

**THE SINO-AMERICAN DIPLOMACY OVER THE BUILDING
OF THE CANTON-HANKOW RAILWAY, 1897—1905:
A CASE STUDY OF THE AMERICAN INVESTMENT IN CHINA
DURING THE LATE 19TH AND EARLY 20TH CENTURIES**

By

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Prior to the American acquisition of the Philippines following her so-called “splendid little war” with Spain in 1898, American policy in the Far East as developed from the early decades of the nineteenth century was always based on two related principles: equal commercial opportunity and most-favored-nation treatment. A policy of “hitch-hiking” imperialism as termed by Professor Alexander DeConde, following the British leadership in China and accepting the results of all European imperialist privileges and rights curbed from China, American interests in China were generally centered on its commercial establishments and missionary enterprises in the treaty ports and elsewhere.¹ This situation, however, changed drastically after the Sino-Japanese War of 1894—1895. China’s defeat in that war with Japan was followed by an intense competition among the great European powers for financial, industrial, railway and mining concessions, leased sea-ports and “sphere of influence”, etc. A “Battle of Concessions” among them in China was begun, and the U.S. also joined it fervently. For a period before 1900, the international competition in pursuing the railway concessions resulted to

the fact that Germany won the building right of the Tsinan-Tsingtao railway and other projected lines in Shantung; Russia obtained the trans-Manchurian railways together with its "branch" north-south line to Ports Arthur and Dairen; France was assigned to construct the Peking-Hankow railway (through the nominal cover of the Belgians), the Tongking-Yunnanfu railway and other lines in Kwangsi; and the British achieved the largest share of the whole "melon", including a trunk line from Tientsin to Chinkiang, a line from the Shansi-Honan border to P'uk'ou on the northern bank of the Yangtze River near Nanking, a line from P'uK'ou to Sinyang on the Peking-Hankow railway, the Canton-Kowloon railway, the Shanghai-Nanking railway and the Soochow-Hangchow-Ningpo railway. The U.S. was also not lagging far behind the scene by obtaining the right of building the Canton-Hankow railway. Thus, in a general evaluation of the international "battle for railway concessions" from 1895 to 1911, Britain won a total of 2,800 miles of railway rights in Chinese, Russia, 1,530 miles, Germany 720 miles, France (Belgium) 650 miles and the U.S. 600 miles.²

Comparatively, the American Canton-Hankow railway concession was the least politically-complicated of all those which were obtained by the great powers and their nationals in China in 1895-1904, since the United States championed only a policy which emphasized her commercial interests in the region. The "open door" policy, formally proposed by John Hay in 1899, was actually serving as "a means of acquiring the economic fruits of (Chinese) empire without extensive political-military responsibilities and burdens (on the part of the U.S.)."³ Although the scope of the "open door" policy was broadened in 1899 to include principles of China's territorial and administrative integrity, but this champion made by John Hay and his successors was largely a moral one without any substantial commitment to use American power in China. The characteristics of passivity, non-involvement and flexibility in America's China policy were still very evident in 1904-05 over the Canton-Hankow railway concession question. On the other hand, the Chinese gentry groups in Hunan who initiated the reclamation movement for that railway concession did not direct their challenge to the United States as a nation, but were expressing a serious suspicion of the Russo-French-Belgium financial control of the American railway enterprise. By recovering this railway concession, the Chinese hoped that a Russo-French-Belgium conspiracy of do-

minating inland China through the great trunk line linking Peking to Canton, could be partially checked.⁴

A. The American China Development Company and the Changing Character of the Concession

The Canton-Hankow railway concession was the most important investment the American interest groups obtained from 1895 through 1899. The route, about 600 miles long, was to cross a fertile region of inland China covering the provinces of Kwangtung, Hunan, and Hupeh. It was to link Canton with Hankow, the most prosperous river-port in the mid-Yangtze River Valley. The concession would have provided a distinct potential for the advancement of American interests in China if its construction had been completed as originally planned.

The American China Development Company was established in December 1895, under the energetic promotion of Calvin S. Brice, a former Senator from Ohio. Among its original forty-five share-holders were powerful men in the business and political circles such as Thomas C. Platt, Senator from New York; Levi P. Morton, a New York lawyer and formerly Vice-President of the United States under Benjamin Harrison; George F. Baker, president of the First National Bank of New York; Chester Coster of J.P. Morgan & Co.; Jacob H. Schiff of Kuhn, Loeb and Co.; Edward H. Harriman, chairman of the executive committee of the Union Pacific Railway; James Stillman, president of the National City Bank representing the Rockefeller interests; Frederic P. Olcott, president of the Central Trust Company of New York; and E. R. Hegeman, president of the Metropolitan Life Insurance Company. In addition, representatives of American Sugar Refineries Co., Carnegie Steel Co., and several American railway corporations such as those owned by the Vanderbilts, Gould, and Hill also participated in the organizations of the enterprise.⁵ Originally, there were fifty-five shares of £1,000 each (roughly equivalent to 6,667 taels or US\$5,000), but these were soon expanded to 6,000 shares with a reduced value of US\$100. Its capital increased to US\$1,000,000 in 1899, but the potential capacity of the Company was generally considered much greater than its available capital represented.⁶

Under the guiding spirit of Brice, the American China Development Company devoted attention to exploiting railway and mining enterprises in China as well as expanding American political influence there. It made grand plans for developing China's railway system and moved actively to press the American government to adopt a more active policy in China. It schemed its efforts first to promoting a very ambitious railway program running through the heart of China, from Canton via Hankow, Peking, and some major cities in Manchuria to join the Russian Trans-Siberian railway in the north. This attempt failed because it was quite incompatible with the current situation in China where the battles for concessions were being fiercely fought by the major powers. Russia opposed such an idea which ran contrary to her designs in Manchuria and North China.⁷ Brice therefore turned his attention to securing the right to construct the Peking-Hankow railway, but he failed again due to the Belgian-French competition. Under the diplomatic auspices of Charles Denby, the American minister to China, the American company's agent, Albert W. Bash, concurrently a director of the Pillsbury-Washburn Flour Company, was compelled in 1898 to concentrate his efforts on the procurement of the Canton-Hankow railway concession.⁸

During the period 1897-98, the international rivalry in China became extremely intense. The Chinese government responded it by establishing the Imperial Chinese Railway Administration, in October 1896, to which all negotiations over railway matters were transferred to. Sheng Hsuan-huai, a protégé of Li Hung-chang and a prominent official-entrepreneur who was instrumental in establishing many modern enterprises such as the Merchant Steamship Navigation Company, the Imperial Telegraph Administration, the Chinese Commercial Bank and the Hanyang Ironworks, was appointed to be in charge of that Administration. Under Sheng Hsuan-huai's management, the Administration decided that a foreign loan should be made for the building of the Peking-Hankow railway. The American China Development Company, the Belgian *Societe financiele et industrielle belge en Chine* (later reorganized as *La Societe financiele d'Etudes des Chemins de Fer en Chine*) and various British corporations represented by P. Morgan, joined the competition. But from the very beginning, the Belgian company was much favored by Sheng because the political implications of awarding that concession to Belgians were less pronounced. This was especially so since the loan terms proposed by the

American groups included complete control of the railway's construction and management by the foreign investors, and an equal division of the net-profit from the railway's management between Chinese authorities and foreign concessionaires. These were considered too unfavorable to the interests of China. Furthermore, during this time the Belgian connection with the Russo-French interests in China was not known either to Sheng or Chang Chih-tung, governor-general of HuKuang, who actually directed Sheng's negotiations with the foreign investors. Later, although the Belgian relationship with the continental groups became well-known, they still believed that these connections could be effectively checked by Sheng's railway administration. The result was that, to the dismay of the British and American interest groups, a provisional railway contract was signed between Sheng and the Belgian representatives on May 27, 1897 in which a loan amounting to £4,500,000 sterling (approximately US\$22,500,000) with 4 per cent annual interest and an actual par value of 90 per cent was to be provided.⁹

This agreement represented a triumph of Sheng's railway diplomacy because it preserved for his Administration an "exclusive authority" in controlling all foreign personnel in the railway's services, although the foreign chief-engineer was assigned the right to build and operate the line and the Belgian company was authorized to buy railway materials and rolling stock at a 5 per cent premium of the total value. Through this Belgian contract, Sheng also deliberately endeavored to introduce a third power's investment into the Yangtze River Valley, the pronounced "sphere of interest" of Britain. For a similar purpose, he also intended to assign the Shanghai-Nanking railway concession to the American groups and the Tientsin-Chinkiang line to the British corporations.¹⁰ Unfortunately, all his designs failed since the Belgians were intentionally shrewd to provide, in their preliminary contract, more favorable terms to China so that they could defeat their Anglo-American competitors. As the Chinese internal situation became worse in the face of foreign encroachment after November 1897, the Belgians, with the diplomatic support of Russia and France, began to repudiate their former promises and tighten their demands for more favorable terms. China was thus forced to choose between acceptance of the Belgian exactions or break with them. Sheng was compelled to sign an additional formal contract with the Belgians on June 26, 1898 which changed substantially the original terms of the preliminary agreement.

They were now assigned the complete right to construct the railway and organize an administrative management for it. The par value of the loan was still to be paid at 90 per cent, but its annual interest was increased to 5 per cent, and 20 per cent of the railway's net-profit was to be granted to the foreign creditors.¹¹

Sheng's conclusion of the Peking-Hankow railway agreement infuriated the British, who viewed the deal as an intrusion into their "established" sphere.¹² At the same time, the struggle for the Canton-Hankow railway concession became intensified. As the situation impended a possible breakup of China, the Peking government decided to confer that railway right to the American investors so that a possible take-over of it by the British or French could be avoided. In order to prepare for the worst, Sheng suggested that all the remaining projected railways in China be put under the management of a group of foreigners which would be organized along the lines of the Chinese Maritime Customs Administration and composed of nationals of many different countries.¹³ To strengthen the Chinese hands over the Canton-Hankow railway route further, a Chinese railway company was hurriedly organized by members of the Hunan gentry headed by T'ang P'en-chin, a former provincial treasurer of Shantung, and Hsiung Hsi-ling, a junior member at the Hanlin Academy. Its main objective was to keep the line under Chinese control so that the Chinese government might refuse any arbitrary demand by a foreign power. This Chinese company was quickly approved by the Peking court, and the efforts to arrange an American loan for the railway were also swiftly proceeded.¹⁴ Wu T'ing-fang, the Chinese minister at Washington, was notified by Sheng to sign a preliminary contract with the American China Development Company. It was secretly arranged and signed in Washington, D.C. On April 14, 1898, a formal agreement was further concluded, with Wu and Bash representing the Chinese and American sides, respectively. The American company agreed to provide a loan of £4,000,000 (approximately US\$20,000,000) at a par value of 90 per cent at an annual interest of 5 per cent; and the privilege of administering the floating of the railway bonds, with a commission of 5 per cent of their face value, was assigned to the company. Furthermore, the railway, after completion, was to be managed by the American company for a period of forty years, following the administrative pattern of the Maritime Customs, and an annual 20 per cent of the railway's net-profits was to be awarded to the American concessionaires. The

railway and its pertinent properties were to be mortgaged for the loan. The American company would also possess right to extend the railway to a seaport and construct other branch lines. Furthermore, it was stipulated that in case the Belgian Peking-Hankow railway concession was nullified, the American China Development Company would have the priority to provide the necessary loan of £5,000,000 for its construction following the same terms as those of the Canton-Hankow railway loan. In any case, the Imperial Chinese Railway Administration retained the power to repurchase the entire railway after ten years of its completion with an extra-payment of 5 per cent together with the expenses of the construction.¹⁵

After signing this contract, the American company sent engineers to China to survey the scheduled route.¹⁶ It also began to take steps for construction work. It soon found that the first contract needed to be more clearly defined and expanded, so as to provide the Company with more favorable privileges. This attempt was opposed by the French-Belgian interests which had controlled the Peking-Hankow railway since 1898 and were looking forward to extend their existing rights southward to Canton. The French consul-general in Shanghai warned Sheng that he would be held responsible for any extension of American privileges and demanded that he should guarantee its unchanged character in the future. The Russian minister applied similar pressure on the Manchu court.¹⁷ Sheng resisted these interventions, and the representative of the American enterprise in China, Clarence Carry, New York lawyer and one-time legal adviser to the American China Development Company, managed to overcome these oppositions. China was in great need of American diplomatic help in the pending negotiations for the settlement of the Boxer incident. The Peking authorities also feared that the railway concession would possibly be taken over by the British or French interests if there should be any trouble with the Americans.¹⁸ However, the Chinese were consistent in refusing the American demands for an extensive mining right along the line and for a definite commitment to confer right of extending the railway to Kowloon, which would clash with the British interests. Under the strong support of Wu T'ing-fan, Sheng and Chang Chih-tung, a supplementary agreement was signed in Washington on July 13, 1900.¹⁹

The new contract, which confirmed the original one without contradicting its own stipulations, increased the former £4,000,000 to £40,000,000, and recon-

firmed the control of the railway's management in American hands. The railway's administration was assigned to a bureau comprised of two Chinese and three Americans. The director-general of the Imperial Chinese Railway Administration would retain a nominal supervisory power, but any decision of his had to be made jointly with the representatives of the American company (Article 6). Moreover, the American China Development Company was permitted to establish a police force to protect its properties as well as to set up telegraphic and other mechanical workshops pertinent to the maintenance of the railway. But, in pursuance of China's plan to counterbalance the political ambitions of other powers in the region, this second agreement stipulated specifically that "the Americans cannot transfer the rights of these agreements to other nation or people of other nationality."²⁰

In any case, the conclusion of the supplementary contract did not curb the determination of the Franco-Belgian group to usurp this railway concession, and the continental group merely changed their tactics while pursuing the same objective. The American company was facing serious difficulty in financing its construction work due, in large part, to the death, in December 1898, of Brice, who had been very active in promoting the American economic interests in China and had the ability to muster financial support for the railway enterprise.²¹ This loss changed the enterprise from a politically-oriented one to an economic one. Moreover, the extreme anti-foreign sentiment in China as expressed in the Boxer uprisings in 1899 frightened the American stockholders and made them reluctant to invest more money to the Company.²² The Company was compelled to seek financial support outside the United States. On February 1, 1899, it entered an agreement with the British and Chinese Corporation, a concern established especially by the Hong Kong and Shanghai Banking Corporation, the Saason and Rothschild interests, and others to invest in China's railway construction. According to that agreement, each side promised to offer the other one half of the shares in any railway business subsequently obtained.²³ Later development proved that the ability of these British corporations to meet their obligation to the American undertaking was quite limited.²⁴ The American China Development Company had no choice but to send representatives to continental Europe to raise the necessary funds. This gave the Franco-Belgian interests an opportunity

to change their frontal, political obstruction of the American railway concession in Shanghai and Peking to a flanking, financial usurpation of it in Europe and New York.²⁵

Under the personal direction of the Belgian king, Leopold II, and the support of the Russo-Chinese Bank which served as a vehicle of the Franco-Russian alliance in China, M. de Volder, a Belgian senator, and Colonel Albert Thays, a former Belgian minister of finance, were sent to New York to buy a controlling interest in the American China Development Company in the open stock market. This goal was achieved by the end of 1899 for various reasons like the improbability of serious intervention by the United States and British governments, the continued predominance of Russia in Peking, and the inability of the Chinese government and officials to resist foreign pressure. However, the Belgians were skillful to employ an American citizen, General Charles Whittier, to help them in implementing this program. Following the signing of the supplementary agreement in July 1900 and before the end of that year, the Belgians, supported by French capitalists, already controlled 4,000 of the original 6,000 shares of the Company, and the Company's board of directors was thus reorganized to admit more Belgian representatives. Nevertheless, the board still elected an American as its president.²⁶ The railway construction work started in Canton in 1902 with all the foreign employees in China Americans so that the Company could nominally comply with the stipulation of Article 17 of the supplementary agreement.²⁷

The Belgians, however, were not content with this situation. In early 1904 they started a campaign to purchase the remaining 2,000 shares through General Whittier, and it was reported that the shares actually held by the Americans amounted to only 600 owned by J.P. Morgan & Co. The Belgians pressed again for a reshuffle of the Company's organization and, in the spring of 1904, Whittier was elected the president, while the real power was in the hands of the Belgians. A considerable number of Belgians were sent to China as responsible officers of the Company in place of the original Americans.²⁸ About sixty American junior engineers and foremen and the chief-engineer, Willis G. Gray, were dismissed.²⁹ It was reported that the Belgians intended to divide the railway into two sections: the northern section directly under Belgian control and the southern section under a nominal American control. They even proceeded to amalgamate the Peking-

Hankow railway and the newly-controlled Canton-Hankow railway into one system. At the same time, there was report in Peking, Russia was secretly pressing China for a railway right linking the Chinese capital to her Trans-Siberian railway via Kalgan and Urga so that a grand railway system controlled by the Russo-Franco-Belgian interest would be built.³⁰

The changed character of the American China Development Company made a stir in American business circles, and there were repeated reports in the *New York Journal of Commerce and Commercial Bulletin* and the *Journal of American Asiatic Association* before 1904 concerning the Belgian scheme.³¹ On December 24, 1903, the *London Times* reported that the Belgians sought sole control of the railway. In January 1904, the newspaper repeatedly reported that the Belgian shareholders of the American China Development Company in Brussels would not be content with exclusive control of the line's northern section, but determined to include the whole span of the railway into their China inland railway system.³² General Whittier wrote to the *Journal of Commerce and Commercial Bulletin* on March 25, 1904, stating that there had been no change in the Company's status as an American corporation, but he frankly admitted that the Belgians controlled the majority of the shares. Baron Moucheur, Belgian minister to the United States, also confirmed that many nominally American shares were actually Belgian.³³ Within the Company, the clash between American and Belgian interests became intense, and William B. Parsons, the former director-general of the Company who personally surveyed the railway route in 1898-99, charged that the Belgian king should be held responsible for the possible disaster to the Company.³⁴ These reports alerted the Chinese to the Belgian design.

B. Sheng Hsuan-huai's Attitude

Belgian control of the Canton-Hankow railway concession aroused great fear in China. The fear was especially intense as the whole region of Manchuria was then occupied by the Russian troops following the Boxer uprisings in 1899, and in the ensuing three or four years rumours circulated repeatedly of a possible partition of China by the great powers.³⁵ The Russo-Japanese war broke out in

February 1904, Russia, then pursuing a vigorous policy of territorial annexation in Manchuria, was involved in the war. This provided an opportunity for China to improve her defensive position and check the Russian aggression in Manchuria. As the Russian troops suffered major defeats in the war, Russia's political support to the Franco-Belgian interests in China weakened. Taking this opportunity, China began to make efforts to block further expansion of the Franco-Belgian railway interest.³⁶

The Belgian subscription to the American China Development Company's shares had been known to Wu T'ing-fang and Sheng Hsuan-huai in January 1901. The 17th Article in the supplementary agreement, which stipulated that the enterprise should identify itself as an American business and forbade the transfer of "the rights of these agreements to other nations or people of other nationality" was really intended to prevent such a change. Clarence Carry, in his negotiations with Sheng, had promised that the Company would always be an American-registered corporation although the subscription of its capital would not be confined to American citizens.³⁷ As reports from New York indicating the Belgian purchase of the American China Development Company shares were substantiated, Sheng became more concerned. On January 5, 1901, he telegraphed Wu T'ing-fang, asking him to take steps to prevent Belgian takeover of the Company. Eight days later, he repeated his request, and stated that any indirect French involvement in the railway concession should be avoided in compliance with his original proposal to the Peking court. But Wu felt that Belgian control of two-thirds of the Company's shares did not necessarily entail Belgian majority rule in the Company's board of directors, and he did not consider it as a violation of the supplementary agreement. Furthermore, Wu felt that any abrogation of the American concession would make it to fall into the hands of a third power which would be even more detrimental to China's interest.³⁸ Chang Chih-tung agreed with Wu's view. But Chang maintained that all Chinese relations with that railway should be through the Americans and that China should admit only Americans in that railway's management. These views were concurred by Sheng. These arguments were further strengthened by a telegraph sent in June 1902 by Edwin H. Conger, the American minister to China, confirming that the American China Development Company was a genuine American concern.³⁹

Actually, from the very beginning of the dispute, Sheng refused to concur to Belgian control of the concession. This is why he, together with Chang and Lin K'un-i, governor-general of Liangkiang, memorialized the Peking court for final approval of the supplementary agreement in June 1902, although the agreement had been signed almost two years earlier.⁴⁰ Sheng repeatedly spoke out on the problem of Belgian shares and urged Chang to take appropriate measures so that American ownership of the railway concession could be safeguarded. In the autumn of 1902, the construction work began from Canton and, before November of the same year, a branch line between Canton and Sanshui was opened. All the major personnel of the railway were American, with Willis E. Gray as the Company's agent and chief-engineer stationed in Shanghai.⁴¹

Sheng soon had troubles with Gray, as the latter refused to consult with him regarding railway matters concerned with Chinese rights. Consequently, Sheng refused to issue the bonds which were to be floated in the stock market according to the contracts and requested the recall of Gray.⁴² After the Belgians consolidated their control of the Company, Gray was dismissed and a Belgian was sent to China as the Company's representative. Before his departure from China, Gray revealed the story of the Belgian usurpation of the Company to Tsen Chun-hsuan, then governor-general of Liang-kwang, and promised to do his best to recover American ownership of it.⁴³ The changed character of the American Canton-Hankow railway concession then became known to the public.

Sheng refused to receive any Belgian as representative of the American company. On March 5, 1904, he telegraphed Liang Ch'eng, the Chinese minister to the United States, asking him to warn the American company to refrain from violating the contracts. Sheng also cabled Wu T'ing-fang who was then a vice-minister of the Foreign Affairs Ministry as well as a vice-minister of the Commerce Ministry in Peking, to discuss the matter with Conger.⁴⁴ Sheng could not agree to a division of the Canton-Hankow railway into two sections and the northern one be controlled by the Belgians. But he consented to a reorganization of the American corporation by another group of Americans, so that the new American concern could substitute for the American China Development Company. In another telegram he urged Wu to solve the problem as fast as possible. He also reminded Conger of his former written assurance about the American nationality of the

Company and asking the American minister to abide by the provisions of the two contracts.⁴⁵

The crisis became serious as the Belgian representative of the American company would arrive to Shanghai shortly. Sheng consulted his British legal adviser who advised him to regain the concession through redemption of it.⁴⁶ In early 1904, he sent John C. Ferguson, his American personal secretary in educational and legal affairs, to America for an investigation of the case. Ferguson was also instructed to negotiate with the director-general of the American China Development Company to define the Belgian rights and stop the Belgians from intervening in the railway's affairs. But Ferguson's principal duty was to see that whether the American government would provide a guarantee for the Company's American nationality.⁴⁷ In April 1904, Liang Ch'eng was also notified by Sheng to request the United States government to declare its stand on the changing character of the enterprise.⁴⁸ The American government confirmed that the Company was "to be in good faith an American company as it is, at present organized and conducted," and the United States government alone had "right to deal with the diplomatic question affecting the interests of the company."⁴⁹ However, the acting United States Secretary of State, F.B. Loomis, indicated that if the organization of the Company should change so as to be incompatible with American principles, the American government would withdraw its support from it.⁵⁰ In the following month, Sheng cabled Liang to request clarification from the American government on the following three questions: (1) would American law apply to those who were citizens of other nations but held bonds of the American company while living in a foreign country? (2) What were the limitations on the privileges enjoyed by the foreign shareholders of an American enterprise which made investment in China? What would be the relationship between these foreign shareholders of the American company and the Chinese government? (3) In case there should be any dispute between these foreign shareholders of the American Company and the Chinese government, what would be the stand of the American government? The American government refused to make any commitments on these questions. John W. Foster, the former American Secretary of State and then a legal adviser to Liang Ch'eng, advised that the rights of any foreign national within an American enterprise would be decided solely by American jurisdiction, but the American

enterprise had a right to change its nationality to become a non-American corporation.⁵¹ Since the American government had never committed itself to safeguarding the unchanged character of the American China Development Company, Sheng's plan to involve it in a diplomatic guarantee failed.

Actually, Sheng's real intention was to replace the American China Development Company with another American company, so that the whole concession would still remain in American hands and the original contracts would be left unhurt. He was the first official to talk of nullifying the whole concession, but he was only using it as a verbal threat to press the Company to keep its American nationality. After this failed, Sheng urged Wu T'ing-fang to start negotiations with Albert W. Bash, the original signer of that railway's first agreement who was then sent to China again by the former director-general of the Company, Parsons, for negotiation of a new agreement for the Canton-Hankow railway concession.⁵² Calling his new corporation the China Industrial and Construction Company of America, Bash made an energetic effort to replace the American China Development Company with his own. He was supported by the overseas Chinese industrialist, Chang Chun-hsun,⁵³ some gentry in Hunan as well as Wu T'ing-fang himself. But Bash had no real financial support for such a large investment. In addition, his demands were exorbitant: he not only demanded seven additional railway concessions including those from Canton to Amoy, Sanshui to Wuchow, Hsiang-yen to Chenchow, Hengchow to Kweilin, Pinghsiang to Hangchow, and Kuanghsin to Kiukiang, but he also asked for mining privileges along these lines. The negotiations failed to achieve any result.⁵⁴

C. The Provincial Gentry Groups in the Abrogation Campaign

After the news of Belgian usurpation of the Canton-Hankow railway concession had been widely circulated, a deep anxiety developed among the gentry and officials of the provinces through which the railway would pass. The gentry groups in Hunan were particularly concerned about the uncertain fate of the foreign investment. They were the first to launch a campaign to amend the situation.

Actually, the Hunan gentry had powerful influence over provincial politics

long before the formation of this railway dispute. Through their personal connections with various prominent Hunan officials in the central and other provincial governments, they played an important, informal role in the decision-making process of their own province. Indeed, this influence could be traced to the events of the 1850's and 1860's when the Hunan gentry emerged as the major force fighting the Taipings. Following the downfall of the rebellion, officials and servicemen of Hunan province occupied nation-wide important positions in the civilian and military services, and they played important roles in national and local politics. Resigning from active services they returned home to become gentry members. The Hunan officials were also noted for their close relationship with each other basing on a common background. They formed an informal "Hunan clique" headed in the early twentieth-century by Liu K'un-i, the powerful and prestigious governor-general of Liangkiang.⁵⁵ After Liu's death in 1902, prominent Hunan officials included grand councillor and minister of foreign affairs, Ch'u Hung-chi; minister of Revenue and minister of Education, Chang Po-hsi; chief-censor Marquis Tseng Kuang-luan; the governor-general of Liangkiang Wei Kuang-t'ao; governor-general of Minche (Fukien and Chekiang) Li Hsiung-lui; governor of Chekiang Nieh Chi-kuei, the former governor of Kwangsi Wang Chi-chun; and Governor of the Metropolitan Peking Yuan Shu-hsun. On the local level within the Hunan province, the gentry members such as T'an Chung-lin, former governor-general of Liangkiang; Lung Chan-lin, former vice-minister of Punishment; Wang Hsien-ch'ien, former educational commissioner of Kiangsu and former president of the Imperial Academy, were all particularly influential.⁵⁶ These gentry members assisted the provincial authorities to fix a surtax on salt in 1900 to provide the annual quota of 700,000 taels for Hunan's share of the Boxer indemnity.⁵⁷ They also took part in administering local educational and financial affairs. In 1904, Chao Erh-hsun, the governor of Hunan, established a special commission of high-ranking officials and gentry to coordinate the different opinions among them. It is something like a political consultative body through which the voice of the local gentry could be heard and implemented.⁵⁸

Belgian control of the American China Development Company aroused serious concern in these gentry members. They were also worried about the reported Russian demand in Peking to construct the Kiakta-Urga-Kalgan line and

about the Belgian request to construct the Peking-Kalgan railway as well as a branch line from Changteh to Chunchow in northern Hunan.⁵⁹ To such demands the Hunanese gentry raised strong opposition. They saw that, together with the Belgian usurpation of the Canton-Hankow railway, these schemes represented possibly a grand design of the Russo-Franco-Belgian group to control China through constructing a great north-south railway from Siberia to south China. Two pivotal figures in the agitation were Wang Hsien-ch'ien and Lung Chan-lin. Wang, a noted conservative scholar, was instrumental in Hunan in opposing the reform movement in 1897-1898.⁶⁰ Lung was a talented administrator and more open-minded than Wang.⁶¹ Both recognized the necessity to nullify the American railway concession, so as to crush a possible plot which would be crucial to China's security. Other gentry members involved included Marquis Tseng Kuang-luan, a grandson of Tseng Kuo-fan; Marquis Tso Nien-chung, a grandson of Tso Tsung-t'ang; Chang Tsu-tung, an expectant taotai and a brother of the influential minister of education Chang Pei-lun; and Tan Yen-kai, a literary laurel and son of a former governor-general of Liangkuang. This champion was also joined by some low-ranking but progressive-minded merchants such as Yu Chih-mou.⁶² Basing their arguments mainly on the American delay in starting construction work within the stipulated twelve-month limit after the signing of the supplementary agreement in 1900, as well as the American violation of the same agreement by transferring the railway rights to the Belgians, they petitioned the provincial governor as well as the governor-general of Hukuang Chang Chih-tung, to abrogate the American concession.⁶³ In May 1904, they also telegraphed Sheng Hsuan-huai, asking immediate annulment of the foreign right. At the same time, Lung and Wang used their personal influence to lobby various powerful officials at both the central and provincial levels. They also started a locally-financed railway company that would undertake railway construction as soon as the concession was cancelled. They threatened to boycott foreign railway construction in the province if their demands were not met. For the purpose of taking effective measures in reclaiming the railway concession, the gentry members dispatched their representatives to Shanghai for fuller discussions with Sheng.⁶⁴

A similar stand was taken by the gentry-merchants of Kwangtung. Headed by the former governor of Kweichow, Teng Hua-hsi, and Chang Chun-hsun, they

demanding that the problem be settled by abrogation of the concession. They were the first group to express the possibility of redeeming the concession from American hands.⁶⁵

Such a challenge to the American China Development Company's rights was strongly supported by Chang Chih-tung. His attitude reflected the clash of interests between the British and the Russo-French groups, and he himself was deeply influenced by the British consul-general in Hankow, Evarard H. Frazer.⁶⁶ He was discontent with Sheng's approach and was reportedly attempting to use the question to gain revenge on Sheng for a personal grievance.⁶⁷ He therefore seized the initiative from the Hunan gentry by assuming the leadership in the abrogation campaign. He asked Sheng to refute the Belgian intervention first, and then demand a complete cancellation of the concession. He first charged that the American company had not begun their building of the line within the stipulated period as provided by the agreement. Later, after finding that a more persuasive argument could be found in the Belgian purchase of the American company's bonds which had apparently violated the stipulation of article 17 of the railway's supplementary contract, he changed his tone. According to Chang, China would be much burdened if the unfavourable terms stipulated in the two Sino-American contracts for the railway concession were maintained; the annual interests and the par value of the loan were too high and the related privileges to the American concessionaires were too extensive. Thus, it would be most unfortunate, Chang argued, if China should lose this golden opportunity to annul this concession once and for all.⁶⁸ Chang's views were supported by Chao Erh-hsun, governor of Hunan, as well as by Tuan-fang, a Manchu official who served as the governor of Hupeh. Tsen Chun-hsuan, the governor-general of Liangkwan who had supported the Cantonese gentry-merchants in boycotting the American goods a few months earlier, also agreed to Chang's proposal.⁶⁹

The co-ordinated pressure of the officials and gentry-merchants of the three concerned provinces placed Sheng in a difficult position. He had never really intended to nullify the concession although he always threatened to do so. He failed to arrange the substitution of the American China Development Company by another American corporation. He tried unsuccessfully to get an official guarantee by the American government of the American nationality of the Company.

He pretended to be satisfied with the State Department's note to Liang Ch'eng, on May 11, 1904, confirming that "the American company was in good faith a (*sic*). American company as it presently organized and conducted, the U.S. government alone has the right to deal with the diplomatic question affecting the interests of the company." But he intentionally neglected the statement by the acting Secretary of State, Francis B. Loomis, that if the American company should change its present organization in a way incompatible with certain principles of the American government, the latter would withhold protection of it.⁷⁰ In response to the pressure of Hunan gentry and the powerful intervention of Chang Chih-tung, he stated that any Chinese arbitrary abrogation of the concession would incur an immediate repayment of US\$3,000,000, a sum which represented the floated bonds of the Company in the stock market. Those local people were also reminded that the railway's construction required a large investment which would be beyond the financial capability of Chinese government and commercial sources.⁷¹ Sheng was reportedly ready to co-operate with the Belgian interests if they agreed to restrain their activities and retain Americans as the Company's representatives in China.⁷²

Sheng's attitude caused dismay among the gentry groups. The Hunenese were annoyed by his various delaying tactics. They decided to send their own representatives headed by the former governor of Kwangsi, Wang Chih-ch'un, to meet Sheng in Shanghai for negotiations. Wang, a veteran diplomat who had served in various diplomatic positions as well as in various high-ranking offices in the provinces, was determined to expel Belgian influence from his home province. He was aided by two able ex-taotais, Huang Tse-yuan and Hsi Hui-feng.⁷³ The Kwang-tung gentry group, headed by Teng Hua-hsi, Chang Chun-hsun, Cheng Kuan-yung (a noted compradore-official who had been a close subordinate of Sheng Hsuan-huai in managing various officials-supervised-merchant-managed enterprises such as the China Merchant Steamship Navigation Co., the Imperial Telegraph Administration and the Commercial Bank), joined the conferences with Sheng in Shanghai.⁷⁴ They quickly realized the difficulties involved in abrogating the concession, and a decision was made to drive out the Belgian influence from the American company by purchasing most of the Belgian shares in the open stock market. Their purpose was to inject Chinese influence into the American company, so

that the company could eventually be turned into a Sino-American enterprise and the Belgian influence would be curtailed. The Hunan delegates agreed to repurchase 2,000 of the reported 4,000 Belgian shares of the company at an estimated value of 600,000 taels, and the Hupeh gentry promised to buy another 1,200 shares among the remaining Belgian bonds at a cost of more than 300,000 taels. Wang Chih-ch'un and other gentry members of the three provinces even intended to send an American lawyer to the United States to negotiate a new contract with the American company, and agreed to provide capital for the railway construction from the public and private sources of the three provinces.⁷⁵

Such a settlement met with strong opposition from the gentry groups who remained in Hunan. Their contention was that the proposed solution could not work well because the Belgians would surely set all sorts of obstruction in the way of its fulfillment. With the Belgian control of a majority of the floated bonds of the American China Development Company, they were not likely to agree to abandon their established privileges in the enterprise without an exorbitant price. Furthermore, there were tangible problems involved in the organization of a new Sino-American enterprise because the Chinese would be burdened with the major responsibility of providing the capital for the construction work while the Americans would still enjoy the privileges. In addition, neither the reorganization of such a joint Sino-American enterprise nor the insertion of more American and Chinese capital would completely safeguard the Company's immunity from infiltration by European capitalists under the American legal system.⁷⁶

Chang Chih-tung strongly disapproved of such a scheme designed in Shanghai as it would probably create new problems rather than solve the old ones. He cabled Wang Chih-ch'un warning him of the possible, serious consequences and urging a flat abrogation of the American concession in the three provinces. Chang held that Sheng should be the only person responsible for such negotiations with Americans so that the abrogation of the concession could be achieved.⁷⁷ With Chang's support and under the leadership of Lung Chan-lin and Wang Hsien-ch'ien, the Hunan gentry started to organize a railway company to enlist local funds for the program. A proposal to float the bonds of this company in the three concerned provinces was discussed. Some of the gentry members agreed to a proposal made by Tsen Ch'un-hsuan that a foreign loan from a third power should be made in

order to meet the urgent needs of railway construction.⁷⁸ In November 1904, the gentry of Hunan, Hupeh, and Kwangtung jointly petitioned the Ministries of Foreign Affairs and Commerce, requesting them to memorialize the imperial court for their cause.⁷⁹

The strong influence of the Hunan gentry was felt in Peking as well as in the provincial governments along the lower Yangtze River valley. Wei Kuang-t'ao, governor-general of Liang Kiang who was one of the high-ranking officials to be responsible for supervision of all official-merchant joint enterprises controlled by Sheng, was persuaded to send a stern telegram to Sheng, asking for quick action toward cancellation of the American contracts.⁸⁰ Various gentry members wrote directly to their two powerful fellow-provincials in Peking, Ch'u Hung-chi, a grand councillor who was also the minister of Foreign Affairs, and Chang Po-hsi, a minister of Revenue, requesting them to save the situation.⁸¹ In November 1904, a Hunan censor, Huang Ch'ang-nien, memorialized the throne, proposing an immediate annulment of the two American railway agreements. He considered the proposed arrangements of the issue by Sheng and Wu as inadequate, and suggested that the whole dispute be solved by the negotiation of a new contract with the American corporation, so that China's sovereign and administrative rights could be recovered while the American concessionaires would still keep the railway rights in the region.⁸² The court, consequently, ordered Chang Chih-tung to be responsible for a settlement of the case. Since Chang's view of the dispute was well known, the imperial intention was apparently sympathetic to a solution of abrogating the American agreements.

The Peking court's decision was unmistakably reflected the opinions of the concerned provinces. This was probably made through Ch'u Hung-chi, who then enjoyed great confidence of the Empress Dowager. The strong stand taken by the officials and gentry of the three provinces was also supported by newspapers in Shanghai. Inspired by the high-tide of Japanese nationalistic sentiment during the Russo-Japanese war, they were enthusiastic supporters of an outright abrogation of the American concession. The *Chung-wai Jih-pao* (The Chinese-foreign Daily News) declared that the Belgian intrusion into the concession had compelled China to take a radical step to protect herself against the serious consequences of this unexpected situation. The paper discredited the diplomatic guarantee provided by

the American government since it was incomplete and did not safeguard the status of the company as an American business in the future.⁸³ The *Tung-fang Tsa-chih* (the Eastern Miscellany), one of the most widely circulated monthly journal, underscored the political implications of the concession following the Belgian usurpation of it. It believed that the Belgians, equipped with extra-territoriality and other political privileges based on their most-favored-nation status, would surely turn the railway region into a political and military base as the Russians did in Manchuria. The journal opposed Sheng's program of replacing the American China Development Company with a new American corporation, because it was feared that any stipulation of a new contract would again be violated by the Americans without a diplomatic guarantee from the United States government.⁸⁴ The *Shih-pao* (The Times) of Shanghai, a newspaper instituted by the constitutionalists, found that the strategy used by the Belgians in usurping the American concession represented a new form of imperialist scheme in China. The paper warned against a renewed politically-oriented concession-hunting like that happened before 1900. Liang Ch'i-ch'ao, the noted constitutionalist and the most eloquent champion of Chinese patriotism who was then exiled himself in Japan, even published all confidential correspondences exchanged between the provincial gentry groups and Sheng in the *Shih Poa*, so that the abrogation agitation could be pushed further to the common folks in the street. These documents were later printed into a book for circulation.⁸⁵ Liang Ch'i-ch'ao's *Hsin-min Ts'ung-pao* which was edited and printed in Tokyo but had its great number of readers in China, strongly attacked Sheng's plan as "treacherous" and urged the people to use "iron and blood" in reclaiming their railway concessions. Liang proposed a "theory" that the railway right should belong to the people, and the local people who lived along the railway route should have the sole right to determine whether or not the railway construction should be conceded to a foreign enterprise. Any official who signed an agreement concerning the railway concession without the approval of the "people", Liang announced, should be condemned as a "traitor".⁸⁶ He had not ignored the urgent necessity of constructing Chinese railways with foreign loans, but he asserted that the railway bonds could be floated directly by the Chinese government. In addition, various railways should be constructed by the Chinese-financed companies without any government interference

in their management. He also stressed the political implications of the Belgian usurpation of the concession.⁸⁷

Similar views were expressed by Chinese students in Japan and the United States. Coming from the richer or middle-class families, they were the most sensitive groups under the strong influence of modern nationalism. Stimulated by the strong patriotic environment of their host countries and imbued with a deep belief in nationalism as an efficient weapon to revitalize the Chinese nation from its present weak position, the students in Japan were especially active in supporting the gentry's demands. After the abrogation movement developed in the provinces, they organized a Railway Association of Hupeh, Hunan, and Kwangtung in Tokyo to co-ordinate efforts towards the recovery of the concession. They even sent delegates back to Shanghai to provide advices to the provincial representatives there.⁸⁸ The Chinese revolutionary groups in Japan under the leadership of Sun Yat-sen were active in supporting the efforts of the three provinces' people. Hu Han-min, one of Sun's closest followers, published an article in the *Min Poa* (People's Tribune) charging the Manchu authorities' railway building through foreign investment was "selling out" Chinese sovereignty and national interests.⁸⁹

The Chinese students in the United States petitioned the Ministry of Foreign Affairs in Peking as well as Chang Chih-tung in Hupeh and Tsen Chun-hsuan in Canton, asking for cancellation of the original two American contracts. They expressed that the United States government should not intervene in the case because it was basically a domestic matter for China. As the American company was the first to violate its obligations, they reasoned, its misconduct had actually excluded it from the diplomatic protection of the United States.⁹⁰ Represented by Wang Ch'ung-hui, who later played an important role in the successive Republican regimes, the students urged the Chinese government to announce publicly that the concession was void and then proceed to negotiate with the American China Development Company for legal adjustments. They suggested that, in order to finance this reclaimed railway project, the Chinese government should organize a railway corporation and float its bonds directly in the stock markets in New York, London and Shanghai; this would prevent the "exaction" of exorbitant profits by the American trusting company and the American China Development Company. The construction work of the railway would be assigned to reputable

American engineering firms on a contractual basis, but they would not be permitted to interfere with the railway's control and management.⁹¹ A Chinese student in California, T. Y. Chang, writing in the *Dragon Student*, a publication by the Chinese Student Alliance of America, declared that the precedents laid down by the Russian railways in Manchuria and the German railways in Shantung had taught the Chinese to believe that "should the Canton-Hankow railway be controlled by a great foreign power, the whole of South China might be threatened."⁹²

D. American Responses

It is interesting to note the stands the United States government took at the various stages in the development of the issue. Although the American China Development Company was diplomatically supported by the American ministers in China at every stage of the negotiations, Secretary of State William R. Day, had never committed the American government, in 1898, to guarantee the privileges and rights obtained by the Company against any outside interference.⁹³ In early 1904, Conger telegraphed John Hay informing him of the Chinese discontent over the transferring of the control of the Company to Belgian hands. General Whittier, president of the American China Development Company, explained to the Secretary that the Company had only made certain changes among its officers.⁹⁴ Hay then instructed the American minister at Brussels to provide additional information on the matter.⁹⁵ It soon became clear that Belgian intrusion into the enterprise was indeed a reality and that the United States government might be called upon to protect a nominally American but actually Belgian-controlled company in a tumultuous China.

The American government was under pressure to take action. William B. Parsons, ex-president of the American China Development Company who had been expelled from his post by the Belgian-dominated board of directors in early 1904, charged openly that the Belgian interests, though appointing Americans as their agents, had changed the enterprise into an un-American one.⁹⁶ John Ford, secretary of the American Asiatic Association, wrote to William W. Rockhill, former

American commissioner to China who was then a close adviser to John Hay on Far Eastern affairs, deploring the sale of a majority of the American railway company stocks to the French and Belgian capitalists who were possibly acting for the Russo-Chinese Bank.⁹⁷ An article written in mid-1904 by Charles Denby, former American minister to China, confirmed that the Canton-Hankow railway concession was intentionally assigned to United States citizens by the Chinese government, and the Belgians, since the concessions very beginning, had made efforts to obstruct the American possession of it.⁹⁸ *The New York Journal of Commerce and Commercial Bulletin* also carried several reports of the changing character of the concession and lamented that such a change would give the Chinese government a pretext for abrogating the contracts.⁹⁹ The journal criticized Whittier's defence of the unchanged status of the Company as an American enterprise after Belgian control of the majority of the bonds as "absurd" since how "a foreign stockholding interest in railroads had a precisely comparable status to a similar in an American corporation chartered to construct a railroad in a foreign country, and claiming. . . the intervention of the strong arm of the U.S. for the protection of its agents against mob violence in that country." The journal also discontended with the stand of the American government in recognizing continuously the American nationality of the Company since this was contrary to the fact "that financially ubiquitous monarch, the King of the Belgians, is the accepted head of the first (France)."¹⁰⁰

Indeed, after presentation of a vague guarantee to the Chinese minister at Washington on May 11, 1904, the American government did not make efforts to confront the Chinese abrogation agitators. Conger was instructed to lodge a protest against any prejudicial action taken by the Chinese government and to demand Chinese co-operation in settling the dispute "by usual contractual resorts, including, if necessary, submission to impartial references."¹⁰¹ Such a negative stand by the United States rendered Sheng's efforts futile. Under the co-ordinated pressure of the gentry-merchant groups of the three provinces, Sheng was compelled first to stop the floating of the railway bonds on the New York stock market in June 1904,¹⁰² and then to propose to the Peking court that the whole concession be cancelled on the ground that the existence of Belgian controlling interests in the American China Development Company was contrary to the original

contracts.¹⁰³ Sheng's proposal did not reflect his real intention; but, faced with concerted and determined opposition from both the high-ranking provincial officials and the gentry groups, he had no choice. The government in Peking faced a similar dilemma. On November 14, 1904, Prince Ch'ing, the head of the Grand Council and the Ministry of Foreign Affairs, informed the American minister in Peking of the Chinese government decision to abrogate the railway concession. But the Chinese Foreign Ministry did not want to involve itself when China needed urgently American diplomatic support over the Manchurian affairs. The burden of negotiating a settlement of abrogating the concession was thus assigned to Chang Chih-tung. Later, the Chinese minister at Washington notified the State Department of the decision.¹⁰⁴

The initial American response to the Chinese decision was quite strong. Conger was ordered by John Hay "to enter an emphatic protest to such arbitrary proceedings" and to hold the Chinese government "responsible for all loss or damage to American invested rights which may result therefrom."¹⁰⁵ At the same time, Loomis also told Liang that the American government would not consider such a decision to be valid.¹⁰⁶ Since American officials could not deny the fact that the Belgians already controlled the railway company and had sent their own agents in clear violation of the stipulations of the original contracts, the State Department made efforts to remedy the situation. Under the diplomatic pressure of the United States, the Belgians were urged to be co-operative, and they sold back part of their bonds to American citizens. In November 1904, J. Pierpont Morgan was persuaded by some American shareholders who were still remaining in the enterprise to buy a substantial amount of the Belgian interest.¹⁰⁷ The whole plan was executed quite smoothly and a total of 1,200 shares of the Belgian-controlled 4,000 shares was purchase by Morgan. These, together with the 2,000 non-Belgian shares, guaranteed the American re-control of the enterprise.¹⁰⁸ It was reported that Morgan had suggested to Leopold II that he would like to organize a large international railway corporation composed of American, French, and Belgian capitalists to centralize the control of the grand trunk line from Peking to Canton through inland China.¹⁰⁹

All along, the United States government was fully informed. John Hay, on November 19, 1904 and again on January 6, 1905, had instructed Conger to urge

the Chinese government to postpone its action of abrogation.¹¹⁰ After Morgan's plan was completed, the State Department's stand became stiffer. It began to assert a very strong stand against the Chinese announcement. In his instructions of January 25, 1905 to Conger, Loomis ordered the minister to notify the Peking government that since the Americans had made great sacrifices in regaining control of the enterprise, the American government would not "tolerate such an act of spoliation as the forfeiture of the concession would be."¹¹¹

The abrogation attempt entered a new stage following Morgan's control of the American China Development Company. Sheng was satisfied with this development. From the very beginning of the dispute, he had favored an American re-control of the enterprise. But this view was not appreciated by those nationalistic-minded gentry and officials in the three concerned provinces, and they now looked forward to a Chinese-financed railway. In their eyes Sheng had proved incapable in his management of Chinese railways as the loan terms obtained for the Canton-Hankow railway concession cost China dearly. The principals of US\$40,000,000 plus the annual 5 percent interest would amount to an equivalent of 300,000,000 taels at the end of fifty years. At that rate the Chinese would be extremely difficult in redeeming the railway.¹¹² Furthermore, the Peking government was much concerned with the stiffer stand of the American government. There was a strong opinion within the Ministry of Foreign Affairs favoring Sheng's conciliatory panacea so that the railway should be continued to be built by the American China Development Company. This was strongly opposed by Ch'u Hung-chi who had been earnestly requested by his fellow provincials in Hunan to intervene in the case. The original decision to cancel the American concession was maintained, and the entire burden of negotiations for that was transferred to Chang Chih-tung by order of the court.¹¹³

E. Chang Chi-tung and the Sino-American Negotiations

Both the central government and Chang were faced with an agonizing dilemma. Recently returned from a seventeen-month refuge in Sian after the Boxer uprisings, the Peking government was too weak to defy the almost un-

animous hostility to the American company in the three provinces. On the other hand, it dared not offend the American government when its diplomatic support was urgently needed to control the after-effects of the Russo-Japanese war which was still raging in Manchuria. To assign the whole matter to the management of Chang was a very shrewd move because Chang, as a prestigious governor-general as well as a long-time negotiator with Anglo-American investors in central China, would surely have the ability to conciliate the conflicting interests of both sides.

The gentry-student group was doubtful of the validity of Morgan's control. They maintained that even such a repurchase had been duly validated, it should not prevent the Chinese government from cancelling the American contracts because the American company had violated its agreements earlier.¹¹⁴ Furthermore, under the impact of a series of Japanese military victories over the Russian forces, the gentry-merchant-student group shifted their stand from the negative objective of condemning the Belgian usurpation to the positive goal of having the Chinese to construct the railway themselves.¹¹⁵ They made determined efforts to recover this railway concession and would not tolerate a continuous foreign domination of it. The gentry-merchants of Kwangtung requested Chang repeatedly to refuse the intervention of the American government, on the grounds of international law, because the dispute concerned only individual business interests.¹¹⁶ The Hunan gentry threatened that unless their demands were met, there would be serious trouble for the foreign concessionaries.¹¹⁷ All the teachers of the provincial schools petitioned the Ministry of Foreign Affairs saying they would start a life-or-death struggle over the issue.¹¹⁸ Under the leadership of Lun Chan-lin and Wang Hsien-chien, the Hunan gentry sent repeated petitions, requesting Chang and the Peking authorities to be firm in their abrogation stand. They indicated that the common determination of several tens of millions people in the provinces should not be oppressed, otherwise the destiny of these provinces would be similar with that of Manchuria.¹¹⁹ Lun wrote a personal letter to Chu Hung-chi, appealing to take adequate actions resisting the American pressure.¹²⁰ The school-masters of all modern-type schools also telegraphed Chu and Chang Pei-hsi, a Hunan man and then minister of revenues, requesting their supporting of the local demand.¹²¹ The Chinese student group in Japan in the name of all Chinese students there telegraphed the Peking government asking for an immediate abrogation of the

concession.¹²² The Hupeh students in Japan sent a separate telegram to Chang pleading for his energetic action.¹²³ The Chinese students in the United States did the same, claiming that the Chinese abrogation of this American railway concession was complete compatible with the principles of international laws.¹²⁴ Yang Tu, a Hunan native and one of the leaders of the Chinese student movement in Tokyo, published an article in the *Hsin-Min ts'ung-pao*, calling the American re-control of the Company a trick designed by Sheng and asking for a showdown with the Company.¹²⁵ During the same period, Huang Ch'ang-nien, a Hunan censor, impeached Sheng, accusing him of illegitimate deals over the issue.¹²⁶ Another Manchu censor, Hsi-lin, also memorialized the throne, charging Wu Ting-fang accepting bribes from Americans since the very beginning of the Sino-American negotiations over that railway.¹²⁷

In any case, Chang Chih-tung was reluctant to face a head-on clash with the United States government. At the same time, he could not withdraw from his former stand without arousing serious complaints from the provincial gentry groups. Indeed, the pressure exerted by these groups was so strong that there was the possibility of revolt in the provinces if their demands were not met.¹²⁸ Supported by the Ministry of Foreign Affairs in Peking and the Ministry of Commerce, which was in charge of the nation's railway affairs, Chang now became the pivotal figure in the movement. He understood fully the urgency of the issue and, under his direction, a plan was drawn up to make direct negotiations with the controlling American shareholders and thus avoid the interference of the American government. He aimed to recover the concession for the Chinese. In order to avoid the charge of the American government that such a recovery was "spoliation", he agreed to an indemnity.¹²⁹ The Chinese minister at Washington, Liang Cheng, was directed by Chang to contact J.P. Morgan and his representatives, and to arrange a settlement based on these basic principles.¹³⁰

After gaining control of the Company Morgan expressed his intention to negotiate a reasonable settlement of the issue.¹³¹ This coincided with the Chinese efforts. The American government also expressed informally the intention that it would not block any direct settlement of the dispute between the two sides.¹³² The negotiations started in January 1905 between Liang Ch'eng and John W. Foster, representing the Chinese government, and Elihu Root, former Secretary

of the Army, and George W. Ingraham, a former judge, representing J.P. Morgan. The Chinese delegates stressed the fact that the abrogation was already an established fact, given the official announcement to that effect by the Chinese government in November 1904. They offered to pay a reasonable sum to compensate the American China Development Company for its completed work. Morgan's representatives tried to confirm the responsibility of the Chinese government and demanded a sum of \$18,100,000 as indemnity. In addition, all the bonds of \$2,222,000 which had been sold out in the stock market should be redeemed with cash by the Chinese side.¹³³ Later, although the American demand was decreased to \$7,000,000, they maintained that the Chinese should pay an additional commission of \$250,000 and bond-profits of \$400,000 as well as the annual payment of 5 per cent interest on all railway bonds sold.¹³⁴ Liang refused to comply with these demands, but agreed to pay a sum equivalent to three times the actual expenditures the American company had made in the undertaking.¹³⁵ The indemnity was finally set at the sum of \$6,750,000, including the floated bonds of \$2,222,000 and an exorbitant estimate of the payment and the pertinent interest for building the branch line between Canton and Sanshui as well as the price for available railway material, charts and other. The entire sum represented a charge of \$3,000,000 for the complete railway line in China as well as another \$3,750,000 as the redemption fee for the concession.¹³⁶ A provisional agreement was signed by Foster and Root on June 7, 1905, in which China was to make the first payment of \$2,000,000 within three months and the balance within six months. At the same time, she would recover all the Canton-Hankow railway rights together with its completed 21-mile railway.¹³⁷ The American charge for the redemption was actually much more than they had factually paid for the concession. The sum had made China obliged to an actual payment of more than \$6,800,000, including the principal and interests.¹³⁸

F. Conclusion

The Chinese minister acted swiftly to inform the State Department of the conclusion of the preliminary agreement. On June 20, 1905 the American Com-

pany's board of directors voted its approval.¹³⁹ Anxious to hold firmly to this agreement, Chang Chih-tung took an unprecedented action in memorializing the throne for imperial approval of it. This was done on August 15, 1905, fourteen days before final approval was given by the shareholders of the American China Development Company.¹⁴⁰

This settlement aroused strong opposition from the Belgian shareholders who still retained part of their influence in the Company.¹⁴¹ It was also disapproved by John Hay before his death in June 1905, and by Edwin Conger, the former American minister to China. Both men viewed this as a blow to American interests in China which would possibly prevent Americans "from getting any new concessions for years to come."¹⁴² Loomis, who became acting Secretary of State after Hay's death, even attempted to prohibit such a deal.¹⁴³ William W. Rockhill, the newly-appointed American minister to China in 1905, also opposed a redemption settlement before he left Washington for Peking. He proposed to adjust the difference between the Chinese gentry-merchant-students and the American Company by amending or supplementing the original contracts, so that the terms of the railway concession would be "satisfactory to all parties" and "would greatly help restore Chinese confidence in our (American) national good faith."¹⁴⁴ The minister viewed the whole issue as having a direct bearing on American interests in China and urged the State Department to do all in its power to help achieve an honorable settlement to do all in its power to help achieve an honorable settlement. He warned that should the concession be sold by the Company, the Chinese would probably be unable to construct it themselves, and it "would be conceded to some combination of European interests and therefore become eventually dangerous to our political as well as our commercial interests in this country (China)."¹⁴⁵ After being informed of the signing of the preliminary agreement between the Chinese government and the Company, Rockhill charged that the fixed indemnity of \$6,750,000 was "a sum vastly in excess of outlay of (the) company to date, plus liberal interests, (and) is looked (upon) by all (as) an excessively sharp practice of the shareholders."¹⁴⁶ He also considered that the agreement would place the United States government "in a false position", and would serve "to intensify anti-American feeling" as well as to aid "our competitors in these markets" "by shaking belief in our business integrity", and as a result,

"American would get no new concession for years to come."¹⁴⁷ Among those influential politicians in Washington, only Elihu Root, who was Morgan's lawyer and would soon be nominated to be Secretary of State, favored a conciliatory settlement with the Chinese over the case.¹⁴⁸

Under the personal initiative of Leopold II, the Belgians hoped to reverse the settlement through a direct appeal for the intervention of Theodore Roosevelt, the President of the United States. Roosevelt promised to discuss with Morgan for reconsideration of the entire matter. Morgan first agreed to hold the enterprise, but later changed his mind. He along with his business associates insisted that since the Chinese government was determined to recover this railway concession, the risk would be too great for them to proceed. Moreover, the compensation provided by the Chinese side was more than the American shareholders could hope for if the case was arbitrated. Roosevelt was compelled to withdraw his suggestion and admitted that his intervention was too late to bring any result.¹⁴⁹

The preliminary agreement was quickly approved by both sides. It served as the first successful effort made by the Chinese gentry and officials in a series of endeavors to recover their railway and mining rights which had been lost to foreign powers since 1895. The movement gained rapid momentum in the next three years, and several other foreign railway concessions were recovered.

NOTES

1. Alexander De Conde, *A History of American Foreign Policy* (New York, Charles Scribner's Sons, 1963), pp. 235-239.
2. En-Han Lee, "China's Responst to Foreign Investment in Her Mining Industry", *Journal of Asian Studies*, 28:1 (November 1968), pp. 55-76; E-tu Zen Sun, *Chinese Railways and British Interests, 1898-1911* (New York, 1954), pp. 21-4; En-Han Lee, "China's Response to the Foreign Scramble for Railway Concessions, 1895-1911", *Journal of Oriental Studies* (Hong Kong University), Vol. XIV, No. 1 (1976), pp. 2-3.
3. Thomas J. MacCormick, *China Market: America's Quest for Informal Empire, 1893-1901* (Chicago, 1967), pp. 100.
4. *The Times*, September 5, 1905, p. 6.
5. Charles S. Campbell, Jr., *Speical Business Interests and the Open Door Policy* (New Haven, 1951), p. 22; William R. Braisted, "The United States and the American China Development Company", *Far Eastern Quarterly*, XI:2 (February 1952), pp. 147-65.
6. Mongton Chih Hsu, *Railway Problems in China*, (New York, 1915), p. 82; *The Times*, (London), September 5, 1904, p. 9.
7. *The Times*, September 5, 1904, p. 9; Campbell, *op.cit.*, pp. 26-8.
8. MacCormick, *China Market*, pp. 74, 89-92; Campbell, *op.cit.*, p. 72.
9. John V.A., *Treaties and Agreements*, I:145-7; Li Kuo-chi, *Chung-Kuo Tsou-chi ti tieh-lu chiung-yung*, (Early Railway Management of Modern China), (Taipei, 1961), pp. 158-9.
10. Sheng Hsuan-huai, *Yu-chai tsun-ko* (Collected Works of Sheng Hsuan-huai, hereafter refer to as YCTK), telegrams, 6:7; 6:31; 7:8; 8:32.
11. MacMurray, *op.cit.*, 1:135-142; Li Kuo-chi, *op.cit.*, pp. 157-74.
12. Kent, *Railway Enterprises in China* (London, 1907), p. 131; Joseph, *Foreign Diplomacy in China*, pp. 357-8.
13. YCTK, telegrams, 7:23-4.
14. *Ibid.*, Telegrams, 6:10, 9-17; Memorials, 2:10; Sheng Hsuan-hui, *Sheng Hsuan-huai wei-kan han-kao*, (Unpublished Works of Sheng Hsuan-huai), p. 39.
15. *British Parliamentary Papers* (hereafter refer to as BPP), State Papers (1899), China, No. 1, pp. 336-9; W.W. Rockhill, *Treaties and Conventions with or concerning China and Korea, 1894-1904* (Washington, D.C., 1904), YCTK, telegrams, 8-19, 34-5. After the signing of this Sino-American loan agreement of April 1898, Wu Ting-fang had informally agreed that as soon as the railway construction should commence, the American company would be assigned right to open coalfield along the line but it had to repay to Sheng Hsuan-huai one-fifth of the 5% commission for its management of the railway. This understanding had never been reported to the Peking government by Sheng. This is an apparent evidence of Sheng's corruption as an official (YCTK, telegrams, 8:24).
16. William B. Parsons, *An American Engineer in China* (New York, 1900), pp. 45-6.
17. *The Times*, September 5, 1904, p. 9; Kent, *op.cit.*, p. 114.
18. YCTK, telegrams, 10:6, 13:4; Hsu Tung-tse, ed., *Chang Wen-hsiang kung nien-pu* (Chrono-

- logical Events of Chang Chih-tung), (Shanghai, 1945), p. 135.
19. YCTK, telegrams, 10:4, 6; 11:6, 7, 25, 28, 33,25; memorials, 7:17-20; Kent, *op. cit.*, 114-5.
 20. *Chung-kuo wai-chiao tang-an* (Diplomatic Archives of China, 1861-1926), deposited at the Academia Sinica, Taipei, Taiwan, Wu Ting-fang's letter, 20/4/26th Kuanghsu reign; Kent, *Railway Enterprise in China*, 114-5; YCTK, telegrams, 34:20, 7:17-20; memorials, 7:17-20.
 21. William R. Braisted, *op. cit.*, p. 150; *The Times*, September 5, 1904, 9; Campbell, *op. cit.*, 39.
 22. Braisted, *op. cit.*, 150; Kent, *op. cit.*, 115-6.
 23. BPP, State Papers (1899), China, No. 1325-6; Campbell, *op. cit.*, 39; Hu Pin, *Shih-chiu-shih-chi mo-yeh ti-ko-chu-i chung-tueh Chung-kuo ch'uan-i shih* (History of the Imperialist Battle of Concessions in the Late 19th-century China), (Peking, 1957), 170.
 24. Kent, *Railway Enterprise in China*, 116.
 25. John W. Foster, *Diplomatic Memoirs* (Boston, 1909), II:298; *North China Herald* (hereafter as *NCH*), April 22, 1904, 856-7; *The Times* September 5, 1904, 6.
 26. *NCH*, April 22, 1904, 856-7; July 29, 1904, 255-6; Foster, *op. cit.*, II: 295, Braisted, *op. cit.*, p. 153-4.
 27. *The Times*, September 5, 1904, 9; Kent, *op. cit.*, 117.
 28. U.S. Department of State, *Foreign Relations of the United States* (1905), (Washington D.C.), 195-7; *NCH*, September 22, 1905, 675; *The Times*, January 4, 1904, 9; YCTK, telegrams, 40:5-6. Braisted, *op. cit.*, p. 156. According to a British diplomatic report made by Sir Ernest Satow, the British minister in Peking, that two-thirds of the capital of the American China Development Company were before January 1904 Belgian. J.P. Morgan and Bash, the original organizer of the Company, had only 700 shares among the whole 4000 shares, and Townsend of the Hong Kong and Shanghai Banking Corporation had 20 shares. The Belgian king was reported to have sent Col. Thys and M. De Volder to the United States to arrange that, out of the 200,000,000 francs to be expended on the Canton-Hankow line two-thirds of it should be taken up in Belgium, partly with French assistance, and one third be retained by the American capitalists (*BBP, F.O. Confidential print*, 450/154, Inclosure to No. 22, Memo by Carnegie).
 29. YCTK, telegrams, 40:5-6; *NCH*, April 22, 1905, 850.
 30. *The Times*, January 4, 1904, 3; September 5, 1904, 6.
 31. *NCH*, February 25, 1904, 396; May 6, 1904, 928; July 1, 1904, 47.
 32. *The Times*, January 18, 1904, 5; February 24, 1904, 7.
 33. Braisted, *op. cit.*, 157; *NCH*, July 1, 1904, 47.
 34. Braisted, *op. cit.*, 157.
 35. *NCH*, January 8, 1904, 14; Tyler Dennet, *Theodore Roosevelt and the Russo-Japanese War* (Garden City), 77, New York, 1925.
 36. *The Times*, September 4, 1905, 6.
 37. Kent, *op. cit.*, 114-5. YCTK, Telegrams, 25:35, 34:1.
 38. YCTK, Telegrams, 25:35, 26:18, 34:1, 34:4, 34:9-10, 39:22,23.

39. *Ibid.*, Telegrams, 34:9–10, 35:4–5, 39:22–23.
40. *Ibid.*, Memorials, 7:17–20.
41. *Ibid.*, Telegrams, 33:34; 34:9–10; 34:16; 35:8; Chang Chih-tung, *Chang-wen-hsiang-kung chuan-chi* (Collected Works of Chang Chih-tung), (hereafter as *CWHKCC*), Telegrams, 72:2.
42. *The Times*, September 5, 1904, 9; *YCTK*, Telegrams, 38:10–11, 40:9, 41:15.
43. *YCTK*, Telegrams, 40:6.
44. *Ibid.*, Telegrams, 40:5.
45. *Ibid.*, Telegrams, 39:22; *Chung-kuo wai-chiao tang-an* (Diplomatic Archives of China), 8/12/30, Kuanghsu reign, Sheng Hsuah-huai's telegram.
46. *YCTK*, Telegrams, 41:28.
47. *Chung-kuo wai-chiao tang-an*, 12/8/30, Kuang-hsu reign, Sheng's telegram.
48. *YCTK*, Telegrams, 41:6.
49. U.S.; Department of State, *Diplomatic Instructions of the Department of State, China, 1903–1905* (Microfilmed by the National Archives, United States of America), No. 827, Loomis to Conger, July 28, 1904.
50. *DUSM*, 92:126, July 11, 1904, Conger to Prince Ch'ing.
51. *YCTK*, telegrams, 41:24–5.
52. *CWHKCC*, telegrams, 68:23; *YCTK*, telegrams, 40:23–4; *NCH*, January 13, 1905, 65.
53. Chang Chun-hsun was a rich overseas Chinese businessman who made his multi-million fortune in the Dutch East Indies and the British Malaya by investing in coffee, rubber, tea plantation as well as in shipping, banking and mining. In 1895, he was appointed as the first Chinese consul in Penang, and several years later, was promoted to be consul-general in Singapore. Being appointed as a subminister of the Imperial Etiquette in 1896 and an Imperial Commercial Commissioner in 1905, he also invested heavily in the various provinces of China, including a brewhouse, a mechanized brick-making factory, a textile mill, a salt-producing plant, a land reclamation and dairy field as well as some mining fields (See Wang Ching-yu, et. al. ed. *Chung-Kuo chin-tai kung-yeh-shih tse-liao* (Materials on Industry of Modern China) (Peking, 1957), Vol. II, 993–4.
54. *YCTK*, telegrams, 43: 17–8.
55. *The Times*, September 4, 1905, 6, Chen San-li, *San-yuan-chin-shih wen-chi* (Collected Works of Chen San-li), Vol. 8.
56. Lee En-Han, "Chung-mei shou-hui Yueh-han lu-chuan chiao-sheh (The Sino-American Diplomatic Negotiations over the Canton-Hankow Railway Concession, 1897–1905), *Chung-yang-yen-chiu-yuan chin-tai-shih yen-chiu-so* (Bulletin of the Institute of Modern History, Academia Sinica), (Taipei, 1969), I: 165.
57. Wang Hsien-chien, *Hsu-shou-tang wen-chi* (Collected Works of Wang Hsien-chien), (Changsha), letters, 2:4.
58. *TFTC*, 1:1, "Notes on the Official-Gentry Commission in Hunan".
59. *CWHKCC*, telegrams, 68:16–7.
60. *Ching-shih kou* (Draft History of the Ching Dynasty), Nien-piao (Tables of Provincial Officials), 4:8; Lee En-Han, "Chung-mei shou-hui Yueh-han-tieh-lu chiao-she", 165.
61. Lee En-Han, *ibid.*, 165.

62. P'eng Yu-hsin; "Hsin-Hai-Ko-Min Chien-hsi Chung-Kuo tze-pen-chu-i kung-yeh yu tze-chan-chieh-chi" (Chinese Industry and the Bourgeoisie Class Before the 1911 Revolution; *Hsin-Hai Wu-shih-nien* (The Fifty Years' Anniversary of the 1911 Revolution), ed. Wu Yu-chang (Peking, ?), pp. 93-94.
63. Gaimusho (Japanese Foreign Office), ed., *Nishon Gaiko Buansho* (The Diplomatic Papers of Japan), 38:2, 185-6; *TFTC*, 1:8, communications, 83-4.
64. *TFTC*, 1:8, communications, 83-4; *YCTK*, telegrams, 41:5, 11; Ming Erh-chang, ed., *Pei chuan chi pu* (Additional Biographies of Officials), vol. 20.
65. *YCTK*, telegrams, 41:21; *CWHKCC*, telegrams, 68:28-9; 69:37.
66. *CWHKCC*, telegrams, 68:16-7; Yeh Kung-chueh, *Hsia-an hui-kao* (Collected Works of Yeh Kung-chueh), (1930), 2:221. Before Chang Chih-tung expressed his support of the reclamation campaign of the Hunanese gentry, he was persuaded by Edward H. Fraser, the British consul-general at Hankow that the Belgian control of the American Canton-Hankow railway concession would result a serious imperialist scheme of the Russo-French group in China, *CWHKCC*, Telegrams, 68:16-17.
67. *YCTK*, biography, 43.
68. *CWHKCC*, memorials, 65:21-2, *CWHKCC*, Telegrams, 68:26, *YCTK*, telegrams, 41:11-12.
69. *Nihon gaiko bunsho*, 38:2, 178-9; *NCH*, June 23, 1905, 628.
70. *Diplomatic Instructions of the Department of State*, No. 827, Loomis to Conger, July 28, 1904; *DUSM*, Conger to Prince Ching, June 11, 1904; *YCTK*, telegrams, 41:26-30.
71. *DUSM*, 92:126, No. 1631; *YCTK*, telegrams, 41:26-30.
72. *The Times*, September 5, 1905, 9.
73. *YCTK*, telegrams, 41:10-11, 42:31; *CWHKCC*, telegrams, 69:37.
74. *CWHKCC*, telegrams, 69:37. Concerning Cheng Kuan-yung's biography, see Yen-ping Hao, *The Compradore in 19th Century China: Bridge Between East and West* (Cambridge, Mass., 1970), 34, 35, 42, passion.
75. *Ibid.*, telegrams, 68:32-3; 70-7; *DUSM*, 92/127, No. 1797, Coolidge to Hay.
76. *Ibid.*, telegrams, 69:8-9.
77. *Ibid.*, telegrams, 70:2-3; 7.
78. *Ibid.*, 70:7.
79. *Ibid.*, telegraphic memorials, 13:23-6; memorials, 66:3-6; *Hsin-min tsung-pao* (The New People's Tribune), 3:12; 71-2; Wang Hsien-chien, *ibid.*, letters, 2:29.
80. *YCTK*, Telegrams, 41:26.
81. *Ibid.*, telegrams, 41:18-20, 27-8.
82. *Nihon gaiko bunsho*, 38:2, No. 1092; *TFTC*, 2:1, communications, 4-8; Hsu Tung-tse, *Chang-wen-hsiang-kung nien-pu* (The Chronological Events of Chang Chih-tung), 187.
83. *TFTC*, 1:8, communications, 77-80.
84. *Ibid.*, 1:12, comments, 83-4.
85. *Ibid.*, 1:10, communications, 101-4.
86. *Hsin-min tsung-pao*, 3:3, "Comments on the Current Events", 1-6; 3:8, 8.
87. *Ibid.*, 3:11, miscellaneous comments, 68-9.
88. Wang Kang-nien, *Wang Hsiang-ching i-shu* (Collected Works of Wang Kang-nien), 4:4-5;

TFTC, 2:2, editorial.

89. *Min Pao*, No. 1, Han-min, "The Manchu government and the Chinese exclusion in U.S."
90. *Hsin-min tsung-pao*, 3:14, "Petition of the Chinese Students in the United States for the Recovery of the Canton-Hankow Railway".
91. *Ibid.*
92. "A Chinaman on the Canton-Hankow Railway Dispute", *The American Monthly Review of Reviews*, XXXII: 3 (September 1905), 368.
93. Campbell, *op. cit.*, 39, 40; Braisted, *op. cit.*, 2, 150.
94. *Diplomatic Instructions of the Department of State*, China, No. 764, Hay to Conger, February 20, 1904; No. 778, Hay to Conger, March 18, 1904.
95. *Ibid.*, No. 827, Loomis to Conger, July 28, 1904.
96. Braisted, *op. cit.*, 157.
97. Charles Vivier, *The United States and China, 1906-1913: A Study of Finance and Diplomacy* (New Brunswick, 1955), 73.
98. *NCH*, July 22, 1904, "The Anglo-American Railway Enterprise".
99. *Ibid.*, April 22, 1904, 856-7.
100. *NCH*, July 1, 1904, 47; July 22, 1904.
101. *Despatches of U.S. Ministers, in China*, No. 92, Roll 127, No. 1743, (Hereafter refer to as *DUSM*), Conger to Hay, November 11, 1904.
102. *Ibid.*, *YCTK*, telegrams, 40:9; 41:15.
103. *Diplomatic Instructions of the Department of State*, No. 827, Loomis to Conger, July 28, 1904.
104. *Ibid.*, No. 868, Loomis to Conger, January 9, 1905.
105. *DUSM*, 92:127, No. 1746, Conger to Hay, November 16, 1904; No. 1809, Coolidge to Hay, February 9, 1905.
106. *Ibid.*, No. 1746, Conger to Hay, November 16, 1905, enclosure 2; *Diplomatic Instructions of the Department of State*, telegrams, Hay to Conger, January 6, 1905.
107. Robert L. Satterlee, *J. Pierpont Morgan: An Intimate Portrait* (New York, 1939), 418.
108. *YCTK*, telegrams, 44:6; *The Times*, September 4, 1905; *NCH*, January 6, 1905, 35; March 24, 1905, 576.
109. *The Times*, January 10, 1905; *Hsin-min tsung-pao*, 3:14, "On the the Canton-Hankow Railway"; *TFTC*, 2:2, miscellanies, 36. According to a report given by John C. Ferguson, the distribution of the American China Development Company's bonds was as follows after Morgan's control of the Company: 4,000 bonds belonged to the American investors, 1,004 to the French Banking groups and 1496 remained in the Belgian hands. See Mongton C. Hsu, *Railway Problems in China*, 83n.
110. *Diplomatic Instructions of the Department of State*, telegrams, Hay to Conger, January 6, 1905; *DUSM*, No. 1771, Conger to Hay, December 20, 1904.
111. *Diplomatic Instructions of the State Department*, No. 875, Loomis to Conger, January 28, 1905.
112. Wang Hsien-chien, *Hsu-shou-tang wen-chi*, letters, 2:34.
113. *Ibid.*, essays, 7, "A Preface to a Symposium in honor of the 70th Birthday of Chu Hung-

chi”.

114. CWHKCC, telegrams, 70:30-1.
115. *Ibid.*, telegrams, 70:1-2; *The Times*, September 4, 1905, 6.
116. *Ibid.*, telegrams, 71:1.
117. *Ibid.*, telegrams, &:1-2; *The Times*, September 4, 1905, 6.
118. Diplomatic Archives of China, telegrams, 15 April 1931, Kuang-hsu reign.
119. CWHKCC, telegrams, 70:30-1, 33; 70:1.
120. Min Erh-chang, ed., *Pei-chuan chi pu* (Supplementary Collection of Biographies), chapter 5, “biograph of Lun Chuan-lin”.
121. *Diplomatic Archives of China*, 15/4/31 Kuang-hsu reign, telegram of schoolmasters of Hunan Province.
122. *Ibid.*, 23/4/31 Kuanghsu reign.
123. YFTC, 2:1, miscellaneous news.
124. *Hsin-min tsung-pao*, 3:14, “Petition of the Chinese Students in the United States for the Recovery of the Canton-Hankow Railway.”
125. *Ibid.*, 3:14, “On the Canton-Hankow railway”.
126. *Ibid.*, 3:14, “Events in China”.
127. *Hsin-min-tsung-pao*, 3/14, “Events in China”.
128. CWHKCC, telegrams, 71:2, 6.
129. *Ibid.*, telegrams, 70:38-9.
130. *Ibid.*, telegrams, 71:6, 11, 15, 16, 17; Paul A. Varg, *Open Door Diplomacy: The Life of W. W. Rockhill* (Urbana, 1952), 74-5.
131. CWHKCC, telegrams, 71:5; Harold K. Beale, *Theodore Roosevelt and the Rise of America to World Power* (Baltimore, 1956), 202.
132. DUSM, 92/127/1771, Conger to Hay, December 20, 1904.
133. Beale, *op. cit.*, 203; Braisted, *op. cit.*, 160.
134. NCH, September 22, 1905, 676; Braisted, *op. cit.* 160; CWHKCC, memorials, 65:25.
135. *Ibid.*, Foster, *Diplomatic Memoirs*, II, 300.
136. Kent, *op. cit.*, 119; E-tu Zen Sun, *Chinese Railways and British Interests*, 79; CWHKCC, telegrams, 71:37; telegraphic memorials, 13:24-5. The completed railway of the American company had only about 21-mile single-rail line (some part was double-rail), together with about 50 miles of embankment (CWHKCC, memo, 65:33-34.)
137. *Ibid.*
138. CWHKCC, telegrams, 71:28-29.
139. *Diplomatic Instructions of the Department of State*, telegrams, Loomis to Rockhill, June 9, 1905; Braisted, *op. cit.*, 160.
140. *Foreign Relations of the United States*, 1905, 134, Prince Ch’ing to Liang, August 15, 1905; CWHKCC, telegraphic memorials, 13:20-4.
141. Beale, *Roosevelt and the Rise of America*, 292; Braisted, *op. cit.*, 160.
142. Elting E. Morrison, et al. ed., *The Letters of Theodore Roosevelt* (Cambridge, Mass., 1951), IV, No. 3603, July 18, 1905, to J.P. Morgan; Beale, *op. cit.*, 205, 206.
143. Beale, *op. cit.*, 206.

144. *DUSM*, No. 9, Rockhill to Hay, June 7, 1905.

145. *Ibid.*

146. *Ibid.*, No. 50, Rockhill to Secretary of State, August 9, 1905; Beale, *op.cit.*, 206.

147. *Ibid.*

148. Foster, *Diplomatic Memoirs*, II, 299; Beale, *op.cit.*, 205.

149. Morrison, *The Letters of Theodore Roosevelt*, IV; 1326, No. 3653, to Rockhill, August 29, 1905; V, 29–30, to Whitelaw Reid, September 16, 1905; Beale, *op.cit.*, 211; *NCH*, September 22, 1905, 676; Vevier, *The United States and China*, 93. Concerning Theodore Roosevelt's intervention of the controversy, see Braisted, *op.cit.*