disorders to other provinces, and in securing future immunity from a recurrence of such disasters--seeking to these ends a solution which may bring about permanent peace and safety to China, preserve Chinese territorial and administrative entity, protect all rights guaranteed to friendly powers by treaty, and safeguard for the world the principle of equal and impartial trade with all parts of the Chinese Empire." (1)

The circular telegraphic note given in full above was communicated to all of the governments represented at Peking. (2) The different powers responded promptly all acquiescing, and as a result, a mixed relief force was organized at Taku and ordered to Peking. The aim, therefore, which actuated participation by each government was fully realized, and thus integrity of the Chinese Empire, together with the commercial interests of all, was preserved.

The views of Count von Bulow, the German Imperial Secretary of State for Foreign Affairs, expressed in his letter communicated to the several

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(1) U. S. For. Rel. 1900, p. 318  
(2) " " " " " " p. 299

governments subsequent to the receipt of Mr. Hay's letter of July 3rd. is worthy of the deepest consideration, since it is indicative of the cordial acquiescence of all the governments to Secretary Hay's proposal. Count von Bulow wrote:

" The end for which we are striving is the restoration of safety to the persons, property, and activity of German subjects in China, the rescue of foreigners shut up in Peking, the revival and assurance of order under an organized Chinese Government, and expiation and indemnity for the acts committed. We desire no partition of China; we are striving for no special advantages. The Imperial Government is fully convinced that the maintenance of the understanding among the powers is the preliminary requirement for the restoration of peace and order in China, and will, for its part, continue to consider this as of the first importance." (1)

The safety of the legations having been assured and the imminent danger to all foreigners and property having been removed, the various governments immediately began negotiations for final settlement. The views of the United States had been plainly set forth to the several interested governments in Mr. Hay's proposal of July 3rd., and it remained for the rest either to concur or dissent. On October 4th. following, the French government communicated its views to the department of State but omitted any reference whatsoever to the commercial privileges

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(1) U. S. For. Rel. 1900, p. 328.

promulgated in the " open door " agreements.

The different conditions embodied in the letter were favorably received by the United States, but Mr. Hay feeling that one of the most important conditions had been omitted, reiterated his former view in the closing paragraph of his letter under date of October 19th., when he said:

" The Government of the United States believes that the happy influence upon the determinations of the Chinese Empire and its Government, which the government of the French Republic anticipates as the result of this step, would still be further induced if the powers were to include as part of their initial declaration a collective manifestation of their determination to preserve the territorial integrity and the administrative entirety of China, and to secure, for the Chinese nation and for themselves, the benefits of open and equal commercial intercourse between the Chinese Empire and the world at large." (2)

France replied by saying that she was in full sympathy with the " open door " policy and called attention to the fact that she had several times recently pronounced herself in full sympathy with the " open door " policy in China.

Other powers which had established " spheres of influence " on the mainland of China replied equally as favorably. One of the earliest statements of the policy to be followed by the several powers is that found in the formal agreement between Germany and

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(1) U. S. For. Rel. 1900, p. 321.  
 (2) " " " " " pp. 322 and 324.

England, signed in London by the German ambassador, Count von Hatzfeldt, and the British Prime Minister, Lord Salisbury, on October 16, 1900, which declared among other things:

" It is a matter of joint and permanent international interest that the ports on the rivers and littoral of China should remain free and open to trade and to every other legitimate form of economic activity for the nationals of all countries without distinction, and the two governments agree on their part to uphold the same for all Chinese territory so far as they can exercise influence.

" Her Britannic Majesty's Government and the Imperial German Government will not on their part make use of the present complication to obtain for themselves any territorial advantages in Chinese dominions and will direct their policy toward maintaining undiminished the territorial conditions of the Chinese Empire.

" In case of another power making use of the complications in China in order to obtain under any form whatever such territorial advantages, the two contracting parties reserve to themselves to come to a preliminary understanding as to the eventual steps to be taken for the protection of their own interests in China." (1)

The final Protocol of September 7, 1901 was drawn up by the representatives of the several participating powers. It required the Chinese to pay an indemnity of 450,000,000 taels, and to execute the principal leaders and officials actively responsible for the murder of foreigners. It further provided for the demolition of the Taku forts, for the defensibility of the legations at Peking,

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(1) U. S. For. Rel. 1900, p. 354.

allowing each to maintain a guard, and insured the protection of foreigners and their property in the Empire. <sup>(1)</sup> The instrument omitted, however, any reference whatever to the "spheres of influence" recently established or to any territorial questions, present or future. <sup>(2)</sup> This important matter was to be settled by some subsequent special agreements. The feeling that the "Boxers" could free the country from foreign dictation and interference was entertained only by a small group at Peking and a certain number of officials in the north. Over the greater part of China the idea was received with skepticism which eventually proved sufficient to save the Empire from a general war. The regular trade went on as usual but somewhat retarded during the latter part of the year by lack of confidence engendered by the uncertainty of the political outlook. The great trade of 1899 continued until early in the first part of 1900, but the outrages in the north had assumed such a serious aspect by June, that it not only shut off all commerce at Newchwang and Tientsin, but it also had rather a depressing effect throughout

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(1) Rockhill, "Treaties and Conventions," pp. 66-74.

(2) U. S. For. Rel. 1901, p. 312.

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all of the ports.

The following table shows by way of comparison the effect the "Boxer" troubles had upon the foreign commerce trade of that year.

Table F (2)

Total Foreign Commerce of China for the Years  
1899 and 1900

Countries	Imports into China		Exports from China	
	1899	1900	1899	1900
Great Britain	28,936,083'	32,768,362'	10,060,015'	6,743,178'
Hongkong	85,088,318'	67,635,251'	51,764,725'	45,097,150'
India	22,992,030'	12,117,150'	1,247,544'	2,065,054'
Straits St'mts.	2,627,083'	1,892,023'	1,608,006'	1,755,160'
United States	16,059,041'	12,053,342'	15,624,558'	10,631,500'
Philippine Is.	15,592'	9,236'	44,404'	82,038'
Europe (Ex. Russ.)	7,329,213'	7,404,043'	26,488,106'	18,000,649'
Russia	2,229,549'	3,053,251'	11,046,120'	5,205,424'
Manchuria, Russian	208,343'	98,704'	2,324,093'	3,712,601'
Japan & Formosa	25,863,605'	18,559,967'	12,429,449'	12,207,254'
Macao	2,455,835'	1,611,693'	4,196,543'	3,394,756'
Turkey (in Asia)	606,533'	891,804'	1,799,076'	1,877,142'
Persia, Egypt, etc.	-----	-----	-----	-----
<b>Total (Dollars)</b>	<b>194,411,225'</b>	<b>158,094,826'</b>	<b>138,632,639'</b>	<b>110,771,906'</b>

From the declarations and assurances received from the various powers concerned in the restoration of order in China during the "Boxer" troubles, it

(1) U. S. Com. Rel. 1901, p. 162.  
(2) " " " " " " p. 165.

would appear that the " open door " policy came out of the struggle materially strengthened.

Following the " Boxer " rebellion, Russia failed to follow the example of the other powers in evacuating the Empire. The influence of the Russians had grown until in 1902, it had extended far beyond the limits described by the convention of 1898. This was not only true of the neutral territory of the Liao-tung peninsula, but also of the whole country in the north reaching as far south in Manchuria as Newchwang and other equally important points, all of which had become practically Russianized. <sup>(1)</sup> Along the Yalu, Russian institutions and policies faced those of Japan and Korea. <sup>(2)</sup> Russia's continued occupation and increasing political influence in Manchuria resulted in effecting a new defensive treaty of alliance between the governments of Great Britain and Japan on January 30, 1902. In this both governments declared themselves to be especially interested in maintaining the independence and territorial integrity of the Empire of China and of the Empire of Korea, in securing equal opportunities in those countries for the commerce and industries

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(1) U. S. For. Rel. 1902, p. 29

(2) Rockhill, "Treaties and Conventions," p. 97.

of all nations, and in mutually disclaiming any aggressive tendencies in either country. <sup>(1)</sup> Supported by this alliance, and acting for herself, Japan exerted all of her power with China to bring about a formal understanding between the Chinese Government and Russia as to the latter's plans regarding Manchuria.

The situation again became most critical. As a countermove, a declaration was signed between Russia and France March 3/16, 1902, in which both governments reiterated their former views as to the support of the " open door " policy in the far East. Furthermore, they reserved to themselves the right to consult as to the means to be employed for securing their own interests should third powers take aggressive action in China which might jeopardize China's free development or their own interests. <sup>(2)</sup> Under the Anglo-Japanese alliance of January 30, 1902, England was not obligated to support Japan in a war against Russia so long as Russia stood alone. If, however, France should interpret the Franco-Russian declaration as granting her the right to ally herself with Russia in the event of a war with Japan, then England would inevitably be drawn into the conflict in accordance with

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{1} Rockhill, " Treaties and Conventions," p. 97.  
{2} " " " " " " p. 203.

the terms of the Anglo-Japanese alliance. (1)

On March 26~~th~~, following, China signed an agreement with Russia for the re-establishment of Chinese authority in Manchuria, for the protection of railways and all Russian subjects and their undertakings, and for the gradual evacuation of Manchuria by the Russians, to be concluded within a period of eighteen months ( three periods of six months each ). (2) Russia's evacuation was prolonged for such a length of time, her military preparations increasing all the while, that Japan began to fear for her very existence. She accordingly demanded of Russia the date for the complete evacuation of Manchuria. Negotiations continued between the two powers from August 1903 to February 1904. Japan believed that Russia was secretly strengthening her positions and forces for war under the guise of gradual evacuation. She therefore severed diplomatic relations with Russia and began hostilities on February 8, 1904, by torpedoing a part of the Russian fleet before Port Arthur and despatching her armies into Korea. Russia possessed two fleets, one at Port Arthur and the other at Vladivostok. The fleet at

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(1) Rockhill, " Treaties and Conventions, " p. 97  
 (2) " " " " " p. 99

Port Arthur was bottled up by the Japanese in the early part of the war. Japan was thus able to transport her armies to the scene of the conflict with but slight losses at the hands of the Vladivostok fleet. One division of the Japanese army succeeded in driving the Russians out of Korea while another besieged and captured Port Arthur. After Port Arthur had fallen into the hands of Japan, her armies marched north to assist in the capture of Mukden. While the most severe battles of the war were being fought south of Mukden, the Japanese successfully defeated the two Russian fleets. Subsequent to this, all forces were centered upon Mukden, which finally fell into the hands of the Japanese March 10, 1905. A new fleet was sent out by Russia under Admiral Rodjestvensky, which was disastrously defeated in the great naval battle of the Straits of Tsushima May 25, 1905. At the suggestion of President Roosevelt, the two powers finally agreed to send delegates to Portsmouth, New Hampshire, to discuss terms of peace. This resulted in the signing of the Treaty of Portsmouth, September 5, 1905, which will be treated in the next chapter.

## Chapter V

THE TREATY OF PORTSMOUTH: ITS IMPORTANCE  
AND EFFECTS

The Treaty of Portsmouth September 5, 1905, is a landmark in Asiatic history. It concluded one of the most important struggles of modern times, and definitely established anew the status of undisputed areas of the Chinese Empire. Since the problems of the Far East for the past ten years, in almost every case, have grown out of the provisions of this treaty, we shall consider several of its most important articles critically.<sup>(1)</sup>

The point of greatest significance in the treaty is the one regarding the status of Manchuria. This was the basic cause of the war, and consequently special consideration will be given those provisions of the treaty which changed the political status of the so-called " Three Provinces " in the north.

In Article V of the treaty, Russia's lease of the Liaotung peninsula is transferred to Japan. A clear understanding of this transfer necessitates a brief

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(1) For text of this treaty see Supp. to Vol I of the Am. J. of Int. Law, p. 17.

review of the Russo-Chinese convention of March 27, 1898.<sup>(1)</sup> By the terms of that agreement, China agreed to lease to Russia Port Arthur, Talienwan, and the adjacent waters for a period of twenty-five years with the privilege of renewal, by mutual agreement, at the expiration of the period. This gave Russia, then, a leasehold of the territory until March 27, 1923, with right of renewal. Referring to Article V of the Treaty of Portsmouth, we find that all of Russia's rights to the Liaotung Peninsula were transferred to Japan. Obviously, Japan holds the lease to that territory until 1923 with Russia's former right of renewal.

Article VI deals with the subject of railways and forms the basis of all the complications that have arisen out of railways in Manchuria. Russia cedes to Japan the railroad between Chang-chun and Port Arthur, with all of its branches, together with such concessions as had been previously granted to her by the Chinese Government. To define the extent of this requires a knowledge of Russia's rights to the Manchurian railways prior to the Treaty of Portsmouth.

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(1) For text of this convention see Rockhill, "Treaties and Conventions," p. 50.

These rights are definitely outlined in the agreement under date of September 8, 1896, between the Chinese Government and the Russo-Chinese Bank for the construction and maintenance of the Chinese Eastern Railway. (1)

This agreement is ostensibly a compact between the governments of China and Russia. It gives to Russia through the Russo-Chinese Bank, the power to build the railways of Manchuria and to control them for a certain period of years. These were finished in 1902 and China has the privilege of regaining them through the payment of a certain sum in 1938. Should she fail to profit by this opportunity, the aforesaid railroad will revert to her in 1982 by virtue of this agreement.

Japan acquired the southern section of the Manchurian railways in 1905 through Russia's former terms. In 1982 she will be under the necessity of giving up her claims to them and is to allow China the right to buy them in 1938. During this intervening period, however, she is to derive benefits from all land concessions, industrial procedures, and exemptions from taxation which Russia had originally enjoyed.

In Article III and IV both Russia and Japan

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(1) For text of statutes of the Chinese Eastern Railway agreement see Rockhill, Treaties and Conventions, " p. 215.

pledge themselves absolutely to the policy of the "open door" in Manchuria and to the supreme jurisdiction of China in that country. This principle was probably expressed in this treaty out of respect to the desires of outside powers, notably the United States, rather than on account of any real wishes of Russia or Japan.

Speaking in generalities, the Peace of Portsmouth failed in its mission of settling the Far Eastern Question in Manchuria. The condition of the "Three Provinces" which was the principal reason for the Russo-Japanese war, has been changed specifically only from the viewpoint of the competitive Powers. From Japan's standpoint, it has been improved; from Russia's aggravated. The situation for China and for all nations interested in the principle of equal opportunity in China and in the integrity of the Empire, has been but slightly changed, however. Formerly Russia, alone, had special rights and privileges in Manchuria; now, both Japan and Russia have usurped equally strong concessions. They have made fair promises to keep the door of equal opportunity open to all nations, but developments have revealed a most complicated and mooted problem for outside

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nations to solve. Willard Straight has given an excellent summary of the factors influencing the Manchurian situation in the following:

"1. Russia, who desires to preserve the influence that has survived the war;

"2. Japan, who has already profited largely, but who desires to obtain a permanent and increasing influence;

"3. China, who wishes herself to administer the territory recovered for her from Russia by Japan, without commitment to either, and

"4. The other trading powers who desire equal commercial opportunity and to whose interest, therefore, it is to preserve the open door and a fair field for their merchants."<sup>(1)</sup>

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(1) "China and the Far East," p. 142.

## Chapter VI

JAPAN OPENLY VIOLATES THE OPEN DOOR PRINCIPLE  
IN MANCHURIA BY DISCRIMINATING AGAINST FOREIGN COM-  
MERCE. AMERICA PROTESTS.

The Peace of Portsmouth, as explained in the preceding chapter, pledged Russia and Japan to the maintenance of the principle of equal opportunities for all nations in Manchuria. It left them in temporary military possession of the entire region and granted them control of the railways. This gave both an excellent opportunity to advance their own national interests to the exclusion of others, or partially so. Whether both would conform to the treaty pledge was the question of the gravest significance. Japan occupied the more tempting position. She had full jurisdiction over the coast, ports of entry, and the Manchurian markets could only be reached through ports under her military authority and over railroads under her control.

Subsequent events have shown that Japan has used her position to the detriment of other nations interested in the commerce of the Far East. Particularly is this true during the period from the close of the war until the middle of 1907.

Scarcely had peace been concluded until the whole region controlled by Japan and Russia was closed by them to the commerce of all other nations, save their own. Foreign merchants were not allowed to travel in Manchuria without first securing a passport from either the Kwangtung Governor-General, or the Russian Far East Arm Headquarters, countersigned by both authorities. Before an applicant could obtain such a document he was required to give his name, occupation, nationality, rank, route, destination, and the purpose of his journey. To add to the foregoing complications, the procedure was complex and tedious. The result was practically to exclude all foreigners from the Manchurian region.

The Japanese influx into Manchuria was accelerated materially during the period the country was under Japan's military authority. The Japanese merchants followed the victorious armies establishing commercial institutions along the front as rapidly as the country was conquered. After the war the Japanese stream of immigration was almost constant. The Japanese population in Manchuria in 1906 was estimated between 40,000 and 60,000.<sup>(1)</sup> The largest part of the foreign-

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(1) Millard, " America and the Far Eastern Question," p. 221.

ers settled in the coast cities and along the rail-ways. The Japanese population of Antung was 5,000 in 1906,<sup>(1)</sup> and 6,000 in 1908 with but twenty Europeans and Americans together at the latter date.<sup>(2)</sup> The police census of Dalny taken in December 1906 gives the permanent population at 22,483 with a Japanese population of 8,361 and foreigners totalling but 23.<sup>(3)</sup> The population of Yinkow, a concession located about three miles from Niuchwang, reached 6,000 early in 1907. Thousands of others led on by the pioneer spirit settled far inland in the cities and towns. While the Japanese, as has already been shown, excluded all foreigners from this territory, yet they selfishly acquired the leading sites and industrial institutions in many of the principal towns and cities. In many places Chinese business men were openly evicted from their own property with but a nominal compensation in order to make places for Japanese merchants and enterprises.<sup>(4)</sup> By the latter part of 1905, there were 131 Japanese business houses in Niuchwang as against a

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(1) Monthly Consular Trade Reports, Dec. 1906, No. 315, p. 33.

(2) Monthly Consular Trade Reports, April, 1908, No. 331, p. 45.

(3) Monthly Consular Trade Reports, May, 1907, No. 320, pp. 39-40.

(4) Millard, "America and the Far Eastern Question," Chap. 15.

total of 12 composed of all others.

A very considerable proportion of Japan's commerce with Manchuria escaped the regular import duties even though the Japanese officials deny it. For example, the Imperial Maritime Customs report for the year 1905 shows that out of 2,600,000 pounds sterling of Japanese imports into Manchuria, but 300,000 pounds worth passed through the customs office at Niuchwang. The remaining 2,300,000 entered duty free. (2) The fact that Dalny served as an entrance point for Japanese goods, although it possessed no customs house until July 1, 1907, is further evidence of Japanese evasion of the import duties. The case against the Japanese is even more convincing when it is remembered that Dalny was not even declared open until September 1, 1906, which means that only Japanese goods could be admitted there for almost a year following the declaration of peace. In the early part of 1906, the Foreign Chamber of Commerce of Niuchwang registered a complaint with the consular body of that city to the effect that Japanese goods were being admitted duty free through the points of Dalny and Korea. (3) During the same year an investigation by an appointed committee

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(1) Monthly Consular Trade Reports, March, 1906, No. 306, p. 90.

(2) U. S. For. Rel. 1907, Pt. I, p. 131.

(3) Millard, " America and the Far Eastern Question," p. 219.

showed that the Japanese were importing " their own fabrics and merchandise freely into Manchuria by way of Dalny and the Chinese Eastern Railway, paying neither duty nor liken thereon to the Chinese authorities, and that this facility is granted only to Japanese subjects. <sup>(1)</sup> The trade report of April, 1908, states that the Japanese were doing a flourishing business at Takushan which has neither an open port or a customs house, Japanese goods being thus admitted duty free. <sup>(2)</sup> The foregoing examples should suffice to show that Japanese commerce enjoyed tariff advantages and privileges absolutely denied to other nations. In addition to escaping duties which were imposed upon other nations, the Japanese were accorded exceptional privileges by the South Manchurian Railway Company. During the interim when the country was under military authority, it was difficult for merchants other than Japanese to get the goods transported at any price. Their applications for cars were often delayed several months, if they were recognized at all, while <sup>(3)</sup> the Japanese trade was always immediately satisfied.

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(1) U. S. For. Rel. 1906, Pt. I, p. 211  
(2) Monthly Consular Trade Reports, April, 1908, No. 331, p. 47.  
(3) Millard, " America and the Far Eastern Question," p. 253.

The Japanese merchants were accorded special rates on the railroads. Goods could be transported into the interior via Dalny much cheaper than through Niuchwang even though there was a vast difference in the mileage in favor of the latter route. The former was the Japanese shipping point while the exporters of other nations were located at the latter. <sup>(1)</sup> The Japanese maintained a system of rebates from 1% to 7%, whereby they refunded a certain per cent to shippers whose annual business ranged from \$50,000 to \$250,000. <sup>(2)</sup> This rebate system becomes highly significant when it is considered that a firm like Mitsu and Company carried on a general exporting business for several Japanese firms, while the smaller exporters of other nations were deprived of any benefit under the rebate.

All of the foregoing examples are plainly discriminations against the commerce of other nations and, obviously, acts contrary to the treaty pledge to observe the equal commercial privilege principle. Japan carried her discriminations still farther by acts which may be deemed in accordance with the letter of the pledge but scarcely with the spirit of it. Subsequent to the war

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(1) Millard, " America and the Far Eastern Question," p. 247; Monthly Consular Trade Reports, June, 1907, No. 321, p. 57.

(2) Current Literature, Vol. 48, p. 367.

she effected a system to get control of the Manchurian markets. During the early months of 1906, firms that had formed a union for the exportation of cotton to Manchuria, presented the following petition to the members of the Japanese cabinet.

"1. The government to guarantee a maximum loan of 6,000,000 yen at the rate of interest of 4 per cent. per annum, to be advanced on documentary drafts, payable in four months.

"2. Goods mentioned in the drafts to be delivered under certain limitations, even before they are paid, or when a security has been furnished, according to circumstances.

"3. The Chinese Eastern Railway to carry the exports free of charge or at half rates for one year hence.

"4. The marine freightage also to be reduced to one-half for one year."

After carefully considering the request, the Japanese Government consented to make a loan through the Yokahama Specie Bank on cotton as well as several other articles intended for the Manchurian market. The general rate was to be 4 1/2 per cent. per annum, but any company exporting articles amounting to more than

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50,000,000 yen annually were granted a 4% rate. Furthermore the government was to make special arrangements with the Chinese Eastern Railway and other firms regarding the transportation charges. <sup>(1)</sup>

At this juncture it would be well to consider Japan's method of subsidizing her merchant marine prior to 1907. Japan's merchant vessels were costing her \$3,526,559, but this year the appropriation was increased \$784,136 over half of which was to be expended in improving the lines of commerce to China. <sup>(2)</sup>

That all of the foregoing discriminations against commerce should result in a protest on the part of the American Government is not at all surprising. As soon as the State Department learned officially that all foreigners were excluded from Manchuria while Japanese merchants were freely admitted, negotiations were entered into with the Japanese Foreign Office for the purpose of eliminating further discriminations. The Premier of Japan, Marquis Saionji, answered under date of April 11, 1906, in a lengthy note to Charge d' Affaires Wilson in which he specifically stated that Japan had always been a loyal supporter of the "open door principle," but in view of the necessity of guard-

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(1) Monthly Consular Reports, July 1906, No. 310, p. 63.

(2) Ibid, June 1907, No. 321, p. 164.

ing military secrets and considering also the confusion incident to the withdrawal of a large body of troops, the Imperial Government have heretofore been reluctantly compelled, among other things, to impose certain restrictions upon the free entrance of foreigners and foreign vessels into the regions and seaports affected by the military occupation." Manchuria was to be evacuated as rapidly as conditions would permit and assurances were given that Antung and Ta-tung-kau would be opened by May 1st. and Mukden not later than June 1st. of that year. Complete military evacuation,<sup>(1)</sup> however, was not effected until April 15, 1907.

Secondly the United States used her diplomatic means to encourage the Chinese to establish custom houses in all the free ports in order to preclude the free entrance of Japanese goods into Manchuria. Furthermore, the United States urged Japan to establish a customs service at Dalny where large shipments of Japanese goods were being admitted duty free. After a considerable time both powers consented, and customs houses were established July 1, 1907, in Dalny by Japan<sup>(2)</sup> and in Antung and Ta-tung-kau by China.

No evidence has been discovered to show that dip-

(1) U. S. For. Rel. 1906, Pt. I, pp. 163-188.

(2) " " " " 1907, p. 130 et seq.

diplomatic pressure was ever used to preclude the discriminations by the South Manchurian Railway or even against Japan's method of promoting her Manchurian trade through governmental assistance. How the United States subsequently endeavored to solve the problem of discriminations against foreigners and administrative aggressions in Manchuria will be explained in connection with Secretary Knox's neutralization proposal of 1910.

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## Chapter VII

FOREIGN RAILROADS AND ADMINISTRATIVE  
AGGRESSIONS IN MANCHURIA

It will be remembered that both Russia and Japan pledged themselves to offer equal commercial opportunities to all nations in Manchuria and also engaged " to restore entirely and completely to the exclusive administration of China all portions of Manchuria now in the occupation or under the control of the Japanese or Russian troops," and " not to obstruct any general measure common to all countries, which China may take for the development of the commerce and industry of Manchuria." Russia separately declared that she had " not in Manchuria any territorial advantages or preferential or exclusive concessions in impairment of Chinese sovereignty or inconsistent with the principle of equal opportunity." The above declarations on the part of both Russia and Japan are assurances of the recognition of Chinese sovereignty in Manchuria. Neither power had observed the spirit of the pledge.

One of the most perplexing problems in the Manchu-

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rian situation is the one of foreign controlled railways. Both countries had unceasingly promoted their own interests under the guise of railway administration and railway concessions, thus infringing upon Chinese sovereignty. Russia, through the Chinese Eastern Railway, controls the main line through Manchuria to Vladivostok and holds a lease to the branch running from Harbin to Chang-chun. The latter connects with the South Manchurian road which is operated by Japan. The agreement which created the Chinese Eastern Railway Company, gave to that company the power to acquire for construction purposes, territory along the railroad. The corporation has, in this way, obtained altogether 328,720 acres, or 513,63 sq. miles of territory in the Russian zone. Wherever stations were located, an extensive plot was set apart. The Harbin zone, alone, contains over 50 square miles. <sup>(1)</sup> In fact practically all the incorporated towns along the road are located within the limits of the railway land concessions. This, of course, led to the question as to whether the Chinese Eastern Railway Company should have administrative jurisdiction over these cities. In

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(1) Yale Review, 18:86.

Article VI of the agreement between the Russo-Chinese Bank and the Chinese Government is the statement that all land of the company is to be exempted from land taxation. Furthermore, that when any land comes under the control of the company, they may erect upon it any building they desire, may carry on all sorts of work, or may establish a telegraph line to be operated by the company for its own use. It, however, does not specify that the corporation is to have complete political authority over the land granted it for railway purposes.

Russia proceeded to settle the question to her own liking. To explain her procedure she cited the following passage which appears in Art. VI of the French version of the agreement: " The company shall have the absolute and exclusive right of administration of these lands." This clause does not appear in the Chinese text, however. In pursuance of this ambiguous article, Russian authorities placed certain restrictions upon all property owners within railway territory requiring them to bind themselves by contract to "obey all police, building, sanitary, and trade regulations in force, or subsequently to be promulgated; pay all taxes and dues imposed at the will of

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the administration or municipality; and forfeit or abandon all right to have recourse, legal or national, to any redress or compensation in event of the administration decreeing the forfeiture of their leases, the suspension or closure of their business, and the demolition, at their expense, of any building erected by them, for non-compliance by lessees or tenants with any railway regulations." The manager of the railway was vested with power to veto any measures affecting the relations of the cities with the Chinese Government and  
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with foreign consuls.

Such assumption of authority on the part of Russia resulted in protests by several of the powers, China and the United States registering the leading complaints. These protests resulted in the treaty between Russia and China May 11, 1909. The treaty replaced the former hazy status of cities located within the Russian railway zone with a specific system for administration. An examination of the treaty reveals that Russia lost none of the power she had previously exercised in cities within the railway zone. In fact her municipal authority became firmly legalized by the agreement of May 11, 1909.

Several of the powers, notably the United States,

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(1) Lawton, "Empires of the Far East," Vol. II, pp. 1302-1305.

protested against the agreement, but no changes were effected. This agreement now in force embodies the provisions governing all cities located on the Chinese Eastern Railway. Through a railway concession, Russia has been granted administrative control over the most important section of northern Manchuria.

In a similar way Japan has been tightening her hold on the southern portion of the " Three Provinces."

In our consideration of the Treaty of Portsmouth, we explained how Japan became the assignee of all privileges and concessions previously granted to Russia. Possibly the most valuable thing transferred to Japan under the treaty was the railway from Chang-chun to Dalny, including all of its branches. As the jurisdiction of the Chinese Eastern Railway Company over this system was terminated by the terms of peace, Japan lost no time in organizing a new company to assume immediate control. An Imperial ordinance under date of June 7, 1906, created the South Manchurian Railway Company, a joint stock company. <sup>(1)</sup> By this ordinance Japan was authorized to operate a general traffic business over all lines received from Russia and in addi-

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(1) For text of this Imperial Ordinance, see U. S. For. Rel. 1906, Pt. II, pp. 1010-1016.

tion thereto over the Antung-Mukden line, a road hastily constructed during the war for military purposes. In addition to the foregoing rights, the company was authorized to carry on industrial enterprises, such as mining, electrical institutions, water transportation, warehousing, sale on commission of such goods as were carried by the railways, and other similar businesses sanctioned by the government. The capital stock of the company was to be 200,000,000 yen of which one-half was to be furnished by the Japanese Government and the other half subscribed by both Japanese and Chinese subjects. After the company was fully organized, results showed that but 1,000,000 yen were furnished by Chinese subjects, nearly all of whom resided in Japan, thus leaving almost the entire control in Japan's hands. <sup>(1)</sup> The officers of the company were a President and a board of directors, all of whom were directly responsible to the Japanese Government. The general office was located at Tokyo with a branch at Dalny. The facts set forth above show that the South Manchurian Railway Company was a powerful corporation organized to carry on many enterprises in addition to the regular railway privileges, owned almost

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(1) Monthly Consular and Trade Reports, June 1908, No. 333, p. 145.

entirely by Japanese subjects and under the direct supervision of the Japanese Government at Tokyo. This constituted Japan's first move toward strengthening her grip in Southern Manchuria.

A second point of vital significance which characterizes Japan's aggressive policy in Manchuria is to be found in the dispute between China and Japan over the extension of the Imperial Chinese Railway from Hsinmintun to Fakumen. A brief review of the preliminary facts connected with the case will assist in a better understanding of the issue involved.

Fakumen is a prosperous city situated about fifty miles beyond Hsinmintun , the north-eastern terminus of the Imperial Chinese Railway. China had considered at various times the extension of the road beyond Hsinmintun, and on November 1, 1907, a contract was effected with a British firm, Pauling and Company, for the building of the road from Hsinmintun to Fakumen. Japan learning of the negotiations relative to the proposed extension of the road, immediately warned China that such an act was a violation of a secret clause found in the Chino-Japanese treaty of December 22, 1905, which is worded as follows:

" The Chinese Government engage, for the purpose

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of protecting the interests of the South Manchurian Railway, not to construct, prior to the recovery by them of the said railway, any railroad or any branch line which might be prejudicial to the interests of the above mentioned railway."

By the Treaty of Portsmouth Japan pledged herself not to oppose any measures which would in any way retard China in her efforts to develop industrial institutions in Manchuria. The Hsinmintun-Fakumen project was such a measure. Japan claimed, however, that this was a pledge between the two contracting powers only, and Russia, consequently, was the only one qualified to interpose an objection. <sup>(1)</sup> The question was of such a nature as to prolong indefinitely the execution of the contract by the British firm. The prolonged dispute was finally settled on September 4, 1909, by a convention between the two powers in which the Chinese Government pledged " that in the event of its undertaking to construct a railway between Hsinmintun and Fakumen, it shall arrange pre-<sup>(2)</sup>viously with the government of Japan."

Japan came out of the dispute victoriously as the

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(1) Japan Weekly Mail, June 13, 1908.

(2) American Journal of Int. Law Supp. to Vol. 4, p. 13.

result was bound to curtail Chinese sovereignty in Manchuria, since by the terms of the convention she was limited in her right to develop industries in that region.

The Antung-Mukden railway question evinces further proof of Japan's disregard of Chinese sovereignty in Manchuria. In the midst of the Russo-Japanese war, Japan constructed, temporarily, a narrow gauge road between Antung and Mukden. In the " Additional Agreement," Article VI, of the treaty of December 22, 1905, <sup>(1)</sup> China granted Japan permission to " maintain and work " the railroad and improve it " so as to make it fit for the conveyance of commercial and industrial goods of all nations. The term for which such right is conceded is fifteen years from the date of the completion of the improvements above provided for. The work of such improvement is to be completed in two years, exclusive of the period of twelve months during which it will have to be delayed owing to the necessity of using the existing line for the withdrawal of troops." At the expiration of the period the title of the road was to pass to China in consideration of an appraised value.

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(1) For text of this agreement, see appendix to T. F. Millard's " America and the Far Eastern Question."

The latter part of 1908 when the work was to be finished, Japan began improving the road. This was tardy action and entirely unwarranted by the provisions of the treaty. Negotiations followed and China finally agreed to the pursuance of the improvements, but refused Japan permission to station military guards along the line, and demanded the right to police the line and railway zones herself. China later on refused Japan the right to broaden the gauge and confined improvement rights to the road as it then existed. Japan refused to comply with these wishes and on Aug. 7, 1909, notified China that work would be commenced without the latter's consent. On August 19th., when the work was well under way, a memorandum was signed which permitted Japan to continue the re-construction, but omitted entirely any mention of China's former demands regarding railway guards and the policing of the railway zones. China was compelled to give up her position denying Japan the right of broadening the gauge and changing the route. <sup>(1)</sup> This was another victory for the Japanese. In the case which has just been considered it is very evident that Japan's action was arbitrary and she succeeded in carrying her point

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(1) Questions Diplomatiques et Coloniales, Vol. 28, p. 309; Lawton, "Empires of the Far East," Vol. II, p. 309.

by mere force. This affair was additional evidence of the unstable condition of Chinese sovereignty in Southern Manchuria.

Further concessions were obtained from China by the tactful diplomatic procedure of the Japanese. For a time Japan's right to operate the coal mines along the Antung-Mukden railway was contested. The Fushun mines formerly belonged to a Chinese capitalist, and those at Yentai to the Chinese Government. The Japanese, however, claimed that these mines were the property of Russia prior to the Treaty of Portsmouth and by that instrument they were conveyed to Japan for further development. Whether Russia had a legal right to operate these mines is not clear. By the contract of 1896, the mining question was left to "special arrangements," but without considering any special arrangements, Russia arbitrarily evicted the former operators, giving neither compensation or royalty.<sup>(1)</sup> Obviously, then, Japan could not receive a better title than that possessed by Russia, and consequently she was operating the mines in question without a legal right. The controversy was definitely settled in the Manchurian agreement of September 4, 1909, which

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(1) Questions Diplomatiques et Coloniales, Vol. 28, p. 309; Kawakami, "American-Japanese Relations," p. 40.

permitted Japan to work the Fushun and Yentai coal mines contingent upon the payment of a tax to China. All other mines along the Antung-Mukden railroad were to be operated jointly by both Chinese and Japanese subjects. <sup>(1)</sup> While, in this particular case, Japan had not scored a full point at the expense of Chinese sovereignty, yet she succeeded in acquiring a very valuable concession which China granted rather reluctantly.

Under a similar procedure Japan obtained the right to exploit the Yalu Forests. By referring to Art. X. of the Chino-Japanese treaty of December 22, 1905, we find that permission was granted Japan to organize a joint stock company of forestry composed of both Chinese and Japanese capitalists. In 1908, after Japan had freely exploited these forests, a joint stock company was organized with jurisdiction over a <sup>(2)</sup> certain defined area for a period of twenty years.

The foregoing examples illustrate clearly how Japanese aggressions were gradually weakening Chinese sovereignty in Manchuria. A few minor matters of equally relative importance will serve to strengthen the belief. During the Russo-Japanese war, Japan constructed a telegraph system for military purposes and

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(1) For text of treaty of Sept. 4, 1909, see Am. J. of Int. Law, Supp. to Vol. 4, p. 131.

(2) Lawton, "Empires of the Far East," Vol. II, p. 1138.

she has never relinquished her hold on that. She has opened parcels post offices in many of the towns in Manchuria without permission from the Chinese Government. Japan maintains consulates and consular guards in nearly all of the important places of the country and in many instances Japanese officials have taken issue with Chinese police authorities in the discharge of their duties. (1)

Obviously, both Russia and Japan have pursued policies of administrative aggression in Manchuria since the restoration of peace. Russia has usurped political authority in the most important cities of the north, while Japan has tightened her political grip on the south. In every case, foreign controlled railroads have been the means by which these aggressions have been encouraged and promoted. In addition to magnifying the administrative importance of the South Manchurian Railway, she has wrested from China other equally important railway concessions and, at times, has opposed China's building roads detrimental to her interests. The pledge embodied in the Treaty of Portsmouth as to the respecting of Chinese sovereignty and administrative entity in Manchuria has been rather imperfectly observed by both of the contracting powers.

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(1) Millard, " America and the Far Eastern Question," pp. 262-269.

Chapter VIII

ATTEMPTS OF AMERICA TO CHECK FOREIGN  
AGGRESSIONS IN MANCHURIA.

Our State Department viewed with increasing disfavor the gradual intrenchment of Japan and Russia in Manchuria. So carefully did these powers carry on their advances, however, that it was difficult to find any open violations of the "open door" principle or any overt act against the integrity of China in their movements. Since the signing of the Treaty of Portsmouth, the United States has twice made protests against aggressive measures pursued by these powers, and has advocated two different proposals which were calculated to stop the advances of Russian and Japanese influences in the "Three Provinces."

America uttered her first protest, when Russia arbitrarily assumed political authority in the municipalities along the Chinese Eastern Railway. China had protested vehemently against Russia's action, and Mr. Fisher, our consul in Harbin, agreed with the former. Secretary Root informed Russia that the atti-

tude assumed by Consul Fisher would be supported by our State Department. He maintained that Russia's course was a violation of the various agreements among nations which desired to uphold China's integrity and it also transgressed Article III of the Treaty of Portsmouth which pledged the restoration of Manchuria to the exclusive administration of China. (1) While Russia in response to this had negotiated an agreement with China providing for the government of the municipalities heretofore mentioned, recognizing the sovereign rights of China on land of the railway company, yet the actual governing scheme robbed China of all real authority and left the administration of the cities in the hands of Russian officials. This was cited in the previous chapter. The conclusion of this arrangement on May 11, 1909, succeeded in bringing forth more urgent protests from our State Department through Philander C. Knox who was then Secretary of State. The situation was not changed, however, and our government at last yielded to force of circumstances. (2)

The second protest from the United States occurred in connection with the Chino-Japanese agreement re-

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(1) Lawton, " Empires of the Far East," Vol. II, p. 1304.

(2) Bulletin du Comite de L'Asie Francaise, 1909, p. 304; Lawton, " Empires of the Far East," Vol. II, p. 1310.

garding the coal mines along the Antung-Mukden Railway. The agreement was somewhat ambiguous and did not definitely state the extent of the concession made to Japan. Our Government fearing that Japan was securing a monopoly of all mining privileges in Southern Manchuria under the guise of this ambiguous provision, examined the conventions and other documents relating to the status of the mines, and also inquired of Japan and China concerning the nature of the arrangements. Both governments assured the United States that there was nothing inconsistent with the "open door" policy, so the United States dropped the matter. (1)

Neither of these protests was very successful in staying the constant advance of Russian and Japanese power in Manchuria. Our State Department was quick to realize, too, that remonstrances against future individual aggressive acts would be of little value. So long as railways in Manchuria remained under Japanese and Russian control, just so long would the problem of foreign aggression remain unsolved. The time when China might avail herself of her right by treaty to purchase these railways was far distant.

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(1) President Taft's Message to Congress, Dec., 1909, Cong. Record, Vol. 45, Pt. I, p. 28.

The problem, then, would be to devise some method by which to anticipate 1936. Two difficulties to such a plan arose: First, China lacked funds to make the purchase; second, a power loaning China the money for that purpose would simply be a substitution for the present occupants, and might carry on similar acts of aggression. In order to overcome the above difficulties, Secretary Knox advocated the scheme of having the six great world powers finance an international syndicate which would operate the railroads for purely economical instead of strategical purposes. This neutralization project was communicated simultaneously to Japan, Russia, Germany, France, and Great Britain.<sup>(1)</sup>

The proposal was received with skepticism from the first, although there were some precedents for this novel idea. E. H. Harriman, the great American railroad organizer, had made, after the signing of the Treaty of Portsmouth, a sort of agreement with Marquis Ito and Marquis Katsura for co-operative Japanese-American ownership of the railways, mines, and other industries in South Manchuria. On December 22, 1905, when Japan negotiated the Chino-Japanese treaty, the aforesaid agreement was completely ignored. Subsequently, Mr.

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(1) T. F. Millard, " America in China," Forum 44:71.

Harriman had approached the Russian authorities with the idea of organizing an international syndicate to purchase the Chinese Eastern Railway. This project had seemingly met with the commendation of Tang-shao-Yi, the Premier of China. The Russian Minister, too, apparently favored it, but with the death of Harri-  
(1)  
man, the whole scheme collapsed.

Thus, when Secretary Knox made his proposal less than a year later, he was simply instituting in international diplomacy a device which had been considered previously by Japanese, Chinese, and Russian diplomats.

It was, however, received with no enthusiasm. Both Russia and Japan expressed disapproval of the neutralization proposal, and official notice was received on January 22, 1910, that neither power would consent to the scheme. Japan asserted that, although she would adhere to the principle of equal opportunity in Manchuria, yet she could not approve of a plan which would disturb all the various arrangements that had been made in assuming that Japan would remain in her present position. Russia responded in a similar manner, protesting that it would be impossible for her to  
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give up her sea port--Vladivostok. In consequence

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(1) G. O. P. Bland, "Recent Events and Present Policies in China," pp. 309-316.

(2) Lawton, "Empires of the Far East," Vol. II, p. 1310-1315.

the neutralization scheme, Secretary Knox, submitted an alternative proposition--the construction of a Chinese railway from Chinchow to Aigun. The United States was not the first to suggest the construction of this road. Subsequent to Japan's vetoing the extension of the railway from Hsinmintun to Fakumen, China arranged with British contractors for the construction of a road from Chinchow, in south-eastern Manchuria, to Aigun, on the Russo-Manchurian border. Later on American financiers were asked to join in this project. The road would not be opened to the objection of competition formerly raised by Japan in connection with the Hsinmintun-Fakumen extension, as its nearest point would be 150 miles from the South Manchurian Railway. <sup>(1)</sup> Secretary Knox notified the various powers that America was ready to offer diplomatic support to the project and awaited the approval of the other nations interested.

The second proposal met with the same indifference as the first. While Japan did not directly refuse to approve the scheme as she had done in the first, yet her acceptance of it was contingent upon certain concessions from China which the Chinese Government was unable to grant. On February 14, 1910,

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(1) T. F. Millard, Forum, 44:68-69.

Japan notified the Chinese foreign office that she would consent to a road being built provided she could participate in the loan, supply the engineers and building materials, and be allowed to assist in the construction of the line. An additional provision was asked requiring China to construct a branch line connecting the proposed line with the South Manchurian Railway. <sup>(1)</sup> Russia proved to be even more arbitrary than Japan on this point. She concluded that this new line would "affect both military and political arrangements and would materially change the relations of the Manchurian Railways to Eastern Mongolia and Northern Manchuria," and objected to the whole affair. Russia, on the other hand, agreed to support a line from Kalgan, the terminus of a branch line running north-west from Peking to Kiachta, a place situated on <sup>(2)</sup> the Mongolian border. Russia's plan of the proposed line was not the original one as the Chinese Government had previously considered it.

Several of the powers possessing no "vital interest" in Manchuria, displayed a very indifferent

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(1) T. F. Millard, Forum, 44:79. Text of note is given.

(2) T. F. Millard, Forum, 44:72 et seq. Diplomatic correspondence given.

attitude toward the American proposition. England contended that her treaty of 1899 with Russia precluded her from supporting a Russian railway line north of the Great Wall. <sup>(1)</sup> Very probably, England did not care to oppose Japan for the validity of the Anglo-Russian agreement was terminated by the Treaty of Portsmouth, which together with the Anglo-Japanese alliance pledged both Russia and England to observe the integrity and administrative entity of China. France favored her ally, Russia, and advised China to obtain the consent of both Russia and Japan before constructing the road. Later France favored the line proposed by Russia from Kalgan to Kiachta. Germany was alone in interposing no objection to the Chinchow-<sup>(2)</sup> Aigun project.

Possibly even more significant was the announcement on the fourth of July following of a new convention between Russia and Japan which was scarcely less than an alliance. By this both governments "agree to extend to one another their friendly co-operation with a view to the improvement of their respective lines,

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(1) For text of treaty of April 28, 1899, see Am. J. of Int. Law Supp. to Vol. IV, p. 298.

(2) See correspondence in Art. by T. F. Millard, Forum, 44:86.

and to abstain from all competition prejudicial to the realization of this object." They also promise to " maintain and respect the status quo in Manchuria resulting from all the treaties, conventions, and other arrangements concluded up to this date, either between Russia and Japan or between those two powers and China." Should the status quo, as set forth in the agreement, be threatened, then the two contracting powers agree to consult each other " with a view to coming to an understanding as to measures they may think it necessary to take for the maintenance of the said status quo."

This convention is vitally important. First, it shows that both powers expect to guard their interests and maintain their advantageous positions in Manchuria. Secondly, while the policy of the " open door " and the integrity of China is recognized by reference to the convention of July 30, 1907, yet no specific mention is made of it at all. A counter spirit is manifested in the efforts of both to maintain the status quo which is inconsistent with both the principle of the " open door " and the integrity of China. The fact that this alliance followed so closely the American neutralization proposal, is extremely relevant. Japan denied

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that there was any relationship between the two, but it is highly probable that the proposed neutralization scheme hastened the Russo-Japanese convention, if it was not the fundamental cause.

The efforts of Secretary Knox to change conditions in Manchuria were obvious. Whether he anticipated the favorable consideration of his neutralization scheme, is doubtful. While there was hope of his neutralization scheme being accepted, yet his real purpose might have been to force the two aggressors to play fair and above board. Doubtless, he desired both. If his neutralization scheme was rejected, he would still feel rewarded by having shown the world just where the two powers stood with reference to the " open door " principle.

Ostensibly, America's efforts to check the aggressive actions of Russia and Japan in Manchuria resulted in but little success. Our State Department filed objections, yet Russia gradually assumed the political authority of the municipalities in the north. Japan by shrewd diplomatic procedure continuously wrested from China concession after concession in Southern Manchuria, and America's efforts to stop her seemed futile. The plan to neutralize the railways of the coveted

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(108)

territory resulted in failure. Lastly, the Chinchow-Aigan project which would have benefitted China materially and precluded further aggressions, was opposed by the Powers it was supposed to check.

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Chapter IX

INTERNATIONAL LOANS TO CHINA

Within recent years China has been a borrowing nation. Her antiquated financial system has proven inadequate to her present needs. Foreign powers have favorably responded to her applications for large sums of money, as they have usually received valuable concessions in return. England, Germany, and France began the exploitation of the Empire and are now ranked as the heaviest money lenders. As a result they now hold valuable territorial interests there, while others who have not used forcible measures of acquisition have obtained none.

The matter of international loans is closely related to the "open door" policy. When a concession is granted by China to a power making a loan, there is grave danger of such power ignoring the "open door" principle and promoting interests favorable only to itself. Furthermore, material interests carry

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with them the right to participate in internal affairs.

Prior to the administration of Secretary Knox, the United States took no part in the loans to China. Since his term of office, at the head of the State Department, the United States has always asked a pro rata share in these loans in order that she might have an equal voice with other nations in all matters affecting the integrity of the Empire. <sup>(1)</sup>

This new phase of the American "open door" principle is first found in the Hukang loans. The American Development Company, in 1898, secured a contract to construct the Canton-Hankow and Hankow-Chengtu railways in southern China. After the work was well under way, the financial conditions of the company resulted in the cancelling of the contract and China agreed to reimburse the American stockholders to the amount of \$6,750,000. <sup>(2)</sup> China, desiring to complete the railways, applied to the English Hongkong and Shanghai Bank, which together with French aid, was to supply the capital. At this juncture Germany requested to share in the loan and on March 1, 1909, was admitted into the financial circle. Shortly afterwards,

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(1) President Taft's Message, Dec. 3, 1912, Cong. Record, Vol 49, No. 2, p. 11.

(2) U. S. For. Rel. 1908, pp. 124-135.

(111)

the United States asked permission to participate in the loan but English capitalists objected. The matter became even more complex when the Germans were refused special privileges and effected a separate agreement with the Chinese. The three groups, however, became reconciled on May 15th., and by June 6th. had concluded a preliminary agreement to loan 5,500,000 sterling to China, each group to share one-third part. The United States protested against the ratification of such a three power loan, and immediately reminded China of the promise of August 1903 where she agreed to include America whenever foreign aid was necessary to complete the south China railways. President Taft communicated with the Prince Regent of China by telegram urging him to prevent the ratification of the loan, and setting forth America's rights. The result was all that was desired, and the Regent's reply assured the President of an equal participation in the loan.

The loan question developed into lengthy negotiations. It was subsequently increased from \$27,000,000 to \$30,000,000. While the question was being adjusted, Russia and Japan applied to share in the loan although

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neither had money to loan. On May 20, 1911, a contract was signed at Peking by groups representing England, France, Germany, and the United States and by the Chinese Minister of Communication and Post. The contract provided for equal participation in the loan and enumerated certain liken revenues as a security. The British, German, and American engineers were to supervise the construction of 600, 400, and 200 miles of the road respectively. (1) After the first surveys were completed, the revolution occurred and precluded further construction until other arrangements were made. Prolonged negotiations resulted in the second agreement signed at Peking, February 28, 1913, which made the railway itself security for the loan until the liken revenues were satisfactorily reorganized. (2)

This loan may be considered the beginning of America's policy of insisting on equal participation with other powers in the development of industrial institutions in China. It combined for the first time four great nations to raise a loan for China. Lastly, the loan is secured by liken revenues which are in no way supervised by any foreign powers.

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(1) See article by Ching-Chung Wang in Am. J. of Int. Law, 5:653-664.

(2) London Times, March 1, 1913, 16 e.

Scarcely were the Hukuang loans concluded before an even larger loan for the reform of the Chinese currency was advocated. In China's treaty with the United States along with her treaties with other foreign powers, she pledged herself to re-organize her antiquated currency system. Nothing was done for a long time notwithstanding President Roosevelt's efforts to introduce the gold standard through his representative, Jeremiah W. Jenks. In the meantime China resorted to several methods of her own for meeting the national debt, but all failed. Realizing her condition, she appealed to the government at Washington for a loan of \$50,000,000 to be used in currency reform and in the development of industries in Manchuria. She also applied for an American advisor. The agreement was signed on October 27, 1910, and was ratified two days later by Imperial edict. The following month America invited England, France, and Germany to share in the loan without mention of the advisorship. China appeared indifferent regarding the participation by the invited powers and delayed her assent to an American advisor. Negotiations were readily concluded by China's admitting the three European powers as soon as the United States

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relinquished her request for an American advisor.

The final agreement was signed by all parties April 15, 1911. <sup>(1)</sup> It provided as follows:

(1) The loan was to be \$50,000,000 bearing five per cent. interest.

(2) The loan was secured by the duties on tobacco and spirits, the production tax, the consumption tax of Manchuria, and surtax upon the salt of the whole Empire. Should these revenues prove insufficient, the deficit was to be made up by the Maritime Customs.

(3) The amount was to be paid to China according to the recommendations of the Ministry of Finance, but \$5,000,000 could be requested at once for use in Manchuria provided the manner of its disposition was explained.

(4) The term of redemption was forty-five years.

(5) Preference should be given the same banks in all future loans of a similar nature.

(6) The choice of an advisor was left to the Chinese and Americans. M. Vissering, President of the Bank of Java, was nominated by the banking groups sub-

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(1) For full discussion, see article by F. McCormick in Scribners 50:349 et seq.

ject to the approval of the United States and China. <sup>(1)</sup>

The agreement concerning the loan was never carried out. The Revolution broke out and changed the entire situation. Instead of complying with the terms of the agreement of April 11, 1911, the whole document was ignored and the Provisional Government effected a general re-organization loan.

The negotiations between the Provisional Government and the " six-power group " regarding the re-organization loan, make up a very significant chapter in Chinese foreign finance. Large amounts of money are involved and great material interests are at stake. On one side is a weak republic, comparatively penniless, and on the other side are strong financial groups united for a common purpose and receiving strong support from their respective governments. In addition to the continual grasping for advantages between the foreign group and the Chinese Diplomats, there are frequent internal dissensions in the foreign contingency.

Immediately after the acknowledgment of Yuan Shi Kai, as President of China, negotiations were opened. The four-power group received intimation

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(1) London Times, April 17, 1911, 6, d.

that small advances were needed speedily, and that the government was prepared to negotiate a loan of \$300,000,000 by the following July. Notes were interchanged between the President and banking groups on March 9th. It gave the four banks "firm option" to provide the Chinese Government with its further monthly requirements for March, April, May, and June, possibly July and August. Furthermore they were to furnish the loan of \$300,000,000 unless more (1) advantageous terms could be obtained elsewhere.

On March 14th., Tang Shao Ki, the Chinese Minister of Finance, signed a contract with an Anglo-Belgian syndicate for a loan of \$5,000,000, which was later to be increased to \$50,000,000 at five per cent. interest. The Peking-Kalgan Railway (2) was to serve as the security. This was regarded as a violation of the agreement of March 9th., and the four-power banks together with the ministers of their respective governments protested forthwith against the transaction. The British and French also objected to the Chinese pledging the revenues of the

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(1) London Times May 9, 1912, 17, d.

(2) " " March 16, 1912, 8, c.

Peking-Kalgan Railway, since these revenues had already been guaranteed to the Franco-British group as their first lien. <sup>(1)</sup> The Chinese officials hedged at first, but ultimately decided to cancel the Anglo-Belgian contract, except \$6,250,000 which had already been advanced by the syndicate. <sup>(2)</sup>

Following this adjustment, negotiations were again resumed with the four-power group. In the fore part of April, Russia and Japan stated their desire to join the consortium provided that the loan agreement contained nothing prejudicial to their interest in Manchuria, Mongolia, and West China. Subsequent to this, the most important question was just how to supervise Chinese finances so as to protect all of the powers which had advanced loans. About the middle of May, a plan was proposed by Yuan Shi Kai which provided for such supervision by the commissioners of the Maritime Customs and an Audit Department directly managed by a representative of the banks. <sup>(3)</sup> Several weeks later the plan was withdrawn because of dissatisfaction of the methods of supervision. The banks were not in a position to state the alterations in the plan at that

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(1) London Times, March 26, 1912, 8, e.  
(2) " " , April 30, 1912, 9, d; National Review ( Chinese ) Feb. 22, 1913, p. 180.  
(3) London Times, May 16, 1912, 5, a.

time, and thus the chances to conclude final arrangements were again discouraging. (1)

Meanwhile small advances were made frequently to aid the Provisional Government in immediate crises. Minor powers, notably Austria, clamored to join the " six-power " group, but those powers consistently refused to admit any on the ground that many other nations would necessarily be accorded similar treatment should any of them be allowed that privilege. (2) Loans by parties outside the recognized " six-power group " were practically prohibited by the governments of the consortium, especially by that of England. (3) China was, in this way, faced by a virtual monopoly of the money market.

The need for monetary advances became more imminent. No further agreement with the " six-power group " seemed near at hand, so China began to think of securing funds from other sources, notwithstanding the fact that she would incur the displeasure of the consortium. On August 30th., therefore, she signed an agreement with Crisp and Company for a loan of \$50,000,000 of which \$25,000,000 was issued in a few weeks. The rate of interest was to be five per cent.

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(1) London Times, June 6, 1912, 5, a.  
(2) " " May 23, 1912, 21, f.  
(3) " " , October, 16, 1912, 10, a.

The loan was to be redeemable in forty years. As security she guaranteed the first charge on the surplus revenue of the salt gabelle. <sup>(1)</sup> Those who were not in sympathy with the monopolistic arrangement of the Six Powers were delighted with this loan idea. The British foreign office refused, however, to sanction the loan and Crisp and Company never issued the remaining \$25,000,000.

Negotiations with the " six-power group " were again begun before the end of the year. A new contract was drawn up the latter part of the following January which seemed to meet with universal approval. The amount of the loan was designated as \$125,000,000 which was to bear interest at five and one-half per cent. This was to be used for the following purposes:

- (1) For liabilities of the Central Government.
- (2) For Redeeming outstanding provincial loans.
- (3) For settling losses incurred during the Revolution.
- (4) For disbanding troops.
- (5) For redeeming a certain amount of Government Provincial notes.
- (6) For paying the administration's current expenses.
- (7) For re-organizing the salt administration.

The salt gabelle was to be security for this loan as in the Crisp loan. Any future surplus, however, of the Maritime Customs was to be utilized in addition, which would tend to relieve the burden on the salt revenue. The contract further specified that China should establish loan and audit departments, a salt inspectorate, and re-organize her salt gabelle. It provided for the appointment of three foreign advisors, one to the Loan Department, one to the Audit Department, and one to the Salt Gabelle. In case of non-payment of principal and interest, the Maritime Customs might operate the salt organization and the revenue be used in interests of the bond holders. China was to bind herself not to issue a further Government loan within six months, nor attempt to secure another loan on the Salt Gabelle without allowing the six power group an option. The length of the loan was to be for a period of fifty years, although China might redeem it at six month's notice. <sup>(1)</sup>

Another difficulty now arose to check proceedings. As the contract was ready for signatures, the French Minister made objections to the nomination of Herr Romp, a German, as advisor to the Audit Department. <sup>(2)</sup> This move was totally unforeseen. Russia was given

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(1) London Times, February 4, 1913, 16, b.

(2) " " " 5, " 5, e.

the credit for this scheme, since she would naturally oppose all measures taken by the Chinese Government to fortify and strengthen her armaments.

The result of this opposition by the French Minister was an extended conference of the diplomats of the six powers. A compromise was finally effected which stipulated the appointment of a German to the Loan Department, a British subject to the Salt Gabelle, and one French and one Russian to the Audit. This new proposal was submitted to the governments concerned. All approved save Germany. She insisted upon a German being appointed to the Salt Gabelle which was the most important post. A further change was then made which improved the status of the German in the Loan Department, and provided for a German subject to be appointed as deputy director in the Gabelle to be located in Shanghai. Germany agreed to this proposition, and the plan was submitted to the Chinese Government for ratification.

China, however, refused to have anything to do with the project. She considered that she was humiliated sufficiently in having neutral foreigners in supervision of her finances without submitting herself

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to the dictation of representatives of the loaning powers. The appointment of a Russian to one of the departments was, doubtless, most distasteful to her. (1)

This was the status of affairs when Woodrow Wilson with William Jennings Bryan as Secretary of State, succeeded to the responsibilities of conducting our foreign relationships. Two weeks after Wilson was innaugurated, word came from Washington that the present administration refused to longer support the American group of the six power consortium. Wilson stated:

" The conditions of the loan seem to us to touch very nearly the administrative independence of China itself, and this administration does not feel that it ought, even by implication, to be a party to those conditions. The responsibility on its part which would be implied in requesting the bankers to undertake the loan might conceivably go the length in some unhappy contingency of forcible interference in the financial and even the political affairs of that great oriental state, just now awakening to a consciousness of its power and of its obligations to its people." (2)

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(1) London Times, April 4, 1913, 5, c.

(2) Chicago Tribune, March 19, 1913.

The Morgan banking group immediately withdrew from the six power consortium following the President's announcement. This move was not so strange as it might appear at first glance, since the Morgan banking group had originally joined the consortium only because requested by Secretary Knox to do so. The latter had hoped to lend countenance to the "open door" policy by Morgan's participation in the loan.

Since America has withdrawn from the consortium, the quintuple group has continued its negotiations with the Chinese Government in practically the same manner as heretofore. In March, 1913, a contract for a loan of \$125,000,000 at five per cent. for a term of forty-seven years, and redeemable by annual drawings, beginning the eleventh year, was consummated. The Salt Administration is a guarantee for the entire sum; the loaning powers are to appoint financial supervisors. <sup>(1)</sup> This agreement was ratified by the President and the Advisory Council, but the newly convened Senate and National Assembly vetoed it. <sup>(2)</sup> The party of Sun Yat Sen opposed the action of Yuan Shi Kai. Notwithstanding the internal disruption, however, the loan was successfully secured, on May 21st., 1913, in London and <sup>(3)</sup> on the continent.

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(1) New York Times, May 21, 1913, 3, b.

(2) Commercial and Financial Chronicle, May 3, 1913, p. 1257; Ibid, May 10, 1913, p. 1327.

(3) Commercial and Financial Chronicle, May 24, 1913.

A general survey of the loan negotiations, at this point, would help to clarify the case. China, apparently, is animated by one great aim--that of securing funds for the re-organization of her Government. She will not, however, submit to conditions which might ultimately result in the establishment of foreign control within her sovereignty bounds. The six power group ostensibly is dominated by but one purpose--that of assistance to the republic of China by raising her finances to a sound credit basis. Under the guise of such a purpose, they insist upon the establishment of Loan and Audit Departments, upon the organization of the Salt Gabelle, upon the appointment of foreign advisors, and even upon the exclusion of loans by outside parties. Russia and Japan are not financially able to loan money, consequently they are not in the consortium for financial considerations. Both are establishing themselves more firmly in Manchuria. Furthermore, they desire to guard their interests in the section. Russia is especially interested for she casts longing eyes toward Mongolia. China is equally set upon retaining that vast territory. France is actuated by financial and political motives. French capitalists have been noted interna-

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tional financiers, and it is but natural that the French Government should wish to obtain good terms for her money lenders. More important still is the fact that France is an ally of Russia. To that extent her motives are political. Great Britain and Germany are influenced by financial reasons. Both are probably sincere in their professions of loyalty to the " open door " policy and to the maintenance of China's integrity. Great Britain, though, is not motivated by financial inter-considerations alone, for she has political interests to foster. Recent events seem to point toward some hidden designs upon Tibet. Very probably America is the only nation not selfishly concerned in this matter. Her only motives are the maintenance of the principle of the " open door " and the promotion of the stability and integrity of the Chinese Empire. The Taft administration forced itself into the consortium not to enable America financiers to profit by Chinese loans, but to strengthen America's influence in Chinese affairs so that she might be better able to enforce the policy of the " open door " and to aid her Oriental friend in time of danger. A change in our political status came with the advent of Wilson as President of

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the United States. The new administration regarded the conditions which the consortium attempted to force upon China as a menace to the " administrative independence " of the nation. It decided that the interests of the new republic would be best conserved by the withdrawal of the United States from the six power group.

Whether the action of the United States under the guidance of the President was wise remains to be proven. It seemed proper and expedient as a stinging rebuke to the coercive methods of the consortium. Whether it did any good will be seen later. The determining force will be whether the Chinese Government will be strong enough to manage its own affairs. Should China resort to individual loans, allowing them to throw her finances into confusion and undermine her credit, then the withdrawal of the United States, which made individual loans possible, will prove unfortunate. Should our action, on the other hand, enable China to secure loans in an open money market at more reasonable rates without involving her in financial confusion or ruin, then President Wilson's policy will have been vindicated. Furthermore, since China has always regarded the United States as her

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(127)

friend, it is probable that American capital will find a way into Chinese investments without assistance from the Government. Should this materialize, then the plan of Secretary Knox will be realized without resorting to questionable expedients.

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### CONCLUSION

It would scarcely seem prudent to close the discussion of this important international question without advancing some significant queries for historical speculation. America has played a leading role in the "open door" principle negotiations since her first announcement in 1899. Has her policy in the Far East resulted in checking the encroachments by foreign powers prone to ignore the principle of the "open door?" Has its firm policy increased materially its commerce with the rapidly growing markets of that section of the globe or enhanced its chances to share more liberally in the future? These questions are vital and will guide us in our efforts to advance solutions to the above interrogations.

What would have been the present status of affairs in the Far East had America entered no protests against encroachments and foreign aggressive measures, is a matter of mere conjecture. However, America's pro-

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tests have not averted encroachments upon Chinese territory. She has not interposed an objection against growing foreign influence in China in all cases. England's aggressive action in Tibet, the important dependency of China, is a case in point and should suffice to arouse one's suspicions, yet there is no evidence to show that the United States has ever entered a single protest against the British policy. Russia's policy in Mongolia is even of a more dominating character, but no action has been taken by America, as yet, to alter Russia's designs in that section of the Empire. It would be a matter of a very serious nature to register complaints in either case, but that simply explains and does not change the status. In the second place, Manchuria where the aggressive actions of both Russia and Japan have resulted in urgent protests from the American Government, our indefatigable efforts have been crowned with but partial success. Russia's power in Manchuria has gradually grown until her hold on that part of the Empire is stronger now than it ever has been since the restoration of peace in 1905. Japan has un-

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ceasingly guarded her interests in Southern Manchuria and baffled all suggestions and schemes designed to curtail her influence in those parts. It may be stated generally, that all efforts on the part of the United States to avert foreign aggressions in Chinese Territory, have resulted in but little more than retarding effect.

There is no evidence to prove that our commerce has increased as a result of the " open door " policy. The statistics show that America's commerce with China experienced a steady growth during the decade and a half beginning with 1890, but decreased from 1905 until 1911. The decline might have been even more perceptible had it not been for the policy pursued by the American Government, but the fact remains that there was a decline. The cause for this peculiar phenomenon, however, may be due to reasons entirely foreign to the " open door " policy. The aggressive attitude displayed by nearly all foreign merchants has been utterly lacking in America's representatives and her agents have been careless and inefficient. Our merchant marine, which has been deplorably inadequate, has precluded us from realizing our full share of commerce,

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not only with China, but also with all other nations. The unceasing efforts of Japan to monopolize the cotton markets of Manchuria, together with the recent competition of the Harbin flour mills, account for the decline of America's exports in these two products. Thus we are confronted with the truism that an "open door" is worthless so long as there are barriers precluding us from even reaching its entrance.

The intrinsic value of the "open door" policy must be found in its future possibilities rather than evaluated by its past achievements. The advantageous Panama Canal route, coupled with the aggressive spirit which has lately characterized American agents abroad will, doubtless, effect a favorable change in our commercial relations with the Orient. The years of apparently fruitless efforts will be crowned with success some day if we can but succeed in holding open the door to China's rapidly developing markets and industrial institutions until our trade is directed westward.

The delicate problem of foreign aggressions is not one to be overcome by foreign influence, but will be solved eventually by China itself. If the United States can but retard the encroachments of wilful

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(132)

aggressors until that day when united China has attained the standard of military and political efficiency now realized by her eastern neighbor--Japan, our efforts will not have been in vain.

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(137)

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