I CIRCULATE the draft of such a letter to the League of Nations on the Chinese situation as might be sent if the Cabinet decides to act upon Lord Cecil's suggestion.

Lord Cecil has been good enough to revise the draft.

A. C.

Foreign Office, February 3, 1927.

Sir,

I venture to send you for the information of members of the League of Nations the following statement of British policy in China:

Since 1922 British policy in China has been guided mainly by the letter and spirit of the agreements then reached at the Washington Conference. The principal Treaty Powers there agreed among themselves, in conjunction with the representatives of the Chinese Government, that their future policy should be guided by certain general principles designed to safeguard the integrity and independence of China, to promote her political and economic development and the rehabilitation of her finances. It was agreed to grant her certain increases on her treaty tariff in order to provide the revenue required for these purposes. It was further agreed that a commission should examine the question of extraterritoriality with a view to amending the system now in force by the elimination of abuses and accretions and by the removal of unnecessary limitations on China's sovereignty.

2. Such is the Washington Conference policy of His Majesty's Government and of the other Washington Treaty Powers, as defined in the statement communicated by the British Chargé d'Affaires to the representatives of the Powers at Peking on the 18th December and published on the 26th December, 1926. As regards general principles, His Majesty's Government still adhere to this policy; but its complete success depended on co-operation between the Powers concerned and internal unity under a single Central Government in China. Unfortunately, since 1922, China has become more disunited than ever. The Canton Government was in 1922 confined to the city of Canton. Even then it was in revolt against the Central Government at Peking, and did not consider itself bound by the undertakings entered into by the Central Government's representatives at Washington. That Canton Nationalist Government has now increased its authority over the greater part of the country south of the Yang-tze River, and claims to be recognised as the only Government of all China. This fact has modified the hypothesis upon which the Washington policy was based.

3. Further, the extremists of the Canton Nationalist party have singled out the British people for an implacable campaign of calumny and boycott. Indeed, enmity against Britain has been deliberately and persistently cultivated in order to promote the solidarity of the Nationalist party and stimulate its aggressive spirit.

4. The events of 1925 provided the anti-British propagandists with the kind of material most useful for them. The Shanghai International Settlement is governed by an elective Municipality which was at that time presided over by an
American chairman. This municipality has its own police force. In consequence of an outbreak of mob violence the police opened fire. The British Government have no control over these police, but the fact that they had British officers was seized upon by the propagandists to represent the incident as an act of British aggression. Similarly, when an armed procession of Chinese fired on the Anglo-French concession at Canton and the troops in the concession were obliged to fire in self-defence, the fact that a part, though only a part, of those troops were British, was again seized upon as material for anti-British propaganda. The extremely friendly and considerate attitude of the British Government towards China, as shown at the Washington Conference and on many other occasions, was contemptuously brushed aside. A boycott of British goods was put into force throughout China, and long after the boycott had ceased in the north, it was continued at Canton.

5. The Nationalist Government at Canton have now extended their authority to Central China, and with it has spread the current of anti-British agitation fomented by the extremists. At Hankow, on the 3rd January, a large and threatening mob attempted to break into the British concession. For a whole afternoon it was kept at bay by a handful of British marines, whose admirable discipline and self-control under the most trying circumstances was beyond all praise. The marines were pelted with bricks and stones. They had every justification for firing in self-defence, but they did not fire. Some of them were knocked down and injured, and, in the course of bayonet charges to rescue them, two Chinese were injured. The statement that Chinese were killed is not true. It was clear, however, that the mob could not be held back indefinitely except by firing, and there could be no doubt that such action would lead to an attack by force on the British concession and to a massacre of British subjects. On the 4th and 5th January the rioting continued. The Nationalist troops undertook to keep order, but they too could have done nothing effective without firing on the mob, and this they would not do. It was in these circumstances that the concession passed into the hands of the Chinese.

6. The seizure of the British concession was an unjustifiable attack on the long-established rights of the British commercial community. It was followed by a similar outrage at Kiukiang. It was clear from these episodes that there is no guarantee for the safety of British lives or property in Chinese cities under the authority of the Nationalist Government in the present revolutionary state of affairs. Any incident might have led to bloodshed. It was equally clear that the British forces on the spot were insufficient to protect British subjects. It was obvious that, with the advance of the Nationalist forces towards Shanghai, similar danger threatened the large British community residing there, and the immense interests which British enterprise has built up in that city. Further, whereas the comparatively small communities at Hankow and Kiukiang could be safely evacuated to Shanghai at short notice, there could be no speedy evacuation of the much larger British population at the latter town. In these circumstances, His Majesty's Government decided, as a precautionary measure, to send troops to China as they were advised were required for the protection of the British community at Shanghai. The composition of this force is in itself a guarantee that it can only be utilised for the defensive purposes for which it is exclusively intended. It is hoped that it will soon be withdrawn, or better still that it may never have to land in China; but His Majesty's Government are determined that what has happened at Hankow and Kiukiang shall not be repeated at Shanghai, and that the lives of the British community there shall be protected against all danger.

7. The determination to defend the lives of British subjects is, however, only one side of the China policy of His Majesty's Government. In their statement of the 18th December, they declared their readiness to negotiate on Treaty Revision and all other outstanding questions as soon as the Chinese themselves had constituted a Government with authority to negotiate; and pending the establishment of such a Government to pursue a constructive policy so that ultimately, when Treaty Revision became possible, it would be found that part at least of the revision had already been effected on satisfactory lines. His Majesty's Government, therefore, at once proceeded to investigate what measures they could take by unilateral action to meet the aspirations of the Chinese people. These measures have now been formulated, and were laid before the Chinese authorities in the North and the South on the 27th January in a statement, copy of which is annexed hereto. They imply an immediate and radical modification of the old
Treaty position, so far as His Majesty's Government are concerned, and are an earnest of further modifications as soon as conditions permit. But before this can be successfully attempted it is essential that the official stimulation of anti-British propaganda must cease. The comparative peace of the greater part of Southern China during the last two or three months has proved that, when organised agitation and intimidation are absent, friendly relations between the Chinese and British people remain as excellent as they have been in the past.

7. The policy of His Majesty's Government is therefore a development, not a departure from the Washington Conference policy, as defined in the first paragraph of this statement. In accordance with Article 7 of the Washington China Treaty, they have communicated fully and frankly to the Governments of the other Washington Powers their views regarding the situation, both as concerns the defence of life at Shanghai and the proposed steps towards Treaty revision. It is for them to determine to what extent they feel able to associate themselves with the policy of His Majesty's Government in both its aspects.

In any case His Majesty's Government have felt it right to make this communication to the League of Nations so that its members may have before them a full statement of His Majesty's Government's policy in China and may understand how completely it is in accord with both the letter and the spirit of the Covenant. His Majesty's Government deeply regret that there does not appear to be any way in which the assistance of the League in the settlement of the difficulties in China can be sought at present. But, if any opportunity should arise of invoking the good offices of the League, His Majesty's Government will gladly avail themselves of it.

ANNEX.

Measures for Treaty Modification as communicated to the Chinese Authorities on January 27, 1927.

1. His Majesty's Government are prepared to recognise the modern Chinese law courts as the competent courts for cases brought by British plaintiffs or complainants and to waive the right of attendance of a British representative at the hearing of such cases.

2. His Majesty's Government are prepared to recognise the validity of a reasonable Chinese nationality law.

3. His Majesty's Government are prepared to apply as far as practicable in British courts in China the modern Chinese Civil and Commercial Codes (apart from Procedure Codes and those affecting personal status) and duly enacted subordinate legislation as and when such laws and regulations are promulgated and enforced in Chinese courts and on Chinese citizens throughout China.

4. His Majesty's Government are prepared to make British subjects in China liable to pay such regular and legal Chinese taxation, not involving discrimination against British subjects or British goods, as is in fact imposed on and paid by Chinese citizens throughout China.

5. His Majesty's Government are prepared as soon as the revised Chinese Penal Code is promulgated and applied in Chinese courts to consider its application in British courts in China.

6. His Majesty's Government are prepared to discuss and enter into arrangements, according to the particular circumstances at each port concerned, for the modification of the municipal administrations of British concessions so as to bring them into line with the administrations of the special Chinese administrations set up in former concessions at Hankow or for their amalgamation with neighbouring concessions or former concessions now under Chinese control or for the transfer of police control of the concession areas to the Chinese authorities.

7. His Majesty's Government are prepared to accept the principle that British missionaries should no longer claim the right to purchase land in the interior, that Chinese converts should look to Chinese law and not to treaties for protection, and that missionary, educational and medical institutions will conform to Chinese laws and regulations applying to similar Chinese institutions.

[P.T.O.]
When communicating these proposals to Mr. Chen at Hankow on the 27th January Mr. O’Malley prefaced them with the following paragraph:

"When a satisfactory settlement has been reached in respect to the British concessions at Hankow and Kiukiang, and when assurances have been given by the Nationalist Government that they will not countenance any alteration except by negotiation of the status of the British concessions and international settlements, His Majesty’s Government will be prepared to concede at once and on the lines indicated in the enclosure hereto a part of what is desired of them by the Chinese Nationalist party. So liberal and generous a step cannot in their view be regarded otherwise than as an earnest of the fair and conciliatory spirit with which they are animated."

**Note 1.**

When communicating these proposals to Mr. Chen at Hankow on the 27th January Mr. O’Malley prefaced them with the following paragraph:—

"When a satisfactory settlement has been reached in respect to the British concessions at Hankow and Kiukiang, and when assurances have been given by the Nationalist Government that they will not countenance any alteration except by negotiation of the status of the British concessions and international settlements, His Majesty’s Government will be prepared to concede at once and on the lines indicated in the enclosure hereto a part of what is desired of them by the Chinese Nationalist party. So liberal and generous a step cannot in their view be regarded otherwise than as an earnest of the fair and conciliatory spirit with which they are animated."

**Note 2.**

The words in italics in paragraph 6 were omitted from Mr. Lampson’s communication to Dr. Koo.