

# Great Britain, Germany, and the Selected Railway Problems in China, 1907–1908<sup>1</sup>

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## INTRODUCTION

Over the whole 19<sup>th</sup> century, the Great Powers, and Great Britain in particular, consolidated their position within China<sup>2</sup> so that at the end of the century, and the beginning of the 20<sup>th</sup> century, there was a marked weakening of the ruling Qing, or Manchu, dynasty<sup>3</sup> with the Chinese government having to consent to the presence of foreign armies in Beijing in order to protect the diplomatic quarter, or be forced to pay a high fine.<sup>4</sup> Immediately upon signature of the so-called Boxer Protocol in September 1901, diplomatic representatives of Great Britain, Germany and France realised that it was absolutely fundamental that the imperial court and local political elite proceeded to undertake essential reforms. The British Legation in Beijing came to the conclusion “*that radical changes are necessary to enable this ancient empire to maintain a place among the nations.*” According to the Minister, Ernest Satow, it was nothing more than the first step.<sup>5</sup> Another important factor illustrating the crucial

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1 This text is one of the outcomes of the grant “Political and Economic Interests of Great Britain and Germany in China in 1894–1914” awarded by the Grant Agency of the Czech Republic (GA13-12431S).

2 Cf. for example Opium Wars (1839–1842, 1856–1858, 1859–1860).

3 The Boxer Rebellion (1899–1901).

4 More in detail cf. J. KOČVAR, *Boxerské povstání v Číně, 1899–1900*, in: *Historický obzor*, Vol. 19, No. 9/10, 2008, pp. 204–205. “*The Manchurian dynasty again demonstrated its inability to protect China from foreign interference. [...] They also controlled territory in a number of provinces and with the imperial court watching powerlessly, punished Chinese subjects as they saw fit for atrocities initiated by the court committed on foreigners and Chinese Christians. The dynasty was powerless.*” Ibidem, p. 205. “*Furthermore, the Boxer Rebellion gave China a bad reputation in the West, presenting the Chinese as unpredictable savages. It was now clear that the old order had gone. The question remained to what extent and with what to replace it.*” F. SATRAPA, *Mezi tradicí, reformou a revolucí: Čína na sklonku císařské éry*, in: *Historický obzor*, Vol. 15, No. 1/2, 2004, p. 265.

5 N. P. PETERSSON, *Imperialismus und Modernisierung: Siam, China und die europäischen Mächte 1895–1914*, München 2000, p. 178. “*Im Westen hatte man praktisch nach jedem größeren Krieg und jeder neuen chinesischen Niederlage den endgültigen Durchbruch westlicher Ideen, westlicher Institutionen und westlicher Waren erwartet, und nach dieser krasssten Niederlage*

changes taking place at the beginning of the 20<sup>th</sup> century, was the gradual advocacy of idea of reclaiming “China for the Chinese” and the rejection of special rights for the European Powers, who therefore supported the imperial court and its attempts at reforms from above which would miss out a wide section of the people and ensure they could maintain the concessions and influence they had held until then.<sup>6</sup>

The Russo-Japanese War on dominance in Korea and northern China (in Manchuria, from where the last ruling dynasty came from) in 1904–1905 represented a key milestone in the evolution of international relations and the politics of power, even beyond the Far East. The conflict between the two undoubted great powers in the region, Tsarist Russia and Japan, a country still underestimated (at least in Europe), had somewhat surprising results. In early September 1905, St Petersburg had to recognise its defeat in Portsmouth, America, and the Land of the Rising Sun took on the status of a great power in the Far East alongside Great Britain.

The results of this armed conflict, which at first sight paradoxically played out within the territory of a third state, China, undoubtedly affected events in China itself. The simple fact that Beijing had to suffer a war on its territory, although it was not a party to the conflict, was a clear declaration of its weakness and the bygone fame of this once great Far East power. The victory of an Asian Power against a European one not only rid China of pressure from Russia, but also provided a new impetus for attempts at reform in the country, and as such as we can concur with the idea: *“Modernisierung war von nun an nicht mehr nur eine von außen an China gestellte Forderung oder das Anliegen eines kleinen Teils der Eliten, sondern das bestimmende Thema der chinesischen Innen- wie Außenpolitik [...] Die Reformpolitik griff auf fast alle Bereiche des gesellschaftlichen Lebens über und entwickelte eine eigene, von ihren Initiatoren bald nicht mehr zu kontrollierende Dynamik.”*<sup>7</sup>

Japanese victory literally made China “wake up”, specifically arousing its political and social life. For perhaps the first time in the country’s history, the wider public spoke out, not just the educated and officials. Students<sup>8</sup> and graduates of Japanese universities, traders who were particularly sensitive to European competition and members of the landed gentry got involved. Tokyo’s success in the war with Tsarist Russia demonstrated that Asian states too could set out on a path to becoming a great power.<sup>9</sup> The imperial court, however, realised that the methods being used at the time for undertaking reforms were insufficient and they would have to rely

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*Chinas erwartete man ihn erst recht.”* W. STINGL, *Der Ferne Osten in der deutschen Politik vor dem Ersten Weltkrieg (1902–1914)*, Bd. 2, Frankfurt am Main 1978, p. 377.

6 PETERSSON, p. 188; STINGL, pp. 379–380.

7 PETERSSON, p. 201.

8 More students decided to study abroad. More in detail cf. D. TWITCHETT — J. K. FAIRBANK, *The Cambridge History of China: Late Ch’ing, 1800–1911*, Vol. 2, Part 2, Cambridge 1980, p. 376.

9 It should be noted that most politicians, including, e.g. British Prime Minister, Arthur Balfour, believed in the victory of Russia and feared an impingement of China’s territorial integrity. Cf. E. W. EDWARDS, *British Diplomacy and Finance in China, 1895–1914*, Oxford 1987, p. 62; K. C. CHAN, *British Policy in the Reorganization Loan to China 1912–1913*, in: *Modern Asian Studies*, Vol. 5, No. 4, 1971, p. 356.

more on support from the above-mentioned sections of society.<sup>10</sup> The great powers were well aware of the new situation, and talk of China “awakening” did not remain hidden from them. Their diplomatic representatives understood the situation, and in their declarations they regularly warned that this time it was not the usual resistance of officials and parts of the local conservative elite, but rather it was a completely new political factor, an upheaval amongst wider sections of society, and a rise of national awareness. As such, Europeans suspected, “*daß sich das erwachsende Nationalgefühl in China zuerst gegen ihre wirtschaftliche Präsenz und ihre Privilegien wandte*”.<sup>11</sup>

One of the by-products of the Chinese government’s new course was their attempts at financing the construction of the railway using their own funds. The other side of the coin, however, was that it proved impossible to collect enough finances, meaning most ambitious plans remained just on paper; the local gentry in the various provinces were unable to raise the money necessary and they had to face the fact that without foreign capital the railways could not be built.<sup>12</sup> Conversely, the great powers also had to deal with new conditions for their activities. The period subsequent to 1905 was a period of gradual co-operation, which reached its zenith in 1909–1910 with the formation of a banking consortium (of British, German, French and American banks), which provided China with the necessary finances.<sup>13</sup>

The first decade of the 20<sup>th</sup> century saw a fundamental change in Chinese history. The imperial court “*together with provincial dignitaries made an attempt at real and deep reform, a kind of revolutionary transformation of the state and civilisation at a speed probably unprecedented in human history*”.<sup>14</sup> There was to be a complete overturning of the social and economic order nationwide in response to the situation it found itself in. The question remained, however, as to whether the transformation required would usher in the desired results.

At the end of the Russo-Japanese War, China found itself in a situation where not only local elites, but even the imperial court itself, were aware that the country had to modernise, because if they didn’t China would be in danger of becoming a state of little significance. One of the key areas Beijing decided to engage with was the

10 Cf. PETERSSON, pp. 201–204.

11 Ibidem, p. 210. British Minister in Beijing, Ernest Satow, gave an apt description in his letter to the Foreign Secretary, Edward Grey: “*I mean that China is no longer as ready to submit to all and every demand of the Powers as she was, and unless she gets another knock-down blow, will in the future be less and less tractable.*” The National Archives, London, Kew (hereafter TNA), Foreign Office (hereafter FO) 800/44 (Private Offices: Various Ministers’ and Officials’ Papers, Grey, Sir Edward (Viscount), China), Satow to Grey, Peking, March 31, 1906, f. 61. The German military attaché in Beijing, Major von Clear, had the same feeling, noting that China had been reserved until the end of the war, but the situation had changed after signature of the peace deal. Increased national self-confidence, boycotts of foreign goods and a new foreign policy were all clear proof of this change, in his opinion. Cf. Politisches Archiv des Auswärtigen Amtes, Berlin (hereafter PA AA), China No. 1, R 17686, Claer an das Königlich Preussische Kriegsministerium, Dezember 20, 1905, f. 000092.

12 Cf. A. SKŘIVAN, *Výstavba železniční sítě v Číně do světové hospodářské krize*, in: Acta Universitatis Carolinae, Philosophica et Historica 1, Studia Historica XII, 1974, p. 17.

13 EDWARDS, p. 89.

14 SATRAPA, p. 265.

issue of railway and mining concessions. However, the Western powers had clear technological and organisational dominance in this field, and had no intention of giving up the rights they had acquired at the end of the 19<sup>th</sup> century. Furthermore, the Chinese lacked sufficient capital so that the dream of building the railways using only Chinese funding and Chinese workers seemed unrealistic. Great Britain and Germany, the Great Powers which had acquired influence in China at the end of the 19<sup>th</sup> century, were not immune to attempts by the local elite to gain control over railway construction. It should be noted, however, these attempts were naïve ideas from Chinese politicians at either a central or local level. As such, British and German diplomatic representatives in China were able to repeatedly state in late 1905 and during 1906 that China did not have sufficient resources to implement railway construction themselves. The Great Powers realised that Beijing could not threaten their railway concessions in any fundamental manner, and as such focused on their spheres of influence and bided their time.

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The interests of Great Britain and Germany in the railway in China continued to play an important role in the subsequent years of the first decade of the 20<sup>th</sup> century. Right at the beginning of January 1907, the Foreign Office had to respond to the Chinese government providing a concession to the French on the Laokay-Yünnan-fu line, with London receiving what it considered an insufficient counterbalance in the form of a concession for the Bhamo-Tenguyeh Railway. The author of the report, the head of the Foreign Office's China section, Francis Alexander Campbell, wrote in no uncertain terms that Beijing must realise where Britain had interests, which it would naturally pursue and was not going to allow France or anyone else to push them out. The Chinese government had already promised London a concession for that particular line in 1902 and at the same time had recognised that its rights would be the same as Paris's rights, added Campbell.<sup>15</sup>

Essentially the next day, mutual communication between The British and Chinese Corporation (B&CC) and the Foreign Office dealt with the important Guangzhou (Canton)-Kowloon and Suzhou-Ningbo (Soochow-Ningpo) Railway lines.<sup>16</sup> In the opinion of British Minister in Beijing John Jordan, it would be more appropriate to secure ratification of the imperial edict for the first named line, and then deal with the second one. Foreign Secretary, Edward Grey, expressed his agreement with this approach. Company management, however, had to inform the Foreign Secretary that: "*Canton-Kowloon Railway Imperial Edict has been delayed, owing to opposition Canton*".<sup>17</sup>

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<sup>15</sup> TNA, FO 405/180, Foreign Office to India Office, No. 2, Foreign Office, January 2, 1907, pp. 1-2. The Secretary of State for India expressed his consent to the Foreign Office's approach a few days later. Cf. *ibidem*, India Office to Foreign Office, No. 5, India Office, January 8, 1907, p. 6.

<sup>16</sup> Srv. R. W. HUENEMANN, *The Dragon and the Iron Horse: The Economics of Railroads in China, 1876-1937*, Cambridge, London 1984, p. 70.

<sup>17</sup> TNA, FO 405/180, The British and Chinese Corporation to Foreign Office, No. 3, London, January 3, 1907, p. 2.

The viceroy of Canton did not like the period the loan contract was valid for (fifty years) and proposed shortening it by twenty years. B&CC management agreed to this proposal.<sup>18</sup>

At the end of November 1906, Goltz, the chargé d'affaires at the German Legation in Beijing, informed Chancellor Bernhard von Bülow that through unofficial means he had received a draught version of the final contract on the construction of the Guangzhou-Kowloon Railway (this included the above-detailed fifty-year loan contract period). “*Von englischer Seite war aber mehrere Jahre lang nichts geschehen, um eine Verwirklichung des Projektes in die Wege zu leiten,*” added the diplomat, confirming the problem with the railway policy of the great powers in China — the concessions and agreements signed at the end of the 19<sup>th</sup> century were not being realised for various reasons.<sup>19</sup> Goltz also mentioned the resistance which the British method of implementing railway construction had aroused, but on the other hand also mentioned that if accepted, the document could become a model for similar activities in future.<sup>20</sup>

Dr Betz from the German Legation in China confirmed the shortened loan contract period from fifty to thirty years, and added that according to John Bland, this approach could threaten the issue price of shares. What was important and unfortunate at the same time for Berlin, however, continued Betz was, “*dass die Wiederaufnahme der Verhandlungen über die Tientsin-Yangtse Bahn eine neue Verzögerung erlitten hat*”.<sup>21</sup> The German diplomat correctly predicted that as long as London was unable to deal with this problem, no activity could be expected in other areas which were important for Germany.

The beginning of 1907 clearly demonstrated Great Britain's readiness to defend its railway interests in China, no matter where within the country. On the other hand, as seen from the British and Chinese Corporation's position, London wasn't recklessly insisting on its opinions, and expressed a willingness to give ground. The Germans also inquired in detail into the British Guangzhou-Kowloon Railway project, and were also interested in Britain's other activities in China.

The report that the imperial edict (dated 7 February) had been issued, approving the agreement on the Guangzhou-Kowloon Railway, arrived in London in early February 1907. Jordan, however, warned Edward Grey that actual signature of the agreement would occur once celebrations of the arrival of the Chinese New Year had

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18 In mid-January, representative of The British and Chinese Corporation, John Bland, informed company management that an edict was on the way, but due to opposition to the company's business affairs, was somewhat late. A little later, a report even stated: “*Situation is serious, caused partly on account of keen opposition Canton to loan contract, partly on account of reactionaries Peking.*” Ibidem, British and Chinese Corporation to Foreign Office, No. 8, London, January 16, 1907, p. 7. By the end of January, still nothing had happened, and reports from Beijing were even saying that nothing was going to happen until the start of the Chinese New Year. Foreign Secretary, Edward Grey, was naturally worried and asked Jordan, the Minister, whether events could be speeded up and a contract signed. Cf. ibidem, Sir E. Grey to Sir J. Jordan, No. 22, Foreign Office, January 30, 1907, p. 26.

19 PA AA, China No. 4, R 17830, Goltz an Bülow, November 27, 1906, ff. 000018–000019.

20 Ibidem, ff. 000019, 000022. The agreement cf. ibidem, ff. 000024–00047.

21 Ibidem, Betz an Bülow, January 7, 1907, f. 000071.

finished.<sup>22</sup> London agreed to the proposed loan contract period being shortened by twenty years, and so it considered there was nothing to prevent its ratification.

The German consulate in Guangzhou also reflected on the event. Consul Heintges even informed Chancellor Bülow of signature of the contract for the Guangzhou-Kowloon line; here the report differed from the British version, where spoke of a different approach. The German diplomat also mentioned that it was a marked success of the administration in Hong Kong, particularly since the Cantonese business circles had done everything possible to prevent the agreement from being concluded. In any case, the consul concluded his report, it represented a strengthening of the British influence.<sup>23</sup>

On the first day of March 1907, the British Ambassador in Berlin, Frank Lascelles, informed the Foreign Secretary of the situation regarding construction of the proposed Tianjin (Tientsin)-Yangtze Railway,<sup>24</sup> which was the responsibility of the British and the Germans, and which had not yet begun. *“The opportunity was therefore now a favourable one for China to withdraw the Concession and to undertake the construction herself,”* added the Ambassador, further saying that according to the newspaper, *National Zeitung*, it was clearly Britain at fault for the delay in construction beginning.<sup>25</sup> According to the paper, Berlin had fulfilled its part of the agreement, having inspected the agreed route of the line and hired the engineers and officials required. At the end of his telegram, Lascelles wrote that he considered the Chinese government’s method of withdrawing from the agreement to be unfair.<sup>26</sup> British Minister in Beijing, Jordan, also spoke of the problem. According to his report, discussions on the construction of the Tianjin-Yangtze Railway had proved fruitless because of the ambiguous instructions of Chinese representatives. As such, he joined his German colleagues in protesting together to the Chinese Foreign Ministry (Wai-wu Pu), and requested that discussions be moved to Beijing.<sup>27</sup>

It was apparent, even at the end of winter 1907, that the Chinese would continue, verbally at least, with their policy of railway construction using their own means, a policy which was fully implemented, at least at a theoretical level, following the end of the Russo-Japanese War in September 1905. The situation had not changed, however, and even a year and a half later, it appeared that China would be unable to muster the finances necessary for an enterprise as complex as railway construc-

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22 TNA, FO 405/180, Sir J. Jordan to Sir E. Grey, No. 28, Peking, February 8, 1907, p. 29. Signature of the final version of the contract occurred on March 7, 1907. Cf. *ibidem*, Sir J. Jordan to Sir E. Grey, No. 45, Peking, March 7, 1907, p. 68.

23 PA AA, China No. 4, R 17830, Heintges an Bülow, February 3, 1907, ff. 000095-000096.

24 Lascelles received this information from the newspaper, *National Zeitung*.

25 TNA, FO 405/180, Sir F. Lascelles to Sir E. Grey, No. 44, Berlin, March 1, 1907, p. 68. The Germans considered it extremely important that the whole project be completed, and that any delays were not in Berlin’s interests. Cf. *ibidem*, Sir J. Jordan to Sir E. Grey, No. 51, Peking, February 4, 1907, p. 77.

26 *Ibidem*, Sir F. Lascelles to Sir E. Grey, No. 44, Berlin, March 1, 1907, p. 68.

27 *Ibidem*, Sir J. Jordan to Sir E. Grey, No. 50, Peking, March 18, 1907, p. 76. John Bland also thought it more expedient to support the Tianjin-Yangtze Railway line over construction of the new section to the Suzhou-Ningbo line *“which, he thinks, will encounter opposition which it will be almost impossible to overcome”*. *Ibidem*.

tion undoubtedly was. Furthermore, London and Berlin were set on defending their interests, and not would allow them to come under any actual threat; they were not opposed to minor compromises, however, understanding that such an approach was most advantageous at the time.<sup>28</sup>

Germany decided not to give up pushing for implementation of the construction of the Tianjin-Yangtze line, and in this regard German Minister in Beijing, Arthur von Rex, received clear instructions from his government. Jordan saw no problem in collaborating with his German counterpart, Rex, to put pressure on the Chinese government. He even considered a united approach from London and Berlin was best, because it reduced the likelihood of Beijing resistance.<sup>29</sup>

Their discussions took roughly four years “*and repeated modifications have been introduced to meet the wishes of the Chinese Delegates, both as regards control and also as to the general financial conditions*”, wrote Thomas Gilbert, the Secretary of the Chinese Central Railways (CCR).<sup>30</sup> And he further claimed that the company, in collaboration with its German partners, had retreated to the very edge of its options, but it now appeared that it was impossible to move forward in any fundamental manner. The request that discussions be moved away from Tianjin did not work out either, added Gilbert. According to the information he had to hand, the British and German Ministers should now officially ask the Chinese government to clearly state whether or not they wanted to sign the agreement. While Count Rex had no objection to such a step, John Jordan did not intend to do anything without instructions from London, stated Gilbert. It was clear that Beijing was playing for time, but the report’s author, logically enough, requested the following: “*If they [the Chinese Government — L. N.] are determined that under no circumstances shall this railway be built or built by foreign capital, then the sooner it is known the better.*”<sup>31</sup>

Great Britain and Germany were not just competitors in China, but also allies, at least in terms of railway construction, as demonstrated by endeavours at co-operation in regard to the Tianjin-Yangtze Railway. On the other hand, this co-operation had its limits. The B&CC, whose opinion on possible co-operation between Jordan and Count Rex Grey had requested, did not consider marginalising discussions on a loan contract for the Suzhou-Ningbo line to be expedient for two reasons — discussions on this line had begun earlier, plus it was an exclusively British project! The company’s opinion stated that the Tianjin-Yangtze project was two-thirds a German project, and furthermore: “*The Soochow-Ningpo Railway is, further, a part of the Yangtse Valley system, and an essential complement to the Shanghai-Nanking Railway, now in course of construction and rapidly approaching completion,*

28 Cf. e.g. *ibidem*, Sir J. Jordan to Sir E. Grey, No. 66, Peking, February 16, 1907, p. 92.

29 *Ibidem*, Sir J. Jordan to Sir E. Grey, No. 55, Peking, March 23, 1907, p. 83.

30 *Ibidem*, Chinese Central Railways to Foreign Office, No. 56, London, March 26, 1907, p. 83.

31 *Ibidem*, p. 84. Edward Grey had no fundamental objections to Jordan co-operating with the German Minister regarding the Tianjin-Yangtze Railway line, but encouraged him not to put discussions on the Suzhou-Ningbo line into jeopardy. Grey wanted the opinion of the British and Chinese Corporation. Cf. *ibidem*, Foreign Office to the British and Chinese Corporation, No. 57, Foreign Office, March 27, 1907, p. 85.

*and with which it should be linked up and worked as soon as possible.*"<sup>32</sup> A further delay in negotiations could lead the Chinese to end discussions completely on this point, wrote the company's representative.<sup>33</sup>

There were two different opinions prevailing — to co-operate with Germany and put pressure on the Chinese government in regard to the Tianjin-Yangtze Railway, or instead just to take British interests into account and prioritise discussions on the Suzhou-Ningbo line. Foreign Secretary Grey, according to a report from the Foreign Office, was sympathetic to the second option; it was evident that both projects could not receive the same priority. Only afterwards was the British Minister to look into further negotiations on other matters.<sup>34</sup>

The concession for construction of the Suzhou-Ningbo Railway line dated back, as for other concessions, to 1898, and had similar parameters as the agreement for the Guangzhou-Kowloon line. Interested parties in Britain had been seeking their fulfilment, i.e. signing of a preliminary contract, since 1902. They had come up against firm opposition in the provinces of Jiangsu and Zhejiang, however. In 1905, future construction had even been delegated to the local elite, something which aroused protests from London.<sup>35</sup> A German report even spoke of the hopeless situation which the British had got themselves into, and blamed former Minister Satow for leaving the Asians in control. Also to blame was concentration on British interests elsewhere, e.g. in the Guangzhou-Kowloon region, continued the report.<sup>36</sup>

It was at this moment that British and German interests began to diverge. Berlin logically insisted on a joint approach with London in regard to the Tianjin-Yangtze Railway, but the situation on the ground proved otherwise. Germany's Minister in Beijing insisted on the two countries taking a united approach in terms of rejecting the naming of the viceroy in Hankou as joint negotiator, but the stance of his British opposite number didn't give much hope that a joint position could be found: Jordan had informed Edward Grey that British railway interests in China would not be aided by opposition to the naming.<sup>37</sup>

It seemed that co-operation between Great Britain and Germany regarding the railways in China had its limits. Logically, London was not prepared to jeopardise its wider interests in China, which were many times greater than Germany's interests, and when it appeared they could be jeopardised with an approach which was too un-

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<sup>32</sup> Ibidem, The British and Chinese Corporation to Foreign Office, No. 58, London, March 28, 1907, p. 85.

<sup>33</sup> Ibidem.

<sup>34</sup> Ibidem, Foreign Office to Chinese Central Railways, No. 61, Foreign Office, April 4, 1907, p. 86–87.

<sup>35</sup> Beijing had even provided the concession for construction to a local banking company from the province of Zhejiang. *"Diese hatte bereits mit dem Bau begonnen und wehrte sich heftig gegen die Aufgabe ihrer Rechte, als die B&CC und die britische Gesandtschaft unter Verweis auf den 1898 geschlossenen Vertrag die Wiederaufnahme der Konzessionsverhandlungen forderten."* PETERSSON, p. 226.

<sup>36</sup> PA AA, China No. 4, R 17830, April 16, 1907, ff. 000180–000181.

<sup>37</sup> TNA, FO 405/180, Sir J. Jordan to Sir E. Grey, No. 62, Peking, April 5, 1907, p. 87. Jordan was passing on London's message that it did not want the German Minister to speak disrespectfully to the Chinese. STINGL, p. 394.



compromising, they climbed down, covering their retreat as focusing on other, less controversial, and furthermore solely British, projects.<sup>38</sup>

This fight over priority in railway policy also took place within London itself. The British and Chinese Corporation supported construction of the Suzhou-Ningbo line, while Chinese Central Railways preferred construction of the Tianjin-Yangtze Railway. In a letter to the Foreign Office, Thomas Gilbert wrote that the director of CCR was very sorry for Grey's decision to defer negotiations on concluding a contract on the railway mentioned, which, furthermore, he considered, just needed the final signature: "*We have conceded to the Chinese Representatives practically all that they originally asked for, and only the signatures are wanted to complete the business,*" said Gilbert.<sup>39</sup> The Secretary further complained that the chosen approach did not take account of the trust CCR had been honoured with by their German partners, and requested procedures be taken urgently in the matter. The directors at the very least wanted Jordan, as Minister, to have a certain freedom in his discussions so that he could give neutral support to the Tianjin-Yangtze Railway project without jeopardising the interests of B&CC.<sup>40</sup>

Edward Grey decided to officially inform the German Ambassador, Count Paul Metternich, in London of his decision, telling him in a letter that London now fully supported the Suzhou-Ningbo Railway project, but was also ready to undertake all possible steps to support other projects too.<sup>41</sup> In other words, the Foreign Secretary simply informed the German Ambassador that at that moment, Great Britain was focusing on its own interests, and where these were not in conflict with Germany's interests, it would support these too. It was fundamentally a logical step, which was a consequence of Britain's current railway policy preferences in China.

The above mentioned railway lines did not, of course, represent the sole British field of interest in China. At the end of April 1907, for example, British Minister, Jordan, and Chinese Minister in London, Wang Tahsieh, informed Grey that representatives of Wai-wu Pu had signed and sealed the issuance of Guangzhou-Kowloon Railway loan bonds for 1,500,000 pounds, "*which the British and Chinese Corporation has undertaken to raise for the construction of the Canton-Kowloon Railway, in accordance with the Agreement entered into between the Wai-wu Pu and the British and Chinese Corporation on the 7th March, 1907*".<sup>42</sup>

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38 EDWARDS, pp. 111–112.

39 TNA, FO 405/180, Chinese Central Railways to Foreign Office, No. 69, London, April 8, 1907, p. 100.

40 Ibidem, pp. 100–101. Edward Grey complied with the wishes of the CCR directors, as in his instructions to Jordan he wrote: "*...you should accord your German colleague as much support as you can without detriment to the Suchow-Ningpo negotiations.*" Ibidem, Sir E. Grey to Sir J. Jordan, No. 71, Foreign Office, April 10, 1907, p. 101. In mid-April China was then officially called to name its negotiator for the Suzhou-Ningbo Railway. Cf. ibidem, Sir J. Jordan to Sir E. Grey, No. 74, Peking, April 15, 1907, p. 102.

41 Ibidem, Sir E. Grey to German Ambassador, No. 76, Foreign Office, April 17, 1907, p. 103.

42 Cf. ibidem, Sir J. Jordan to Sir E. Grey, No. 81, Peking, April 23, 1907, p. 112; ibidem, Wang Tahsieh to Sir E. Grey, No. 85, Chinese Legation, April 26, 1907, pp. 113–114. Jordan informed Grey of the conclusion of the contract on 13 March 1907. Cf. ibidem, Sir J. Jordan to Sir E. Grey, No. 89, Peking, March 13, 1907, p. 115. The contract was between Wai-

Clearly, then, the first third of 1907 was marked by feverous activity by the British in regard to the railways in China. London wanted to conclude loan agreements for a number of major lines, some of which they were responsible for alone, some in collaboration with, e.g. Germany, but it did not focus its attention on just one area as it had a number of projects underway which it supported according to its needs and the current situation.

Britain's Minister, Jordan, once again had discussions of the Hangzhou-Suzhou-Ningbo Railway project on his agenda in mid-May 1907. The diplomat informed the Foreign Secretary that following the return of Mr Wang, Minister in London, the resistance of the authorities in Hangzhou might be overcome, and discussions on the future agreement might be intensified. The British and Chinese Corporation agreed with this approach.<sup>43</sup> A month later, the B&CC informed the Foreign Office "*that a line of railway direct from Shanghai to Kashing and ending there would not, in his opinion, injure by its competition either the Shanghai-Nanking or Soochow-Ningpo Railways, and that he cannot see how its construction could be construed as constituting an infringement of the Agreements concluded by the Chinese Government with the British and Chinese Corporation respecting those two railways*".<sup>44</sup> The problem was that the Shanghai-Kashing line mentioned was built using Chinese resources; on the other hand, as long as construction did not continue beyond Suzhou, the British Minister considered that British interests were in no way jeopardised. B&CC agreed with Jordan and its representative added that only if the mentioned short domestic Chinese line were to jeopardise the company's interests, or London's interests, then intervention would be needed.<sup>45</sup> Britain's benign stance was absolutely justified. The fairly short and unimportant Shanghai-Kashing Railway compared to Britain's investments was no match to London's interests.

Because there was general agreement that as long as Wang Tahsieh did not return home from London there was no point in continuing in discussions on construction

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-wu Pu and the B&CC and related to a loan for construction of the railway from Canton to the border of the loaned-out territory around Kowloon. Cf. *ibidem*, Inclosure 1 in. No. 89, pp. 116–123. The interest rate was set at 5%, with payment beginning after 12 years. *Ibidem*, p. 124. Cf. also J. V. A. MacMURRAY (Ed.), *Treaties and Agreements with and concerning China 1894–1919: Manchu Period (1894–1911)*, Vol. 1, New York, Oxford 1921, pp. 615–625.

<sup>43</sup> TNA, FO 405/180, Sir J. Jordan to Sir E. Grey, No. 96, Peking, May 15, 1907, p. 133. Cf. also *ibidem*, The British and Chinese Corporation to Foreign Office, No. 100, London, May 17, 1907, pp. 140–141. Wang had also been born in Hangzhou. Wang met with British Minister, Jordan, at the end of July in order to discuss the mentioned line. The British Minister refused to return to the past, and continued: "...we adhered to the Preliminary Agreement, and only desired to hear from the Chinese Government how they proposed to give effect to it". Wang, however, pursued discussions on a loan under current conditions, which would put B&CC in a worse position. Jordan then gave a very detailed description of the difficult discussions between B&CC and Chinese representatives, with both parties, he considered, still searching for a compromise. Cf. TNA, FO 405/181, Sir J. Jordan to Sir E. Grey, No. 40, Peking, August 7, 1907, pp. 74–76.

<sup>44</sup> TNA, FO 405/180, The British and Chinese Corporation to Foreign Office, No. 133, London, June 14, 1907, p. 173.

<sup>45</sup> *Ibidem*.

of the Suzhou-Ningbo Railway, the CCR, logically enough, proposed that in the meantime the Tianjin-Yangtze line could be discussed; i.e. their project. Jordan, however, had to inform Edward Grey that the Imperial edict of the end of May 1907 had set a different negotiator for this railway — Minister for the USA, Liang, and viceroys Chang and Yuan.<sup>46</sup> Jordan and his German counterpart were not satisfied with this step, because they considered that Liang had not received full and clear instructions for any discussions.<sup>47</sup> The Head of the Foreign Office responded to this with a brief instruction: “*In answer to your telegram No. 123 of the 25th instant, I would suggest that, while the negotiations do not interfere with those respecting the Soochow-Ningpo Railway, a serious effort should be made to press them forward.*”<sup>48</sup> Grey as such approved the acceleration of discussions on the Tianjin-Yangtze line, as it was his opinion that it was not in conflict with the Suzhou-Ningbo Railway project.

At the end of the first half of 1907, Great Britain had achieved some moderate successes in discussions on railway construction in China. It had managed to conclude an agreement on implementation of the Guangzhou-Kowloon line, and discussions on at least two further monitored projects were going well — the Tianjin-Yangtze and Suzhou-Ningbo lines. Minister, Jordan, informed Francis Campbell along these lines. He wrote to him that discussions on the Suzhou-Ningbo line, however, were still difficult and would require a lot of patience.<sup>49</sup>

In early July 1907, there were communications between the Colonial and Foreign Offices which dealt with the issue of construction of the Hankou-Guangzhou Railway. On 20 June 1907, Edward Grey had already asked the Secretary of State for the Colonies, the Earl of Elgin,<sup>50</sup> whether it would be a major obstacle if the north part of the line was implemented using British and French capital. Material from the Colonial Office showed that a similar issue had been dealt with in 1905, but both Matthew

46 Von Rex, German Minister in Beijing, had already had to proclaim at the end of April 1907, somewhat to his unpleasant surprise, that even his British counterpart had been taken unawares by the Imperial edict which set the negotiator for the Tianjin-Yangtze line — “*Generalgouverneure Yuanshikai und Changchihtung*”. PA AA, China No. 4, R 17830, von Rex an Bülow, April 23, 1907, f. 000182. He also confirmed the instruction for Jordan to support him in discussions on the railway, but at the same time he had to admit that Great Britain preferred the Suzhou-Ningbo Railway line. Ibidem. Here, the information of the British and German Ministers agreed. Besides, at the beginning of April, Jordan had already informed Francis Campbell of the transfer “*of the Tientsin-Yangtze negotiations to Yuan Shih Kai and Chang chih-tung*”. TNA, FO 350/4, Jordan Papers, Letter to Sir Francis Campbell, Peking, April 4, 1907, f. 39. But Viceroy Chang “*war [...] als geschworener Feind des deutsch-britischen Projekts bekannt*” and he proposed construction on their own. STINGL, p. 394. He talked Chang out of annulling the whole Yuan Shikai project. Ibidem, pp. 396–397.

47 Cf. TNA, FO 405/180, Sir E. Grey to Sir J. Jordan, No. 148, Foreign Office, June 24, 1907, p. 192; ibidem, Sir J. Jordan to Sir E. Grey, No. 151, Peking, June 25, 1907, p. 193.

48 Cf. ibidem, Sir E. Grey to Sir J. Jordan, No. 155, Foreign Office, June 29, 1907, p. 195.

49 TNA, FO 350/4, Jordan Papers, Letter to Sir Francis Campbell, Peking, May 30, 1907, f. 51. He gave the same information a month later and also complained that he was dependent on the German Minister for acquiring information. Cf. ibidem, Letter to Sir Francis Campbell, Peking, June 27, 1907, f. 56.

50 Victor Alexander Bruce, 9<sup>th</sup> Earl of Elgin (1849–1917).

Nathan, the Governor of Hong Kong,<sup>51</sup> and British Minister in Beijing, Ernest Satow did not agree with this approach because they did not consider it would further British interests. They had instead proposed that they should put a hold on further development.<sup>52</sup> In the end, Lord Elgin decided not to support the above solution, describing it as “*peculiarly unreasonable*”. As such, he was in agreement with the conclusions of the Governor of Hong Kong, Minister to China, Jordan, and others. He did so despite the fact that rejecting the French proposal meant the start of implementation of the whole project would be delayed.<sup>53</sup>

Germany also had its own problems with the efficiency of railway policy in Shandong province. According to a report from the consul in Chih-fou (now Yantai), Reinsdorf, construction of the Chih-fou-Weihsein Railway had still not begun, with the whole project not yet out of the planning stage, which in his opinion was a result both of conflicts between local elites and a general endeavour in China to remove themselves from the influence of foreign capital and powers, and boost the position of domestic capital.<sup>54</sup>

It is apparent that London and Berlin were encountering similar difficulties, although they may have had partially different roots. Great Britain was facing challenges from the other great powers, in particular France and Germany, and together with Germany were up against the Chinese policy of delaying implementation of concessions already awarded, whatever the reasons Beijing gave. A specific problem was the attitude of the local elites and provincial governments in general, who opposed giving ground to foreign powers, even where central government was willing to accept it. The British, for example, were left with the only hope “*that with patience and perseverance we shall eventually secure the fulfilment of our railway obligations*”.<sup>55</sup>

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51 Sir Matthew Nathan, in 1904–1907 the Governor of Hong Kong. Minister Jordan respected his opinions and, e.g. offered him all necessary support in February 1907. Cf. TNA, FO 350/4, Jordan Papers, Letter to Sir Matthew Nathan, February 8, 1907, f. 28.

52 Cf. TNA, FO 405/181, Colonial Office to Foreign Office, No. 9, Downing Street, July 10, 1907, p. 10. In the meantime, B&CC got involved in discussions, having agreed with a French financial group on financing for the above detailed project. Cf. *ibidem*, p. 11.

53 *Ibidem*, p. 12. Campbell responded from the Foreign Office on 25 July. He told representatives of the Colonial Office that in this phase, French joint participation could not be avoided. Cf. *ibidem*, Foreign Office to Colonial Office, No. 18, Foreign Office, July 25, 1907, p. 31; *ibidem*, Colonial Office to Foreign Office, No. 23, Downing Street, July 30, 1907, pp. 37–38; *ibidem*, Foreign Office to Colonial Office, No. 27, Foreign Office, August 17, 1907, pp. 47–48; *ibidem*, Colonial Office to Foreign Office, No. 29, Downing Street, August 24, 1907, pp. 50–51. Edward Grey thought that any objections from his colleague, Elgin, could be overcome. Cf. *ibidem*, Foreign Office to Colonial Office, No. 34, Foreign Office, September 9, 1907, pp. 71. The German Consul in Guangzhou reflected on the conflicts in the Hankou-Guangzhou Railway company itself. Srv. PA AA, China No. 4, R 17831, July 19, 1907, ff. 000038–000044.

54 PA AA, China No. 4, R 17831, Reinsdorf an von Rex, July 11, 1907, ff. 000030–000032. On 12 March, 1908, the British Minister in Beijing had to state that insufficient money “*caused the abandonment of the original scheme*”. TNA, FO 405/188, Sir J. Jordan to Sir E. Grey, No. 55, Peking, March 12, 1908, p. 54. Cf. also PA AA, China No. 4, R 17832, f. 000109.

55 PETERSSON, p. 222.

In autumn 1907, Beijing's policy on the railway interests of the great powers could be characterised as a willingness to fulfil concessions already made, but with a clear intention of trying to improve the conditions which had been set.

In mid-July 1907 after almost four months, British interest in the Tianjin-Yangtze line came to the fore. While in March, Lascelles, British Ambassador in Berlin, had had to state that the beginning of construction was continuously being delayed, Minister Jordan could now tell Foreign Secretary Grey that the Chinese government had agreed with the loan for implementation of the line, further continuing: "*The security for the loan will be other Government revenues, not the railway. The Chinese Government will have control both during and after construction, and a German engineer-in-chief will be appointed for the northern, a British engineer-in-chief for the southern section.*"<sup>56</sup> According to Jordan, British and German companies were naturally to get priority during construction. Details of the possible agreement were also given to Berlin.<sup>57</sup> Thus, after four months, discussions on the joint British-German project had progressed; both countries were to share implementation of the railway and make money from it.

Thomas Gilbert informed the Foreign Office that Minister Jordan was actively arguing in favour of concluding an agreement and that the Chinese government might make a decision and end its delaying strategy, "*which has characterized its proceedings in this matter for the past five years,*" added the CCR Secretary.<sup>58</sup> He then continued by claiming that the situation had come to the stage where Beijing had to either sign the agreement or breach all the commitments it had made. Both Great Britain and Germany had submitted conditions which Chinese public opinion could not object to, thought Gilbert, and suggested that the Chinese government must finally make a decision. He also proposed a joint approach by the British and German Ministers.<sup>59</sup>

The situation which had come about also had a deeper context — failure in discussions could jeopardise not just British interests, but also German and consequently French railway interests — and not just in their area, but throughout the whole of China. Beijing's policy, in contrast, assumed that the longer the planned construction could be delayed, regardless of the mutual rivalry between the great powers and the slowness of the Chinese government, the greater the chances of their definitive break-up, so that ideally they could be taken over with sole Chinese influence, or into Chinese hands.

German interests in China weren't left aside either. In early July 1907, a Schantung-Eisenbahn-Gesellschaft employee informed the Foreign Ministry (Auswärtiges Amt) that Beijing had decided "*eine Eisenbahn von Tsinanfu nach Schuntefu zu erbauen*

<sup>56</sup> Cf. TNA, FO 405/181, Sir J. Jordan to Sir E. Grey, No. 15, Peking, July 14, 1907, p. 29.

<sup>57</sup> Ibidem. Ten days later, Minister Jordan wrote that discussions had not yet moved forward. Only an outline of the future contract was generally known to the wider world, e.g. the fact that the loan should not exceed 5,000,000 pounds, the line should be ready within three years and that the Chinese were to choose and check engineers. Cf. ibidem, Sir J. Jordan to Sir E. Grey, No. 31, Peking, July 24, 1907, pp. 52–59.

<sup>58</sup> Cf. ibidem, Chinese Central Railways to Foreign Office, No. 16, London, July 12, 1907, p. 29.

<sup>59</sup> Ibidem. CCR and the German partners had already spent significant sums on the whole project, and according to Gilbert, for both parties the line was approaching beyond which further expenditure would be pointless.

[...]”, which was naturally, according to Minister Rex, very important for Germany.<sup>60</sup> If the mentioned line was to be constructed, it would help the German enclave of Ji-aozhou; under the condition, of course, that it did not jeopardise German interests in the province of Shandong in any way, and that it did not contradict the Sino-German agreement of March 1898. On the other hand, there was the possibility, wrote the report’s author, that Beijing could undertake this step with the sole objective of delaying a solution to the Tianjin-Yangtze Railway. It was therefore important that Berlin monitor China’s procedures with extra care so as not to permit any restrictions to German interests.<sup>61</sup>

Productive negotiations took place at the end of summer 1907 regarding the railways in China between British government offices<sup>62</sup> and in China itself.<sup>63</sup> This first case involved continuing communication between the Foreign and Colonial Offices regarding French joint participation in the construction of the Hankou-Guangzhou Railway, and the second case involved the continuing discussions on the Tianjin-Yangtze line with China’s main negotiator allegedly having obligations other than dedicating himself to this task. German interests were not left behind either. Deutsch-Asiatische Bank was carefully monitoring construction of the railway; it was particularly interested in a smaller secondary line to the main route.<sup>64</sup>

In mid-October 1907, Edward Grey inquired of Minister Jordan in Beijing as to the verity of the information which CCR representatives had found out in Berlin and according to which “*you are requiring the signature of the Soochow-Ningpo Agreement simultaneously with that of the Tien-tsin-Yang-tsze Railway, and fear a delay of the latter in consequence*”.<sup>65</sup> Jordan responded two days later and assured the Foreign Secretary that right from the beginning he had insisted on the agreement on the Suzhou-Ningbo Railway being signed before or concurrently with the Tianjin-Yangtze line, and that representatives of Wai-wu Pu had assured him this would not be a problem.<sup>66</sup>

The problem of concurrent or earlier signature of agreements on two railway lines aroused a lively exchange of opinions. B&CC representatives wrote to CCR representatives thanking them for their prior communication and informing them of pressure from Deutsch-Asiatische Bank on signing the agreement on the Tianjin-Yangtze line as a priority. “*My Directors would view any such proceeding with the greatest possible regret,*” wrote A. N. Frewer, continuing “*and trust that your Board will see fit to decline to*

<sup>60</sup> PA AA, China No. 4, R 17830, Juli 9, 1907, f. 000272.

<sup>61</sup> Ibidem, ff. 000273–000275.

<sup>62</sup> TNA, FO 405/181, Colonial Office to Foreign Office, No. 36, Downing Street, September 12, 1907, pp. 72.

<sup>63</sup> Ibidem, Sir E. Grey to Sir J. Jordan, No. 35, Foreign Office, September 12, 1907, p. 72; ibidem, Sir J. Jordan to Sir E. Grey, No. 37, Peking, September 13, 1907, p. 72; ibidem, Sir J. Jordan to Sir E. Grey, No. 43, Peking, August 20, 1907, pp. 78–79.

<sup>64</sup> Cf. PA AA, China No. 4, R 17831, August 27, 1907, ff. 000047–000048.

<sup>65</sup> TNA, FO 405/181, Sir E. Grey to Sir J. Jordan, No. 45, Foreign Office, October 14, 1907, p. 80.

<sup>66</sup> Ibidem, Sir J. Jordan to Sir E. Grey, No. 46, Peking, October 16, 1907, pp. 80–81. The head of the Foreign Office’s China section, Francis Alexander Campbell, gave similar information to representatives of Chinese Central Railways. Cf. ibidem, Foreign Office to the Chinese Central Railways, No. 47, Foreign Office, October 17, 1907, p. 81.

*comply with the request of the Deutsch-Asiatische Bank.*"<sup>67</sup> B&CC representatives clearly suggested that both companies had agreed that the Suzhou-Ningbo Railway was to have priority, or that both contracts were to be signed simultaneously.<sup>68</sup>

The question of priority signature of one or other agreement naturally played an important role. It was not just about business interests and the money which both companies had invested in their efforts, but also about achieving first place in concluding an agreement with the Chinese government. The whole affair was very carefully monitored by the British government who repeated their former opinion, through the Foreign Secretary, that the agreement on the construction of the Suzhou-Ningbo Railway should have priority. CCR, even under some pressure from its German partner (Deutsch-Asiatische Bank), naturally took the opposite opinion.

Berlin also had to defend its railway interests in China. According to Ministers Rex's telegram, the Chinese had decided to ask Chancellor Bülow "*ob wir Bahn-Konzession Kiautschou-Itschau fallen lassen wollen*".<sup>69</sup> The diplomat naturally assumed this request would be accepted and recommended that the Chancellor uncompromisingly insist that previous agreements be kept to.<sup>70</sup> No other approach could be expected from Berlin. Just like Great Britain, Germany could not retreat in any manner from its interests in China.

On 23 October 1907, Keswick, a representative of B&CC told the Foreign Office that "*an Edict has been issued authorizing negotiations for the Soochow-Ningpo Railway loan*".<sup>71</sup> A few weeks later, the same man had to admit there had been a fundamental change in the position of the Chinese government, which had had to face up to massive opposition to foreign loans, continuing: "*In my opinion if the Chinese Government apprehensions [are — L. N.] genuine they will probably offer to pay us to cancel Agreement.*"<sup>72</sup>

67 Ibidem, British and Chinese Corporation to Chinese Central Railway, No. 48, London, October 17, 1907, p. 82.

68 Ibidem. Cf. also ibidem, Deutsch-Asiatische Bank to Chinese Central Railway, Inclosure in No. 48, Berlin, October 17, 1907, p. 82. Minister Rex confirmed that his counterpart, Jordan, had told him he would not allow the Chinese to put the agreement on the Suzhou-Ningbo Railway on the back-burner. He also added, however, that the agreement on the Tianjin-Yangtze line was ready to be signed, and discussions on the second project beginning. Cf. PA AA, China No. 4, R 17831, Der K. Gesandte an Auswärtiges Amt, October 15, 1907, f. 000120. Cf. Ambassador Metternich's report from London. PP AA, China No. 4, R 17831, Der K. Botschafter an Auswärtiges Amt, October 18, 1907, ff. 000126–000127.

69 Cf. PA AA, China No. 4, R 17831, Der K. Gesandte an Auswärtiges Amt, October 9, 1907, f. 000113.

70 Ibidem.

71 TNA, FO 405/181, British and Chinese Corporation to Foreign Office, No. 52, London, October 23, 1907, p. 90.

72 Ibidem, British and Chinese Corporation to Foreign Office, No. 58, London, November 6, 1907, p. 94; cf. also TNA, 350/5, Jordan Papers, To Sir Francis Campbell, November 28, 1907, f. 10. Viceroy of Zhili province, Yuan Shikai also spoke of major opposition in the province of Zhejiang in talks with Minister Jordan. Cf. TNA, FO 405/181, Sir J. Jordan to Sir E. Grey, No. 59, Peking, November 6, 1907, p. 94. A few days later, the British Minister informed the Foreign Secretary that China had said that without the signature of one agreement (Suzhou-Ningbo), there would be no second agreement (Tian-jin-Yangtze). Cf. ibi-

This reversal in the Beijing government's opinion was an unpleasant surprise for Britain. The contract for construction of the Suzhou-Ningbo Railway was ready to be signed and suddenly it appeared that the whole project had come to nothing. London's surprise was even greater since it had appeared that there was nothing left preventing signature of the final version of the agreement. Now it wasn't just about playing for time, but about how much authority the Chinese central government had over the provincial elite. London was naturally aware of the situation which had arisen after the end of the Russo-Japanese War and perceived the surge in the national movement demanding the expulsion of foreigners and railway construction through their own resources, but on the other hand, logically, it insisted that previous agreements be kept to, specifically provision of the promised concessions which the Chinese government had given to Great Britain, Germany and others before 1905 — e.g. the preliminary agreement on construction of the Suzhou-Ningbo Railway which had been signed in October 1898. It wasn't just about one concession being implemented now; rather Great Britain's position as a fundamental player in railway construction in China was in jeopardy.

For London, the negative course of events was confirmed in early December 1907 when Chinese Minister in London, Li Ching Fong, spoke with Edward Grey and Keswick from B&CC *“and made an earnest appeal on behalf of the Chekiang Province that the British and Chinese Corporation should withdraw from the Suchow-Ningpo Railway”*.<sup>73</sup> He then added that a refusal to undertake this step would impact on trade; that a boycott of British goods could be undertaken. The Foreign Secretary naturally refused to consider withdrawal from the railway project because he was logically afraid of a negative precedent for the future, and recommended insisting on agreements made being kept to.<sup>74</sup>

The end of 1907 brought a denouement in the two projects the British government, and companies, were interested in. While the loan contract, and thus also implementation of the Tianjin-Yangtze Railway was initialled and awaiting final approval, agreement on the Suzhou-Ningbo line appeared to be lost. At the end of December 1907, Minister Jordan repeated the possibility of a Chinese boycott of British goods to the Foreign Secretary, *“if the railway question is not settled to the satisfaction of the Chekiang people”*.<sup>75</sup>

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dem, Sir J. Jordan to Sir E. Grey, No. 61, Peking, November 9, 1907, p. 95. On 2 November 1907, the final agreement on construction of the Tianjin-Yangtze Railway was initialled. The German Minister then requested it be signed and approved as soon as possible. The agreement contained a proposed 5% loan of 5,000,000 pounds, which was to be provided by a banking syndicate (Deutsch-Asiatische Bank and Hong Kong and Shanghai Banking Corporation). More in detail cf. *ibidem*, Sir J. Jordan to Sir E. Grey, No. 89, Peking, November 12, 1907, pp. 117-122.

<sup>73</sup> TNA, FO 405/181, Sir E. Grey to Sir J. Jordan, No. 76, Foreign Office, December 7, 1907, p. 103.

<sup>74</sup> *Ibidem*. Minister Jordan agreed that London should, firmly but politely, insist on previous agreements being kept to. He also proposed that at least the Tianjin-Yangtze Railway line be dealt with in the current crisis situation. Cf. *ibidem*, Sir J. Jordan to Sir E. Grey, No. 77, Peking, December 9, 1907, pp. 103-104. Edward Grey approved the Minister's proposal. *Ibidem*, Sir E. Grey to Sir J. Jordan, No. 78, Foreign Office, December 9, 1907, p. 104. A day later, however, he wrote of the B&CC opinion which warned against signature of the loan contract. Cf. *ibidem*, Sir E. Grey to Sir J. Jordan, No. 79, Foreign Office, December 10, 1907, p. 104.

<sup>75</sup> *Ibidem*, Sir J. Jordan to Sir E. Grey, No. 92, Peking, December 28, 1907, p. 128.



Jordan had to admit that the responsible Chinese authorities were unable to say when, or whether at all, an agreement on the Suzhou-Ningbo line could be concluded.<sup>76</sup>

His fears were also confirmed by Minister Rex when he wrote: “*Opposition gegen letzteren [Suzhou-Ningbo — L. N.] so stark, dass Zeichnung desselben unberechenbar ist. Englischer Gesandter glaubt, dass falls Vertrag Tientsin Yangtse allein gezeichnet werde, Zeichnung des anderen Vertrags grössten Schwierigkeiten begegnen werde.*”<sup>77</sup> The German diplomat recognised that a certain dependence of Berlin on London was damaging its interests and he requested that the Foreign Minister compel Britain to agree to final signature of the agreement on the Tianjin-Yangtze Railway line. Rex even suggested the possibility of Berlin and Beijing signing separately, but only as a last resort.<sup>78</sup>

The end of 1907, then, did not bring a definitive solution to either of these major railways, one having already been initialled (Tianjin-Yangtze) but final approval delayed, and the second (Suzhou-Ningbo) facing growing opposition from local elites. The situation was most difficult for London, because it had interests in both lines, while Berlin was only interested in one of them. Both Britain and Germany, however, were not prepared to retreat from their positions, nor give Beijing the impression that they would abide what they considered its obstructive policy.

The beginning of the subsequent year continued in the vein of events from the previous year, with B&CC confirming its fears over the fate of the Suzhou-Ningbo line if the agreement on the Tianjin-Yangtze (Pukou) line was signed first.<sup>79</sup> For London, the situation was beginning to become serious. If the appropriate authorities were to hesitate in the final signing of the Tianjin-Yangtze agreement because the Suzhou-Ningbo line was not fully settled, the whole project could be jeopardised and Great Britain’s interests would thus be significantly damaged. It must, then, have been clear to Minister Jordan and representatives of the Foreign Office that broader considerations were now in play over the railway policy in China. Furthermore, a few days later, one of the Chinese viceroys, Yuan Shikai, told Minister Jordan that signature of the agreement on the Suzhou-Ningbo line was now out of the question because it could arouse a strong negative response from the local elite, which he claimed the central government could not allow to happen.<sup>80</sup>

76 Ibidem. “*In late 1907, after mounting a massive, at times violent, campaign, the local gentry and merchant leaders in Chekiang recovered the rights of construction from a British company, raised capital by selling \$ 5 sharesto be suscribed in five annuals instalments.*” TWITCHETT — FAIR-BANK, p. 441.

77 Cf. PA AA, China No. 4, R 17831, Der K. Gesandte an Auswärtiges Amt, December 4, 1907, f. 000170.

78 Ibidem; cf. also ibidem, Der K. Botschafter an Auswärtiges Amt, December 12, 1907, f. 000176; ibidem, December 29, 1907, ff. 000191–000192.

79 TNA, FO 405/188, British and Chinese Corporation to Foreign Office, No. 1, London, December 31, 1907, p. 1. B&CC’s opinion was also confirmed by Minister Jordan. Cf. ibidem, Sir J. Jordan to Sir E. Grey, No. 2, Peking, January 2, 1908, pp. 1–2. The German Legation saw the matter similarly. PA AA, China No. 4, R 17832, Der K. Geschäftsträger an Auswärtiges Amt, Januar 4, 1908, f. 000041. Cf. also STINGL, pp. 385–401.

80 TNA, FO 405/188, Sir J. Jordan to Sir E. Grey, No. 5, Peking, January 8, 1908, p. 2. Cf. also PA AA, China No. 4, R 17832, Der K. Geschäftsträger an Auswärtiges Amt, December 31, 1907, f. 000009. In light of events, Jordan proposed concluding an agreement on the Tianjin-

The situation around the Tientsin-Yangtze Railway was solved in mid-January 1908. Lascelles, British Ambassador in Berlin, was able to inform Foreign Secretary Grey that Deutsch-Asiatische Bank, the Chinese Central Railway Company and the Chinese Foreign Bank had agreed on the necessary loan (signed on 13 January). *“The railway will touch Tsinanfu, where it will come into connection with the German-Shantung Railway. The loan to be raised will amount to 5 000 000 l., and will be issued at 5 per cent.; repayment to begin after ten years, and to be completed in thirty years from now,”* concluded the Ambassador in his report.<sup>81</sup>

Over the period looked at, the second railway construction project on Chinese territory was able to be brought to a successful conclusion. Following success with the Guangzhou-Kowloon Railway, the great powers had now succeeded on the Tianjin-Pukou line. This was a joint success for Great Britain and Germany,<sup>82</sup> although it must be stated that London could speak of a quarter-success; the Suzhou-Ningbo Railway appeared to remain lost for the time being. Furthermore, not everyone, with some justification, considered signature of the contract as a success for London. Influential Australian correspondent for The Times in Beijing, George Ernest Morrison,<sup>83</sup> for example, considered the document a huge retreat by London: *“The final agreement shows how Chinese diplomacy has succeeded in altering the conditions of the preliminary contract of May 18, 1899. The Chinese recognize that such favourable terms have never been obtained before, no such a clear admission of China’s claim to control her railways without foreign interference.”*<sup>84</sup>

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-Yangtze Railway and *“trust that eventual solution of the other may be obtained by patient insistence”*. Ibidem, Sir J. Jordan to Sir E. Grey, No. 5, Peking, January 8, 1908, p. 3. Grey accepted his proposal and gave him the authority needed to sign it. Cf. ibidem, Sir E. Grey to Sir J. Jordan, No. 7, Foreign Office, January 8, 1908, p. 3. Jordan did so five days later. Ibidem, Sir J. Jordan to Sir E. Grey, No. 11, Peking, January 13, 1908, p. 8. In his diary, Jordan stated that the Germans had offered to support Britain in its pressure to implement the Suzhou-Ningbo Railway. *“But I do not put much store on that,”* he added. TNA, FO 350/5, Jordan Papers, Sir Francis Campbell, January 9, 1908, f. 21. He also considered that opposition would disappear very quickly once the agreement was signed. Ibidem, f. 22.

<sup>81</sup> TNA, FO 405/188, Sir F. Lascelles to Sir Edward Grey, No. 13, Berlin, January 14, 1908, p. 9\*. A few days later, Lascelles wrote that signature of the agreement was received in Germany with great satisfaction due to its interests in China. Cf. ibidem, Sir F. Lascelles to Sir Edward Grey, No. 22, Berlin, January 20, 1908, p. 17.

<sup>82</sup> The British and Germans had received the concession in 1899. The Chinese were obliged to repay the loan *“from means received through taxation in the provinces of Zhili, Shandong and Nanjing at a total value of 3.7 million Chai Kuang taels annually”*. SKRIVAN, p. 15.

<sup>83</sup> Also known as Morrison of Peking or Chinese Morrison (1862–1920). To his person cf. P. THOMPSON — R. MACKLIN, *The Life and Adventures of Morrison of China*, Sydney 2007.

<sup>84</sup> LO, Hui-min (Ed.), *The Correspondence of G. E. Morrison I, 1895–1912*, Cambridge, London, New York, Melbourne 1976, From V. Chirol, No. 279, London, 21 January, 1908, footnote 2, p. 438. In his opinion, the Tianjin-Pukou Railway had been delayed due to implementation of the Suzhou-Ningbo line, which Morrison considered a government weakness. Ibidem. His opinion was partially supported by Ralph William Huenemann, who wrote: *“By playing on the Anglo-German rivalry, Chang Chih-tung obtained a contract which kept effective control of the line in Chinese hands, even in the event of a default on the loan.”* HUENEMANN, p. 72. Cf. also EDWARDS, p. 112.

It should be noted, however, that Morrison, although an influential, respected and certainly well-informed person, was still just a journalist who could assess affairs differently to the official British line, which also had to take the current political situation into account and respect the interests of other great powers. On the other hand, it should be recognised that construction and management of the railways was to remain in Chinese hands and that both main engineers (German and British) were subordinate to the Chinese director.<sup>85</sup>

Conclusion of the loan contract for construction of the Tianjin-Pukou Railway should also be perceived as an attempt by Berlin at improving relations with China, which had never been good, in particular due to Germany's operations in the province of Shandong and the behaviour of German soldiers over the course of the Boxer Rebellion. Germany, in contrast to Great Britain, acted in a much more conciliatory manner towards Beijing than London did during discussions on the contract.<sup>86</sup>

The railway policy in China and Great Britain's interests, however, could not founder on one temporary failure. At the end of January 1908, e.g., the Secretary of Pauling & Co. (Limited), J. M. Scott, informed the Foreign Office of a discussion between C. Sommers Cox and Percy Brown relating to the expansion of the North Chinese Railway from Hsinmintun to Fakumen on the territory of Manchuria. The latter could replace Lord ffrench<sup>87</sup> in representing the company, wrote the author, because since at least 1905 Manchuria had been seen as a Japanese sphere of interest, and J. M. Scott was aware that it was the "first occasion on which British contractors have obtained the offer of direct employment from the Chinese Government, not as concessionnaires or would-be concessionnaires, but simply as contractors to carry out public works required by the Chinese Government, and that, therefore, it will create, in our opinion, a most serious precedent if the Japanese Government be now allowed to dictate to the Chinese Government with the object of preventing contracts granted to British subjects from being carried out?"<sup>88</sup> The company was afraid that the Japanese would perceive the line mentioned, or specifically its expansion from Hsinmintun to Fakumen as potential competition for its South Manchurian Railway, and as such protest against its implementation. The Secretary then attempted to explain to Foreign Office representatives that due to natural conditions one could not speak of future competition and Tokyo should understand this. He then called on the responsible officials not to give in to Japanese pressure.<sup>89</sup>

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<sup>85</sup> STINGL, p. 399. Cf. also M. LEUTNER — K. MÜHLHAHN (Eds.), „Musterkolonie Kiautschou“: *Die Expansion des Deutschen Reiches in China. Deutsch-chinesische Beziehungen 1897 bis 1914: Eine Quellensammlung*, Berlin 1997, p. 390.

<sup>86</sup> EDWARDS, p. 113.

<sup>87</sup> Charles Austin Thomas Robert John Joseph ffrench, 6<sup>th</sup> Baron ffrench (1868–1955).

<sup>88</sup> TNA, FO 405/188, Messrs. Pauling and Co. to Foreign Office, No. 23, London, January 30, 1908, p. 18.

<sup>89</sup> *Ibidem*, pp. 18–19. A few days later, the Liberal MP for Swansea, David Brynmor Jones, expressed a similar opinion, writing that the Anglo-Japanese Alliance of 1905 mentioned in one article preserving the "independence and integrity" of China. He therefore recommended that the government "will make such representations as will induce Japan to withdraw pressure on China, which is being exercised most unfairly to the detriment of the interests of British subjects". *Ibidem*, Sir D. Brynmor Jones, M. P., to Foreign Office, No. 25, February 4, 1908, p. 20.

The Foreign Office, however, held a somewhat different opinion, as Francis Campbell told representatives of Pauling & Co., having to confess in the name of the ministry “that the agreement not to construct any line parallel to or prejudicial to the interests of the South Manchurian Railway was recorded in a Protocol signed by the Chinese and Japanese Governments, by which the former are clearly bound”.<sup>90</sup> According to Edward Grey, thus only the Japanese government could decide whether any expansion of the line from Hsinmintun to Fakumen was counter to its interests or not. Campbell also suggested that the company could not count on key support from the government.<sup>91</sup>

It was clear that Great Britain had had to take account of the interests of its ally in the Far East, Japan, and it could not automatically support every construction project, or in this case railway expansion, on Chinese territory. Manchuria had been in Tokyo’s sphere of influence since the end of the Russo-Japanese War and compared to its interests in other provinces, a tiny railway line could not disturb or threaten British relations with Japan. Furthermore, it was in no way a large plan which might bring great profit or a boost in London’s position. This example, however, clearly shows that Britain was monitoring its railway interests in China very closely and was taking care to ensure that where it affected the interests of other great powers, it did not endanger its relations to that great power.

In early February 1908, there was communication between Foreign Secretary Grey and Minister Jordan in Beijing relating to the Suzhou-Ningbo Railway line. Grey asked Jordan whether the newly submitted conditions were acceptable. The diplomat responded that they could not be better under the current circumstances and London should accept them.<sup>92</sup> It was apparent that Britain had to face up to the fact that it could not dictate its demands forever to China; there were certain borders where even London had to understand that tactically and practically a concession from Britain would solve more than sticking to its position. Minister Jordan put it well when he said: “I wish we could guide the Chinese in the choice of the future [...] The future of British interests will depend to no small extent on that selection, and let us, if we get the chance, put them in the way of obtaining the services of the very best man that is available.”<sup>93</sup>

The above approach was confirmed in regard to the Hankou-Guangzhou Railway when Great Britain had to realise a loan for the construction of its northern section in which, according to John Jordan, a tough fight with Germany could be expected.

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90 Cf. *ibidem*, Foreign Office to Messrs. Pauling and Co., No. 32, London, February 12, 1908, p. 28.

91 *Ibidem*. Cf. also *ibidem*, Messrs. Pauling and Co. to Foreign Office, No. 34, London, February 14, 1908, p. 29. Betz, an employee of the German Legation in Beijing, told Chancellor Bülow at the beginning of April that implementation of the project was in jeopardy and that the Chinese government and interested British companies were not giving up on finding an acceptable solution. Cf. PA AA, China No. 4, R 17833, Betz an Bülow, April 2, 1908, f. 000241.

92 Cf. TNA, FO 405/188, Sir E. Grey to Sir J. Jordan, No. 27\*, Foreign Office, February 9, 1908, p. 26\*; *ibidem*, Sir J. Jordan to Sir E. Grey, No. 28, Peking, February 9, 1908, p. 27. In his diary, he wrote that current conditions are “as advantageous as the original conditions”. TNA, FO 350/5, Jordan Papers, Sir Francis Campbell, February 20, 1908, f. 30.

93 TNA, FO 350/5, Jordan Papers, Sir Francis Campbell, February 20, 1908, f. 30.

As said above, debates were taking place on getting French banks involved, of which the British Minister reflected: *“I am of opinion that it is essential the French Government should give the French banks a free hand to negotiate the loan on the best terms they can obtain, in co-operation with the British groups, if there is to be any prospect of successfully maintaining the Anglo-French combination.”*<sup>94</sup> London had again realised it could not avoid joining with France, and Jordan’s words supported this tactic. An important role was played by the fact that Britain was facing problems with the uncompromising position of viceroy Chang, who had even offered to open negotiations with Germany.<sup>95</sup>

The above line was also subject of an exchange of opinions between the Governor of Hong Kong, Frederick Lugard, and Secretary of State for the Colonies, Lord Elgin. The Governor wrote to Elgin that the railway was perceived in Hong Kong as a continuation of the Guangzhou-Kowloon line and that it should link to the current Hankou-Beijing Railway. The Hong Kong administration supported this, *“since it was felt that a line from north to south must debouch at Kowloon if the supremacy of the port of Hong Kong were to be maintained”*, he added.<sup>96</sup> In his opinion, this continued the unpleasantness which the presence of French banks in the joint Anglo-French syndicate had caused without consultation with the Chinese. *“I understand that Chang-chi-tung emphatically declares that he will have nothing to do with an Anglo-French Syndicate, that he made his Agreement with the British alone, and will not negotiate with any other, though he is ready to apply for a loan from the British Syndicate,”* warned Secretary of State for the Colonies, Frederick Lugard,<sup>97</sup> adding that the whole situation had reached a dead end. The Chinese didn’t want to negotiate with the French, and as such construction had now stalled. Lugard proposed a solution which could help unlock the stalemate which he claimed had been reached.<sup>98</sup>

<sup>94</sup> Cf. TNA, FO 405/188, Sir J. Jordan to Sir E. Grey, No. 35, Peking, February 15, 1908, p. 30. Cf. also *ibidem*, Memorandum given to Mr. Addis by M. Franqui (on behalf of French Syndicate). — Communicated by Mr. Addis to Foreign Office, February 20, 1908, No. 39, pp. 32–33; *ibidem*, Sir E. Grey to Sir. J. Jordan, No. 43, Foreign Office, February 22, 1908, p. 43; *ibidem*, Papers communicated by Mr. Addis, February 25, 1908, No. 44, pp. 43–47. In early April 1908, Edward Grey was able to inform the Ambassador in Paris, Bertie, of agreement of both countries to divide the loan to build the Hankou-Guangzhou and Hankou-Beijing line. Cf. *ibidem*, Sir E. Grey to Sir. J. Jordan, No. 66, Foreign Office, April 8, 1908, p. 88. This line again became subject to a lively exchange of opinions between the Colonial and Foreign Offices. Cf. e.g. *ibidem*, Colonial Office to Foreign Office, No. 87, Downing Street, May 19, 1908, p. 114; *ibidem*, Foreign Office to Colonial Office, No. 89, Foreign Office, May 26, 1908, pp. 116–117.

<sup>95</sup> EDWARDS, pp. 114, 115.

<sup>96</sup> TNA, FO 405/188, Governor Sir. F. Lugard to the Earl Elgin, Inclosure 1 in No. 96, Hong Kong, April 10, 1908, p. 125. The Governor further wrote that construction of the railway was of key importance to the port.

<sup>97</sup> *Ibidem*.

<sup>98</sup> *Ibidem*, pp. 125–126. New Secretary of State for the Colonies, the Marquess of Crewe, answered Lugard, not approving his proposal for unblocking the stalemate. Minister Jordan wrote of Lugard’s approach that it ignored London’s agreement with B&CC and the French. TNA, FO 350/5, Jordan Papers, Sir Francis Campbell, May 13, 1908, f. 45. In this connection, John Bland wrote to G E Morrison: *“The Hangchow question drags on and*

At the beginning of March 1908, a proposal for solving the stalemate regarding the Suzhou-Ningbo Railway appeared which involved a change in route. Instead of Suzhou-Ningbo, the line was to go along the route Shanghai-Hankou-Ningbo, which according to Minister Jordan the Chinese had accepted. If there were no more obstacles, wrote the British diplomat, an Imperial edict could be issued within a week which would approve the whole proposal.<sup>99</sup> A few days later, Minister Jordan was able to send to London a copy of the loan contract for the Shanghai-Hankou-Ningbo Railway which had been signed on 6 March. The loan conditions were equivalent to those contained within the contract for the Guangzhou-Kowloon and Tianjin-Pukou Railway lines. Britain was represented in the agreement by the British and Chinese Corporation, which received approval from the Imperial government “to issue a 5 per cent. gold loan for the amount of 1,500,000l.”<sup>100</sup> The German Legation in Beijing also reflected on conclusion of this agreement, confirming the above detailed information and only detailing differences from the Tianjin-Pukou agreement. Costs for land purchase, for example, and other costs “werden nicht aus der Anleihe, sondern aus sonstigen chinesischen Regierungsfonds bezahlt”.<sup>101</sup>

German policy was also interested in the fate of the Chih-fou-Weihsien Railway. At the beginning of March 1908, the consul in Chih-fou informed the Legation in Beijing of a meeting of Chinese business circles whose objective was a discussion regarding this line. “Diese Gruppe, 20 Firmen und Kaufleute, zumeist Südchinesen, gedenkt zunächst 2 Millionen Dollars in Aktien, jede zu 5 \$, aufzubringen und davon 1 Million Dollars gleich selbst zu übernehmen,” wrote Lenz.<sup>102</sup> It appeared then, that the local elite and business circles had decided to implement construction without the involvement of foreign capital. On the other hand, they did not discount unofficial German participation (advice or supplies).

The end of March 1908 brought worries to Arthur von Rex, as special Envoy to the Governor of Qingdae, Oskar Truppel Schrameier, was to arrive in order to go through problems in the railway construction. In his report to Chancellor Bülow, Rex declared that it would be better for Schrameier not to discuss directly with the re-

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will last until you get back, unless something unexpected happens. Meanwhile they [the Chinese] are getting gradually more sovereign rights, and less sense, into it every day.” *The Correspondence of G. E. Morrison I, 1895–1912*, From J. O. P. Bland, No. 282, Peking, February 11, 1908, p. 443.

<sup>99</sup> Cf. TNA, FO 405/188, Sir J. Jordan to Sir E. Grey, No. 63, Peking, March 4, 1908, p. 83.

<sup>100</sup> Ibidem, Shanghai-Hangchow-Ningpo Railway, Inclosure 1 in No. 73, p. 91, the agreement cf. pp. 91–97. Jordan’s report cf. ibidem, Sir J. Jordan to Sir E. Grey, No. 73, Peking, March 12, 1908, pp. 90–91. Cf. also ibidem, Sir J. Jordan to Sir E. Grey, No. 97, Peking, April 30, 1908, pp. 126–130.

<sup>101</sup> PA AA, China No. 4, R 17833, Betz an Bülow, March 13, 1908, f. 000191, more differences cf. f. 000192. MacMurray confirmed the same information. Cf. MacMURRAY, p. 703, the agreement pp. 702–716.

<sup>102</sup> PA AA, China No. 4, R 17833, Lenz an von Rex, March 5, 1908, f. 000196. The shareholders were to be only the Chinese, who were also to share in railway construction. The report nevertheless said that it could be arranged for Germans to take up positions as expert advisers to the Chinese construction managers, or for a German company to take on the role of supplier. Ibidem, f. 000197.

sponsible Chinese, but rather with the chief engineer. He continued with a different topic, turning to the problem of schooling in Qingdao.<sup>103</sup>

As is apparent, Germany also had problems regarding the railway, although they were not the fundamental issues they were for Great Britain. Berlin was not markedly worried by the attempts by some of the Chinese elite at building railway lines themselves, as has been said above (and neither was London); it was clear that these circles did not have enough capital.

Even once the contract on the loan and implementation of a particular line had been signed and approved by both parties, this did not mean that further developments were not without problems. This is evidenced, e.g. in Minister Jordan's report to Foreign Secretary Grey, in which the British diplomat described the difficulties on the Guangzhou-Kowloon Railway which he had discussed with the chief engineer. Specifically, they involved "*the appointment of a consulting engineer*".<sup>104</sup> It was obvious that achieving the loan contract for a particular railway was only the first step to the definitive implementation of the whole project. The above detailed arguments between the British and the Chinese only made clear the obstacles which were constantly appearing in the construction of the railways.

On 23 April 1908, there was a somewhat surprising change in the Japanese government's view of the railway project in Manchuria and the participation of Pauling & Co. in it; specifically it was this day that British Ambassador in Tokyo, Claude MacDonald informed Foreign Secretary Grey of it. He stressed that Tokyo was aware that it was making a retreat, but it also realised that there were no serious reasons not to make it.<sup>105</sup> Lord Grey then specified the Japanese government's position, with Ambassador MacDonald responding: "*...though they are unwilling to assent to the construction of a line from Hsinmintun to Fakumen, they do not object to a branch line from Fakumen, or its neighbourhood, to the South Manchurian Railway, to be built on behalf of the Chinese Government by Messrs. Pauling.*"<sup>106</sup> As such, the Japanese backed down in this point,

103 Ibidem, Rex an Bülow, March 28, 1908, ff. 000239–000240.

104 Cf. TNA, FO 405/188, Sir J. Jordan to Sir E. Grey, No. 68, Peking, April 21, 1908, p. 89. Cf. also ibidem, Sir J. Jordan to Sir E. Grey, No. 107, Peking, May 26, 1908, p. 149. The problem of naming engineers again came up at the end of August 1908 when one report stated that "*Jeme Tien Yow has been appointed Consulting Engineer, Canton-Kowloon Railway*" and that the responsible authorities, including the British Minister agreed with this. Cf. TNA, FO 405/189, Canton-Kowloon Railway: Consulting Engineer. — (Communicated by Mr. Addis, August 31), No. 41, p. 57.

105 Cf. TNA, FO 405/188, Sir C. MacDonald to Sir E. Grey, No. 69, Tokio, April 23, 1908, p. 89.

106 Cf. ibidem, Sir E. Grey to Sir C. MacDonald, No. 70, Foreign Office, April 24, 1908, p. 90. Minister Jordan considered that in the end, Tokyo would not have any objections to the Hsinmintun-Fakumen line either, even if it was built by the Chinese. Cf. ibidem, Sir J. Jordan to Sir E. Grey, No. 71, Peking, April 25, 1908, p. 90. As suggested above, in the end the Japanese government confirmed Grey's opinion of 24 April. Cf. ibidem, Sir C. MacDonald to Sir E. Grey, No. 72, Tokio, April 26, 1908, p. 90. On 19 June, Ambassador in Tokyo, MacDonald, had to state: "*...it might be concluded that no further hope need be entertained of the Chinese Government being allowed to construct the railway*" [this refers to the line from Hsinmintun to Fakumen — L. N.]. TNA, FO 405/189, Sir C. MacDonald to Sir E. Grey, No. 14, Tokio, June 19, 1908, p. 11. The opinion of the Japanese Government cf. cf. ibidem, pp. 12–16. Cf. also PA AA, China No. 4, R 17834, June 20, 1908, ff. 000152–000155.

preferring to accommodate at least half of British requests. As it was for London, it was also a marginal project for Tokyo, and its importance could not jeopardise Anglo-Japanese relations in any serious manner.

At the beginning of July 1908, Foreign Secretary Edward Grey had to state that Beijing had not yet named any engineer for the Shanghai-Ningbo line, which worried the British and Chinese Corporation. He asked John Jordan whether he would be able to speed up the naming process of anyone. The British Minister contacted Wai-wu Pu and demanded an explanation. “Mr. Foord, I was told, had been chosen for the post, but it was thought better to await the appointment of a Managing Director before placing the engineer in the discharge of his duties,” said the Minister of the response of the Chinese authorities, adding that a likely date was 20 July.<sup>107</sup>

On France’s Independence Day (14 July, 1908), the head of the Foreign Office was able to inform the British Minister in Beijing of a basic agreement between British and French banks on a loan of 7,000,000 pounds “for redemption of railway from Peking to Hankow”; Grey also added that Germany would not be involved in this trade.<sup>108</sup> At the end of September 1908, this had still not been concluded with the Chinese government, and the above detailed railway had become the subject of extensive communication between authorities in London and directly in China. Minister Jordan was able to report signature of the loan in early October.<sup>109</sup>

It could have appeared, then, at the beginning of the second half of 1908, that a successful conclusion to two projects was in sight — naming the engineer for the Shanghai-Ningpo line, which was preventing the implementation of its construction, and conclusion of a loan for the Hankou-Beijing Railway, in which British and French banks were to play an equal part (B&CC was to control the Guangzhou-Hankou section, and the French the Hankou-Beijing section) — and which had been under negotiation for some time; in the end, it proved that it wasn’t quite so simple to find an agreement. On the other hand, they had still been unsuccessful, although it was formally a matter for the Chinese government, in gaining a clear opinion from the Japanese government regarding the expansion of the line from Hsinmintun to Fakumen.<sup>110</sup>

107 Cf. TNA, FO 405/189, Sir E. Grey to Sir J. Jordan, No. 4, Foreign Office, July 4, 1908, p. 2; *ibidem*, Sir J. Jordan to Sir E. Grey, No. 6, Peking, July 9, 1908, p. 3.

108 *Ibidem*, Sir E. Grey to Sir J. Jordan, No. 9, Foreign Office, July 14, 1908, p. 6. Although discussions had faltered at the end of July, at the beginning of September it appeared that there was nothing in the way of a final agreement. *Ibidem*, Sir J. Jordan to Sir E. Grey, No. 42, Peking, September 1, 1908, p. 58. Cf. also *ibidem*, Telegram communicated by Mr. Addis September 14, 1908, No. 50, pp. 64–65. Berlin’s opposition was also confirmed by the German Legation in Beijing: “Auf telegraphische Anfrage in Berlin durch die Deutsch-Asiatische Bank wurde erwidert, daß die deutsche Finanz sich an diesem Geschäft nicht beteiligen könnte.” PA AA, China No. 4, R 17834, Betz an Bülow, August 3, 1908, f. 000175.

109 TNA, FO 405/189, Sir J. Jordan to Sir E. Grey, No. 63, Peking, October 8, 1908, p. 77. Cf. also *ibidem*, Sir J. Jordan to Sir E. Grey, No. 96, Peking, October 27, 1908, pp. 134–135.

110 At the end of July 1908, when Japanese Ambassador, Jutaro Komura, left London to take up the post of Foreign Minister, Edward Grey was still stating that any implementation of the railway from Hsinmintun to Fakumen would not threaten Japanese interests, specifically the interests of the South Manchurian Railway. TNA, FO 405/189, Sir E. Grey to Sir C. MacDonald, No. 21, Foreign Office, July 29, 1908, p. 25.



No advance had been made in the construction of the Pukou-Sinyang Railway either, for which a preliminary agreement had been signed back in January 1899. Minister Jordan, who had been told of the Chinese government's inaction by John Bland, decided after issuance of the Shanghai-Hankou-Ningbo loan to inquire with the relevant authorities in Beijing. The response he received, however, was that the current time was not conducive to a positive solution to the problem.<sup>111</sup>

A similar problem emerged in the construction of the line from Hankou to Chengdu. On 10 August 1908, a representative of the Central Chinese Railways contacted the Foreign Office to enquire as to its fate. He also asked the Foreign Office to remind the Chinese government of its commitment from 1903 *“that, failing native capital, this line should be constructed by British capital. [...] The five years that have elapsed since the undertaking was given must be amply sufficient to show the futility of expecting that native capital will be forthcoming for this work...”*, he then added.<sup>112</sup> Any implementation of the project was to involve British and French banks, the document stated.<sup>113</sup> Further communication with responsible British authorities suggested that CCR was acting on its own and was relying on unconfirmed information. In the end, Jordan proposed to Grey that he would meet with John Bland, who was to come to England at the end of August on holiday.<sup>114</sup>

The beginning of autumn 1908 was a period when relatively ‘little’ occurred in terms of British railway interests in China, or rather when various discussions on pending projects were underway, whether regarding the Shangaie-Hankou-Ningbo, Hankou-Beijing or Guangzhou-Kowloon Railways.<sup>115</sup> The Foreign Office also, of course, had to deal with matters of lesser importance, such as the issue of Japanese interests in Manchuria, specifically the nature of the 1905 agreement and the issue of the sovereign status of the South Manchurian Railway.

On 20 October, a representative of B&CC informed the Foreign Office of the situation regarding the Shanghai-Hankou-Ningbo Railway: *“According to the information of Mr. Bland, our representative in Peking, there appears to be no doubt that on the 15th April,*

111 Cf. *ibidem*, Sir J. Jordan to Sir E. Grey, No. 27, Peking, June 24, 1908, p. 30; *ibidem*, Inclosure 2 in No. 27, Sir J. Jordan to Wai-wu Pu, Peking, June 12, 1908, p. 30; *ibidem*, Chinese Central Railways to Foreign Office, No. 28, London, August 10, 1908, p. 31; *ibidem*, Inclosure 1 in No. 28, Sir J. Jordan to Mr. Bland, Peking, June 30, 1908, p. 31.

112 *Ibidem*, Chinese Central Railways to Foreign Office, No. 29, London, August 10, 1908, p. 32.

113 *Ibidem*.

114 Cf. *ibidem*, Sir J. Jordan to Sir E. Grey, No. 33, Peking, August 19, 1908, pp. 33–34.

115 Discussions on the Hankou-Guangzhou line, e.g., were to start after the return of John Bland to China (early November), wrote Minister Jordan, continuing: *“Loyalty to the French is my constant anxiety. I preach it continually — and yet somehow people in Paris seem to have some lurking suspicion that we may be acting otherwise.”* TNA, FO 350/5, Jordan Papers, Sir Francis Campbell, October 29, 1908, f. 77. Co-operation with France in this matter did not enjoy general support in either country; in both London and Paris there were groups which didn't want it. The German consul in Guangzhou wrote of continuing problems in the company which was responsible for construction of the Hankou-Guangzhou Railway. He added that the central government in Beijing was planning to get involved. Cf. PA AA, China No. 4, R 17835, October 15, 1908, ff. 000044–000047.

1908, the Yuchuanpu<sup>116</sup> obtained the Imperial sanction to a Memorial [...] by which it transferred to the Provincial Railway Bureaus its obligation to build the Shanghae-Hankow-Ningpo Railway, which obligation, by the Loan Agreement, was definitely accepted by the Yuchuanpu on behalf of the Imperial Chinese Government."<sup>117</sup> On the other hand, it could not be denied that despite official agreement nothing was happening on the line, specifically the loan contract was not being fulfilled, stated the B&CC representative.<sup>118</sup>

As had happened many times before, this time British politicians and business representatives were convinced that the signed agreement did not yet mean the actual construction of any railway would begin. Even Foreign Secretary Grey recommended insisting on commitments made being met rather than undertaking any actions which could offend the central government. Beijing naturally had to deal with local elites which didn't always approve of its policies. British Minister Jordan even recommended to the Hong Kong and Shanghai Bank *"that they should withhold further issue of funds for the line, pending Chinese compliance..."*<sup>119</sup>

Furthermore, in December 1908 it was shown that the United States of America were also interested in investing in Chinese railways. As a result of this, Minister Jordan visited his American counterpart, William Woodville Rockhill. *"From a general point of view I thought that American co-operation in loans for railway purposes was to be welcomed, politically speaking, but, in the best interests of China, I was strongly adverse to competition as opposed to co-operation,"* wrote the British diplomat.<sup>120</sup> This was a typically political assessment of the situation which had occurred; the American Minister had assessed the situation and decided to await further developments, according to his British counterpart. In his diary, he also noted that it might be an old 'trick', with Washington only representing Belgian capital, although he didn't think Rockhill would be directly involved if this were the case.<sup>121</sup>

## CONCLUSION

Over the monitored period, Great Britain and Germany had to deal with obstructive tactics from the Chinese in terms of railway policy, which undoubtedly disturbed their trading and political interests. Both countries, however, realised that subsequent to 1905, when at least theoretically the "China for the Chinese" policy was increasingly implemented, it was not possible to rigidly insist on positions from the end of the 19<sup>th</sup> and beginning of the 20<sup>th</sup> centuries, and as such were prepared to make retreats. On the other hand, London and Berlin repeatedly protested against

116 Or Yu Chuan Pu — Board of Communications.

117 Cf. TNA, FO 405/189, British and Chinese Corporation to Foreign Office, No. 72, London, October 20, 1908, p. 89.

118 Ibidem.

119 Ibidem, Sir J. Jordan to Sir E. Grey, No. 80, Peking, November 8, 1908, p. 99. Cf. also Copy of Wire dispatched to Hong Kong, November 13. — (Communicated by British and Chinese Corporation, November 14, 1908), No. 84, pp. 103–104.

120 Ibidem, Sir J. Jordan to Sir E. Grey, No. 98, Peking, December 12, 1908, p. 137.

121 TNA, FO 350/5, Jordan Papers, Sir Francis Campbell, December 24, 1908, f. 88.

Beijing's attempts at not recognising concessions, and where constructions of lines were to be implemented with Chinese capital, preferred a major role for the central government at the expense of the local elite. In 1907–1908, agreements on three major railway lines were successfully concluded — Guangzhou-Kowloon (Great Britain), Tianjin-Pukou (Great Britain and Germany), Shanghai-Ningbo (Great Britain) — in all cases these were concessions from 1898. On the other hand, it should be added that both London and Berlin had to give up some lines, even if they were less important; opposition to their implementation was too strong.

Great Britain and Germany naturally had their own railway interests in China which overlapped and either complemented each other (Tianjin-Pukou), or differed. Over the course of the observed period, it was shown that co-operation between the two countries had its limits, something which might at first appear logical. At the end of 1908, a phenomenon occurred which fully developed in the following period — increased activity from the USA in railway policy in China.

#### **ABSTRACT**

The contribution, which is based on unpublished sources from the National Archives in London and the Political Archive in Berlin (Politisches Archiv des Auswärtigen Amts), aims to present and analyze the British and German view of the complicated question of railway-building in China at the end of the Qing Empire era — concretely in the years 1907–1908. The author will turn his attention to the British and German economic interests in this country with special regard to the building of the Chinese railways, which were conducted by foreign companies. He will define the construction of railways as a policy of following the political and economic interests of the Great Powers in China. The contribution will also focus on the question of the British and German methods to gain railway concession and how successful London and Berlin was in its policy and whether it was able to take advantage of its opportunities.

#### **KEYWORDS**

China; Railway Problem; Great Britain; Germany; Economy

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