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# 中華民國史史料外編

——前日本末次研究所情報資料

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## THE BUFFOONS OF CANTON.

**Q**UOS Deus vult perdere prius dementat. The buffoons who pose as the "Military Government" of Canton, and at the same time claim to speak on behalf of certain undefined "Constitutionalist Provinces" have really excelled themselves in their latest manifesto regarding the control of the Maritime Customs. From a mountebank like Sun Yat-sen one might have expected some such absurdity. But Tang Shao-yi was not only Premier of the Republic at the time when the present arrangements for handling the Customs Revenues came into force, but had been Comptroller General of the Revenue Council, to which the Inspector-General looked for instructions, and had had considerable diplomatic experience under the Manchus; and though the venerable Wu Ting-fang may be in his dotage, he has a foreign-educated lawyer-son, who might at least have been expected to enlighten him as to the illegality and grotesqueness of the proposal to take over the control of the Southern Customs as from February 1.

To understand the precise position in which the Canton buffoons have placed themselves it is necessary briefly to refer to the events which led to the present system of handling the Customs Revenues. As is generally known, a number of China's foreign and domestic obligations are met from the Customs revenues. Up to the time of the Revolution these revenues, though recorded and checked by the Customs Staff were paid into a special Customs Bank, which was under the control, not of the Commissioner, but of the Chinese Superintendent of Customs at each of the Treaty Ports. The Inspectorate did not actually handle any of the revenue. This system broke

down during the 1911 Revolution. To prevent the revenues getting into irresponsible hands, the local Commissioners had to assume temporary control of the Customs Bank. In the North, where the Inspector-General was the servant of the Imperial Government, it became necessary to insist that Customs Revenues should also come under his control, to avoid the obvious injustice of financing the Manchu Dynasty from funds identical with those of which the ceded Provinces had relinquished control. The Foreign Legations at that time were becoming apprehensive regarding the service of the foreign debt, and it was only by transferring the actual control of Revenues from the Chinese Superintendents to the Inspector-General that they were reassured. International arrangements (we quote from a Memorandum written by the present Inspector-General and reproduced in Morse's *International Relations*, Vol. III, p. 403) were then made placing the Loan and Indemnity service in the Inspector-General's hands; and it is to be noted that these arrangements were made with, and sanctioned by, the Imperial Government before its fall, and that they have been scrupulously respected by the Republican Government which succeeded it. Some unavoidable delay occurred at the outset in meeting loan payments that had been deferred pending the conclusion of the above arrangements, but all payments were eventually and easily met from the funds that had in the meantime accumulated. The Indemnity arrears offered more difficulty, and special measures had to be taken to pay them off; but once this had been effected the combined Loan and Indemnity service worked smoothly and automatically. With assistance from the Salt revenues pledged as second security there have always been ample funds to meet all requirements. The Loan and Indemnity service is conducted at Shanghai by the Commissioner of Customs, under instructions from the Inspector-General. Periodical accounts are rendered by the latter to the Chinese Government and the commission of foreign Bankers representing the interests of foreign creditors. The sensible com-

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promise of which these arrangements are the expression—leaving in China's hands the management of her debt with absolute security for her foreign creditors—is eminently characteristic of the country, but without an organization of the peculiar nature of the Customs service it would have been impossible. Indeed it is by no means an overstatement to maintain that the service in 1912 stood between its employers and the establishment of a 'Caisse de la Dette.'

The charges on the Customs revenues have been considerably augmented since the establishment of the Republic. They form the alternative security for the Reorganization Loan, the service of which was met from them in 1920. They are also earmarked for the service of the Third and Fourth Year Domestic Loans of the Republic, and various other long and short-term debts, domestic and foreign. Of the total revenue of Hk. Tls 49,500,000 collected in 1920, only Sh. Tls 23,150,000 were released to the Central Government.

When the Southern Provinces seceded from Peking after the Chang Hsun Coup, the Government at Canton claimed its share of the Customs Revenues. At that time the situation was very different from the present. The Northern Government was bent upon the reconquest of the Southern Provinces by force. The latter had actually proclaimed their independence, and their adhesion to the Canton Government. It was obviously inequitable that the Peking Administration should be financed by the Customs in its efforts to reconquer the South. Accordingly a compromise was effected by which the

Southern Government was to receive 13.7 per cent. of the Customs surplus. Then dissensions took place between the Southern leaders. Wu Ting-fang and his friends bolted from Canton with their seals. Legal proceedings were instituted by the Kwangsi militarists to secure possession of Canton's share, but as the monies had been deposited in foreign Banks, and it was hardly within the competence

of foreign Courts to decide what was the legal Government in the South, an injunction against their withdrawal by any party resulted. Now the Kwangsi leaders in turn have been chased out. Sun Yat-sen, Tang Shao-yi and Wu Ting-fang, who have been skulking in Shanghai, have once more ventured forth from their haven of refuge, and their obsession at the moment is the recovery of the percentage of the Customs surplus which was formerly paid to the South. There is, however, absolutely nothing to show that the so-called Military Government which at present claims to represent the "constitutional provinces" has any better title than the "Government" it displaced. Moreover, the North no longer entertains aggressive intentions towards Kwangtung; Peking has, in fact, spontaneously ordered elections to a new Legislature on the basis of the old election laws. And several of the Provinces which formerly acknowledged Canton's leadership have now proclaimed complete autonomy, or expressed their willingness, conditionally, to revert to their allegiance to Peking.

While matters are in this state of flux, Sun Yat-sen has decided to augment Kwangtung's independence by subjecting the Customs in the South to his orders and control. He seems quite oblivious of the results of such a decision.

In the first place the Representatives of the Foreign Powers are no longer likely to concur in any step that is calculated to perpetuate disunion in this country. They may not regard either the Peking or the Canton Government as satisfactory, but they will recognize that the election of a Parliament representative of the whole nation is the only practicable solution of China's constitutional muddle. Moreover, they cannot but be aware that if Kwangtung starts a separate Customs Administration, every other Province in which there are Treaty Ports which collect considerable Customs Revenues will also clamour for the control of the

Customs Houses at these centres. The Hupeh Tuchun, for instance, knowing that Hankow collected duties amounting to more than three and a half million taels in 1920, not to mention the collections at Ichang, and Shasi, will probably attempt to take over control of the Customs Houses without even the pretence that he belongs to a "Constitutionalist Province," and if the precedent once be established there can be no telling where or how the matter will end. All that can be predicted with any certainty is that China's foreign credit will receive a blow from which it must take many years to recover.

Then, apparently, the Canton buffoons have not even given a thought to the complications that must arise if the Diplomatic Body should decline to entertain the idea of separate control of the Customs in the South. Sun Yat-sen and Co. have no more right to dictate where and how foreign ships shall pay their duties than any other Chinese official. The procedure is governed by Treaty, and, as described by Mr. H. B. Morse, is as follows:

"On the entry of a ship, her papers are deposited with the Consul of her nationality, to be surrendered only upon the issue of a provisional Customs clearance. The passing of an import cargo proceeds much as elsewhere, but note is to be taken of the fact that the foreign ship and the foreign merchant are covered by the privilege of extraterritoriality."

It is scarcely necessary to emphasize the significance of this procedure. The return of the ship's papers by the foreign Consulates is conditional upon a provisional Customs clearance. Clearly it is for the foreign Consul to determine what constitutes such a clearance, and equally clearly he could refuse to accept any provisional clearance issued by any Customs officer who was acting independently of the Inspectorate General. Not only is the Canton Government debarred by Treaty provisions from enforcing its intentions so far as foreign shipping is concerned; the Senior members of the Customs staff,

being subjects of the Treaty Powers, are also protected by extraterritoriality from any molestation by Chinese officials, whether they pose as employes of the Peking Government or of the "Military Government" of the "Constitutionalist Provinces." The Diplomatic Body merely has to reject Sun Yat-sen's preposterous proposals, and without the firing of a gun, without the appearance of a single warship, the whole trade of the Ports at which he attempts to enforce them will be completely tied up. The Customs Staff will continue to look to the Inspector General for orders; the Consuls will decline to recognize any clearance papers that do not bear the signature of the Inspector-General's representatives; and by no conceivable means short of forcible interference with foreign Customs officials, in violation of the extraterritorial provisions of the Treaties, can Sun Yat-sen and his friends put their hands on a cent of Customs revenue. It would be a perfectly simple matter, if circumstances required, for the Inspector-General, with the support of the Diplomatic Body, to order the payment of all Canton Customs duties at Hongkong or Shanghai.

There is another aspect of the question which may be very brief-

reached upon. Sun Yat-sen states that "as the Customs revenue has been mortgaged at different times for the service of various foreign obligations, there is no intention to jeopardize anywise the interests of creditors. The revenue of the South-west Provinces will bear a proportionate share of the burden which will form, as hitherto, a first charge. It would be extremely interesting to know how this would work out in practice. It is quite impossible for Canton without full knowledge of the Customs receipts elsewhere, and of the obligations for which the



Customs Revenues form the security to determine what would be Kiangtung's share. The Customs surplus, in fact, cannot be determined until the end of each financial year, when all obligations have been met. With trade falling off, and revenue proportionately diminishing, it is quite possible that there may be little or no surplus in 1921. But Sun Yat-sen and Co. want money to spend, not to hoard for possible contingencies. Their pledge to meet "a proportionate share of the burden" is worthless, not only because they do not possess the data on which to make the necessary calculations, but because there is every probability that after looting the Customs for a few months they would once more find it expedient to seek refuge in Shanghai, or some other Foreign Treaty Port.

In the interests not only of China herself, who has benefited so greatly from the management of her debt service by the Inspectorate General, but also of foreign trade, and China's foreign creditors, it is to be hoped that Sun Yat-sen will be told very plainly, very emphatically, that however much "hot air" may be exuded from Canton, nothing will be allowed to interfere with the unity and efficiency of the Maritime Customs. Foreigners and Chinese alike have grown utterly weary of Sun Yat-sen's escapades and intrigues. And it would perhaps not be altogether a bad thing if he and his fellow-buffoons press their present plans to the extent of compelling the Treaty Powers to call their bluff, and to expose them to the whole world as a clique of unscrupulous, self-seeking and utterly irresponsible agitators, whose activities, if they continue unchecked, will succeed in destroying the one branch of China's fiscal service which has functioned continuously and satis-

factorily through all the crises of the past thirty years. Incidentally, they might also be acquainted with the fact that their flight to any other Treaty Port will not, in future, serve to shield them from arrest under the orders of the Central Government.

#### PEKING'S ATTITUDE ON PROPOSED CUSTOMS SURCHARGE

The Canton Government is in favour of levying a customs surcharge but the leaders contend that the proceeds shall be appropriated and used for its own purposes. The Central Government wired these leaders yesterday, pointing out that famine in the Northern provinces is worse than it has been for years and that at such a time when foreigners and Chinese alike are working to raise funds to relieve the sufferers it is as uncharitable as it is impertinent for the South to appropriate money meant for starving and freezing people. It is reported to-day that a reply has come from the South in which they agree to remit the proceeds from the surcharge to Peking, all save 13 per cent. which they want for Canton.

Hongkong, Mon, Feb. 14, 1921.

## CANTON AND THE CUSTOMS.

THE question of the allocation of the Customs Surplus continues to occupy the attention of the Diplomatic Body. The claims of the so-called "military Government" of Canton fall under several headings, and are apt to be confused unless what has happened in the past be fully understood. On January 15 the "military Government" announced its intention of assuming charge of the Chinese Maritime Customs Service within its jurisdiction, in view of appropriating for its own use the surplus customs revenues of the Southern Provinces. This threat elicited a peremptory warning from the Diplomatic Body to the effect that it would tolerate no interference with the function of the Customs Service. A Reuter telegram which was received several days ago stated that according to a Chinese report the "military Government" had actually endeavoured to carry out its threat, that the Customs administration at Canton had been removed to the residential quarters on Shameen, and that foreign warships would be sent to protect the Staff. This report has not yet been confirmed.

But it is not only the future Customs surpluses of which the "military Government" seeks to secure possession. Two other sums are involved, namely an amount of \$2,600,000 which Dr. Wu Ting-fang, as acting Minister of Finance, had deposited with a foreign bank, and which still stood in his name when he bolted from Canton in March 1920, and a further sum of about Tls. 2,500,000, representing 13.7 of the Customs surplus up to the end of 1920, which is still in the hands of the Inspector General of Customs. It may be recalled, with reference to the first, that on Dr. Wu Ting-

fang's flight to Shanghai, legal proceedings were instituted at the instance of the Kwangsi militarists to recover the \$2,600,000 for the new "Military Government" which was in power at Canton at the time. The Mixed Court rejected this claim, but issued an injunction restraining Dr. Wu from withdrawing any of the funds in dispute. The British Supreme Court also issued an injunction, restraining the Hongkong & Shanghai Bank from paying out any of the funds standing in Dr. Wu's name, pending the final decision of the Mixed Court. The sum of \$2,600,000 has therefore remained in the Bank ever since, while the further sums earmarked by the Inspector General of Customs as the South's share of the Customs surplus have also been withheld.

The Kwangsi militarists, after a few months in power in Kwangtung were expelled, and Wu Ting-fang, Sun Yat-sen and Tang Shao-yi then returned to Canton to reorganize the "Military Government." They found the Treasury empty, and there seemed no means of replenishing it save by securing possession of the \$2,600,000 with which Dr. Wu had bolted, the Tls. 2,500,000 held by the Inspector General, and future Customs surpluses. To secure the last named they threatened to take over the Customs Administration. Whether they have actually attempted to carry out that threat or not, it may be regarded as certain that no interference with the Customs Administration will be tolerated. To secure the release of Dr. Wu's \$2,600,000 they applied to the Mixed Court for the cancellation of the injunction of April last. This request, most improperly in our opinion, (so long as Peking is recognized as the *de jure* and *de facto* Government of China) was granted. Then the Peking Government intervened, and secured an injunction temporarily restraining the Hongkong and Shanghai Bank from parting with any of

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the money. Meanwhile the Chinese Government intends to take the case before the City Court at Shanghai with a view to renewing the injunction against Dr. Wu. A dispute will probably follow on the point whether jurisdiction really lies with the Mixed Court or the City Court. But there is little likelihood that the Southern "Government" will be permitted to draw upon Dr. Wu's banking account for some time to come. Accordingly Canton has now applied to the Diplomatic Body for the release of the Tls. 2,500,000 held by the Inspector General, and it is the advisability of acceding to this request which is occupying the attention of the Foreign Legations, who, we are told, intend to stipulate that if the funds are released they must be employed only for productive purposes.

In our opinion there is insufficient ground to warrant the release of any Customs funds to Canton, under any conditions, at this juncture. It is true that in July 1919 the Diplomatic Body agreed, in principle, to the setting apart of 13.7 per cent. of the Customs Surplus for the use of the Southern Government. Presumably it based this decision on the consideration that though not officially recognized as a legal government the Canton administration was the *de facto* government of the seceding provinces. It seems difficult, in the circumstances, to follow the reasoning by which the Kwangsi "Government" which came into power in March last year, and was the *de facto* government of Kwangtung until November, was deprived of its share of the Customs surplus. Until its overthrow by General Chen Chiung-ming, its claims to a proportionate share of the Customs surplus were at least as strong as those of the "Government" that preceded and succeeded it. The Foreign Legations will surely not be rash enough to pronounce upon the pseudo legal qualifications of the kaleido-

scopic governments which follow each other at intervals of a few months, at Canton, and each of which puts forward the claim that it is the only "constitutional" government in South China. Moreover, it seems to us that the present "military Government" is estopped by the conduct of Dr. Wu Ting-fang from successfully pressing its pretensions. When Dr. Wu was ejected from Canton, the *de facto* "Government" was that established by Lu Yung-ting and Mu Yung-hsin. If the mere fact of being the *de facto* Government for the moment establishes a logical or legal claim to the Customs surpluses, Wu Ting-fang should have handed over his banking account to Mu Yung-hsin's nominee, to whom also should have been paid over Kwangtung's proportion of the Customs surpluses. Any other course could only be construed as discrimination against the *de facto* Government for the time being. If the Diplomatic Body should now release the accumulated surplus held by the Inspector General to the present "military Government" it will expose itself to the charge of favouring one group of charlatans and discriminating against another. Surely it is time to cut the gordian knot, and either to hold up the entire Customs surplus until China is reunited, or pay the entire amount to the Government which is recognized as the *de jure* and *de facto* Government of China by the Treaty Powers. Canton, clearly, is not entitled to-day to anything like the 13.7 per cent. of the Customs surplus which was formerly allotted to the "Military Government." It only claims sway over three provinces—Kwangtung, Yunnan and Kweichow—and its claims in regard to the last named are to say the least, dubious. If the Peking Diplomats have decided to release any Customs Revenues to Canton, why not carry the matter



to its logical conclusion and make a similar concession to Kwangsi, and to any other Province which claims to possess a *de facto* "government" which is not under the control of Peking? If there were any prospect of securing such concessions, *de facto* governments would spring up like mushrooms throughout the country, and the Diplomatic Body would have a hectic time in keeping track of the percentage to which each was entitled. While, as our readers must all be aware, we have no admiration for, or confidence in, the Peking Government, it seems to us grotesque for the foreign Diplomats accredited to that Government to carve up and allot the distribution of China's surplus Customs revenues, as if that Government did not exist. The stipulation that any funds released to Canton must be used for productive purposes seems to us to be entirely beside the point. The question is one of principle; it should be dealt with as such and not as a matter of expediency. And, as a matter of principle, the Foreign Legations have no legal right to say how the surplus revenues of the Customs are to be dealt with. They are unquestionably the property of the recognized Government of the "Republic". If the latter concurs in the view that the accumulated funds ought only to be applied to productive purposes, let it request their immediate release for famine relief under the same conditions as regards supervision as those enforced in connection with the Famine Relief loan.

### DISPOSITION OF CUSTOMS SURPLUS

Members of the Peking Diplomatic Corps met Saturday afternoon to discuss the disposition of the Customs surplus, much ado about which is being made by Canton at present. The money will amount, in round figures, to something like \$2,500,000, and the consensus of opinion was that it should be turned over to the Peking Government on these conditions: (1) That \$400,000 be appropriated for river conservancy work; (2) that \$700,000 be appropriated for the pay of Consular and diplomatic representatives of the Chinese Government abroad; (3) that the remainder be devoted to the readjustment of internal loans. Formal action on the matter was postponed, chiefly because of the opposition of one of the Ministers, who urges that the money be devoted to conservancy work on the Pearl river and to the plague situation on the Tientsin-Pukow railway. At the close of the meeting the various Ministers were requested to write their views on the subject and submit them individually, to the Waichiaopu.

### SINO-AMERICAN MINING

From reliable sources it was ascertained today that a contract has been signed between Chinese mining men and American bankers under the terms of which the latter shall advance \$5,000,000 the proceeds of which will be used for the development of the Shian P'io Ebang mining properties in Hupoh.

## POWERS REFUSE TO RECOGNISE DR. SUN

Corps Diplomatique At Peking  
Has Wired Instructions To  
Canton Consuls

10426—A. L. N.  
Since his election as President of the Republic of South China Dr. Sun Yat-sen has, besides appointing delegates to proceed to Europe and the United States of America for the purpose of securing recognition from the various Powers to his Presidentship, approached the Consular Body in Canton for the same purpose. However, it is stated that, upon receipt of a communication from the Ministry of Foreign Affairs to the effect that the action of Dr. Sun Yat-sen in proclaiming himself as President for South China would cause obstacles to the unification of the North and South, and also in view of the fact that he is not strong enough to be regarded as a belligerent, the Corps Diplomatique in the Capital have telegraphed to their respective Governments for instructions. At the same time, telegraphic instructions have been issued by the Corps Diplomatique to their Consuls in Canton ordering them not to recognise Dr. Sun Yat-sen, as President of the Republic of South China.

## CANTON ABANDONS PLANS RE CUSTOMS

And The Foreign Powers May  
Reconsider Decision Regarding  
Customs Surplus

ASIATIC NEWS AGENCY

Canton, Feb. 3:—In view of the strong attitude adopted by the Powers, the directors of the Military Government have abandoned their intention of taking over the control of the Maritime Customs; but, it is reported that through the Consular Body in Canton, the foreign Ministers in Peking have promised to reconsider their decision *vis-à-vis* the withdrawal of the thirteen per cent. Customs surplus by the South-Western Government. But at the rate of the present exchange, it is feared that there will be no surplus from the Customs Revenue in the future.

An Official Statement

REUTER'S PACIFIC SERVICE

Hongkong, Feb. 2:—The Chief Department of the Foreign Office at Canton has issued the following statement:—With a view to establishing the authority of the Military Government in the Constitutionalist Provinces:—The Military Government decided, on January 15, that the Chinese Maritime Customs functioning in these Provinces should be subject to its orders and control, and the Inspector-General was notified accordingly. The Military Government has now assurance from the Inspector-General that he acknowledges as always, the authority of and takes instructions from the Military Government. This official statement is, therefore, published in order to allay misunderstandings, if any, by the foreign public that the Military Government intended to interfere with the foreign loan service arrangements in any way prejudicial to the interest of foreign creditors.

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# X CUSTOMS INCREASE TO BE HELD

N.C.S. 12/1/20

(Chung Mei Service)

Peking, Jan. 9:—It is reported from reliable sources that in officially recognizing the enforcement of the new Customs increase beginning with the middle of this month, the Diplomatic Body is preparing to forward a note to the Chinese Government suggesting that the revenues derived from this increase be held pending some settlement in regard to the payment of the defaulted foreign obligations.

## Italy's Ratification Of China Customs Tariff

Is Made On Her Own Initiative

Reuter Learns From An  
"Unrefutable" Authority

12/25/20 N.C.S.

(Reuter's Pacific Service)

Peking, Jan. 24:—"Reuter's Agency" learns from an 'unrefutable' authority that the statement recently made by another News Agency that it was in great part due to the efforts of the American Government that Italy finally ratified the tariff revision is wholly devoid of any foundation. It is pointed out to us that it would be to wrong the well-known correctness of the American Minister to suppose that he could have tried to exert any pressure in a matter which did not concern the American Government.

"Reuter's Agency" is informed that the Italian ratification was granted only because the Chinese Government decided to accept the Italian proposal to submit to arbitration the pending question of the three ex-Austrian steamers, although this was not made known afterwards.

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未次研究所

**Canton, Friday, Dec. 7, 1923.**

## CANTON AND THE CUSTOMS.

THE revenues of the Chinese Maritime Customs form China's greatest international and national financial asset. They are pledged in their entirety, in the first place, for the service of a number of foreign obligations, including the Russo-French and the Anglo-German Loans raised for the payment of the Sino-Japanese War Indemnity, the Boxer Indemnity, and a number of other commitments abroad. And the annual surplus, after discharging all these obligations, is earmarked for the service of China's Domestic Loans, under the personal supervision of the Inspector-General. In all the crises through which China has passed since 1911 the Customs revenues have been preserved intact, although, for a few months in 1919-20, when a Confederacy of South Western Provinces actually existed with headquarters at Canton, a definite percentage of revenue releases was allotted to the Canton Government. The South-Western Confederacy ceased to exist when the Sun Yat-sen Government was driven out of Canton in the Spring of 1920, and when, at the end of that year, funds payable to the Canton Government amounting to upwards of two and a half million Taels had accumulated, the Diplomatic Body sanctioned its disbursement for Canton Conservancy, the maintenance of Chinese Legations abroad, Plague Emergency measures, and the National Loan Service. The National Consolidated Loan Service was inaugurated, by Presidential Mandate, on April 1, 1922, arrangements being authorized whereby the surplus Customs funds should be supplemented by substantial grants from the Salt Gabelle, the Wine and Tobacco revenues, and,

as a temporary measure, from the Ministry of Communications. The sums earmarked from these other sources of revenue never having been paid to the Inspector-General, the charges of the National Consolidated Loan Service have have fallen entirely upon the Maritime Customs, with the result that there has been little, if any, surplus available for Peking's administrative expenditure.

Sun Yat-sen, who has for years cast covetous eyes on the Canton Customs revenues, has now announced his determination, within "the next few days," to seize the Canton Customs revenue, and to "order the Commissioner of Customs to pay him all revenues from Kwangtung." If the Commissioner refuses he intends to ask someone (unspecified) to have him replaced. It is not, in Dr. Sun's opinion, necessary to notify the Consuls beforehand, as "the money belonging to Kwangtung was not their affair." His excuse for seizing the Customs revenues is that money collected in Kwangtung is being used by Peking to make war upon that Province.

At the present moment Sun Yat-sen, who has been a perpetual trouble-maker ever since he returned to China at the end of 1911, is maintaining a precarious foothold in Canton and the vicinity, by means of mercenary troops, mostly Yunnanese. To pay these mercenaries he has indulged in an orgy of oppression, which makes even the exactions of the Northern militarists seem mild, in comparison. Private property has been ruthlessly seized, and sold to the highest bidder, on the pretence that there was some defect in title. Persons of all classes have been impressed into military service, and compelled to buy immunity. Revenues are reported to have been raised by means of taxes on gambling, on brothels, and on opium. The population of Canton, groaning under an oppression such as it has never experienced before, even

when the Kwangsi militarists were in power, has shown its exasperation by successive strikes and other forms of passive resistance. But the champion of Chinese democracy has merely redoubled his already frantic efforts to raise funds. And now, in spite of unofficial warnings from the Foreign Consuls, he has decided, having exhausted all other means of raising funds, to appropriate to his own use the Customs Revenues of Kwangtung.

There are various measures, forcible and otherwise, which are at the disposal of the Treaty Powers for dealing with this attempt to disintegrate the Customs. We do not here propose to go into details, which must surely have been carefully considered from time to time, when threats to seize the Customs revenues have been made at Canton and elsewhere. It is our purpose only to urge that measures, forcible or otherwise, sufficiently drastic to check Dr. Sun's audacity, be carried into effect the moment he attempts his raid upon the Customs. The situation has completely changed since 1919, when the Diplomatic Body sanctioned a compromise, whereby 13.7 per cent. of the Customs surplus was allotted to the Canton Government. The latter was then the *de facto* Government of a South-Western Confederacy. The Peking Government was actually, owing to the high rate of exchange, drawing substantial surplus revenues from the Customs, and using them solely for its own benefit. Canton had a genuine grievance. To-day Dr. Sun is not the head of a *de facto* administration of Kwangtung. He is a despot who retains a precarious hold upon the city of Canton and its environs by means of Yunnanese mercenaries. He and his hirelings have despoiled the city of nearly every dollar it can find, to prosecute hostilities, not against the Northern Government, but against a Kwangtung army. There is no Customs surplus to distribute, after

China's national and international obligations have been met. And the interests of China herself, and of the Treaty Powers demand that there shall be no tampering with the Customs administration. If Dr. Sun is permitted to misappropriate the Customs revenues at Canton the thin end of the wedge will have been inserted, and we must expect to see the whole fabric of the Customs disintegrate. What Dr. Sun can do in Canton, some other political Jack-in-office will think he can do with impunity in Swatow, or in Pakhoi, in Foochow or in Ningpo, in Shanghai, or in Hankow. The integrity of the Customs Administration must at all costs be preserved. If Dr. Sun chooses to proceed with his plans for disrupting it, so much the worse for him. The representatives of the Treaty Powers cannot afford to ignore his pretensions; they cannot if they are really desirous of protecting the interests of their nationals, and, in the long run, of promoting those of China herself, ignore Canton's challenge.

Let us hope that it will be accepted in such a manner that Canton will soon be relieved of the presence of this pestilent agitator, and further, that on this occasion he will not be safely transported to Hongkong en route to his bolt-hole in Shanghai, by a foreign warship, but that he will be left to get out as best he can, and debarred from future residence in any Foreign Settlement or Concession.

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**Mentsin, Monday, Dec. 17, 1923.**

## THE LEGATIONS AND CANTON.

THE Diplomatic Body has, we think, acted wisely in releasing for publication the correspondence that has passed between the foreign Authorities and the Canton Government, regarding the proposed seizure of the Canton Customs. The despatches and the memoranda, communicated to the Doyen of the Consular Body at Canton, Sir James W. Jamieson, K.C.M.G. were penned by Mr. Wu Chao-chu, a son of the late Dr. Wu Ting-fang, and a British Barrister at Law. They probably, therefore, put the case for Sun Yat-sen as ably, and incidentally, as speciously, as it can possibly be put. We need not here recapitulate Mr. Wu's arguments, which can be read, by those interested, elsewhere in this issue. The Canton Government claims not only the share of the "South-Western Provinces" of the total Customs surplus, but also arrears alleged to be due to these Provinces from March 1920—when the arrangement under which Canton received 13.7 of the surplus came to an end—up to the present date. A beautifully compiled budget, showing how Sun Yat-sen would spend \$12,900,000 on public works, education, and the suppression of piracy, if only he could carry through his bluff, is appended. The demand for the allocation to Canton of the share of the Customs Revenues of the South-Western Provinces, together with the elaborate memoranda explaining the grounds on which the demand was based, and the purposes upon which the money would be spent, was sent to the British Consul-General at Canton on September 5, 1923. No reply having been vouchsafed by the Diplomatic Body a further memorandum, containing supplementary arguments, was

handed to Sir James Jamieson on October 23rd. The Diplomatic Body at Peking, however, remained inactive until December 12, when, on learning that Sun Yat-sen had "threatened to take over

temporarily the administration of the Chinese Maritime Customs at Canton," they telegraphed to the Senior Consul "that in the event of any such attempt being made they will take such forcible measures as they may deem fit, to meet the situation." In a supplementary despatch it is pointed out that the Powers, signatories of the 1901 Protocol derived therefrom "the right to ensure the priority of the payment of interest and amortization of certain foreign loans secured on the Customs revenues previous to 1901, and of the payment of interest and amortization of the Indemnity mentioned in Article VI thereof, but no treaty right has been conferred upon them to decide to what purpose the Central Government shall use the funds which at the end of each year shall remain at the disposal of that Government after the services of the said loans and indemnity shall have been entirely provided for." Reference is also made to the Agreement of 1912 under which the Diplomatic Body "were practically appointed trustees of the Maritime Customs revenues for the protection of the above mentioned obligations; but that agreement did not confer upon the Diplomatic Body the power to allocate surplus." The 1919-20 arrangement, whereby Canton received 13.7 of the Customs surplus was, it is emphasized, an arrangement reached between the Canton and the Peking Governments, in which the Diplomatic Body neither took the initiative nor acted as intermediaries.

The situation, therefore, appears to be this: that if Sun Yat-sen desires to obtain what he claims to be Canton's share of the Customs surplus he must reach an agreement with the Peking Government to that effect; seizure of or any

actual interference with the Customs Administration in the South will be forcibly resisted by the Powers interested. Inasmuch as the entire Customs surplus after meeting pre-Boxer loan charges, and Boxer Indemnity obligations, has been earmarked for the service of China's Domestic Loans, there is not the remotest possibility that the Peking Government will meet Sun Yat-sen's wishes. Little or no sympathy need be wasted upon Sun Yat-sen. Wonderful budgets for social, educational, and public works' projects may be prepared for the purpose of hoodwinking the Diplomatic Body, but everyone knows that if the present Canton Dictator obtained \$12,900,000 or even a fraction thereof, the greater part of it would go towards fomenting internal strife. The demand for arrears of Canton's share from March 1920 "when internal differences between the Administrative Directors caused a temporary disruption and further payment was suspended," almost takes one's breath away by its audacity. What is described as a "temporary disruption" was, in fact, followed by a revolt against Sun Yat-sen, as a result of which, after several weeks of isolation, he had to escape from Canton on a British Gunboat. Logically, if he is entitled even to arrears dating from his return to Canton in 1923, Chen Chiung-ming ought to receive proportionate arrears for the period during which Sun Yat-sen was skulking in the French Concession at Shanghai. In other words, the Diplomatic Body would, if they took any hand in the actual allocation of the Customs surplus, soon be bewildered by the number of political charlatans they would have to subsidize in order that they might continue to fight each other. Any "patriot" who secured temporary possession of Amoy or Swatow, of Foochow or Pakhoi, with a horde of armed ruffians, would have as good a claim, logically, to a share of the Customs surplus as Sun Yat-sen.

A position would arise which would provide a strong incentive to grasping politicians to indulge in local revolutions all over the country in order to secure their share of the "swag." The agreement of January 30, 1912 for the establishment of a Commission of Bankers to receive the Customs Revenues, which virtually constituted the Diplomatic Body—to whom quarterly reports showing the appropriation of the revenue received have to be furnished—Trustees, was intended to prevent this kind of thing, and maintain the integrity of the Customs Service. Loan and indemnity obligations secured on the Customs, obviously could not be met if the Customs service were disrupted, and it were left to the whims of individual "patriots" to decide how the Customs revenues should be dealt with. The Customs revenues as a whole, not a *pro rata* contribution from Canton, Shanghai, Hankow, Tientsin, etc., were pledged as security for the Japanese Indemnity loans, and the Boxer Indemnity. The Trusteeship of the Diplomatic Body would become ludicrous if the Customs revenues, instead of coming under the direct control of the Inspector General, were controlled by politicians or cliques in temporary occupation of the districts wherein the Treaty Ports are situated.

Sun Yat-sen makes a great point of the earmarking of the surplus revenues of the Customs for the service of China's domestic loans, trading, of course, upon the protests which have been lodged by the legations against a project by which dubious domestic obligations have been given priority over a number of unsecured foreign debts. The Diplomatic Body, however, "are in no way concerned with the service of these loans, which was instituted without their previously having been consulted." By far the greater part of these domestic loan bonds are held by Chinese banks and individuals, and any attempt at this juncture to tamper

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with the Consolidated Loan Service would have disastrous financial results in all parts of China. The very fact that this Loan Service is being maintained, in spite of the chronic financial difficulties of the Peking Government, prevents the surplus Customs revenues from being used to finance military operations against the South. There are rumours, already, that following Sun Yat-sen's bad example Chang Tso-lin is contemplating a raid on the Manchurian Customs revenues. If Sun Yat-sen once established a precedent in face of the warnings of the Treaty Powers, we should find one of the Chihli cliques taking over the Customs revenues of Tientsin and Chinwangtao, the Shantung authorities doing the same at Tsingtao, Kiangsu and Chekiang fighting for the Customs revenues at Shanghai, and militarists all over the country competing for the Customs revenues of other Treaty Ports. The unity of the Customs administration which Sun Yat-sen has the effrontery to pretend is the cause of internal strife operates, in actual fact, as a strong check upon civil war. Nothing can actually prevent China's militarists from fighting each other, at the moment, but they can and must be prevented from dissipating in futile civil wars the one source of revenue which has so far remained intact, and which, when reconstruction, accompanied by the raising of the import duty, can be carried through, will form the sheet-anchor of China's finances. Of all the mischief Sun Yat-sen has done, or attempted to do, since China became cursed with his activities the attempt to raid the Customs revenues is the most dangerous, not only to foreign interests, but to those of China herself. If it had succeeded it would have involved the abrogation of one of the most important, and potentially the most constructive, of the Washington Treaties, namely the Nine Power Chinese Customs Tariff Treaty.

which was accepted only after the Chinese Delegation had given specific assurances that China "entertained no desire to interfere with the present administration of the Maritime Customs, which was generally considered to be efficient and satisfactory, nor to interfere with the devotion of the funds of the Maritime Customs to the liquidation of foreign loans secured thereon."

#### **ANOTHER NOTE FROM SUN YAT-SEN.**

**"WILL NOT RESORT TO FORCE."**

(Through Reuter's Agency.)  
Peking, Dec. 16.

Dr Sun Yat-sen has submitted to the Consular Body Canton, for the information of the Diplomatic Body at Peking, yet another communication regarding the Maritime Customs at Canton. He now states that on the 19th instant, the expiration of the fourteen days' warning he gave to the Diplomatic Body, he intends to request the Canton Commissioner of Customs to turn over to him the local customs revenue, adding that he will not resort to force if his request is resisted by the Customs.

Meanwhile the foreign Naval forces in the South are continuing their preparations to deal with the situation in the event of Dr. Sun carrying out his earlier threats. Four of the six American destroyers that recently reached Hongkong from Manila have gone on to Canton with marines on board, and a British gunboat sent back to Hongkong for the purpose has returned to Canton with British marines. These vessels are anchored near the Customs station.

# **X CONSULAR BODY'S WARNING.**

NO FORCING ENTRY TO  
CUSTOMS' HOUSE.

## **SUN REPORTED TO HAVE "DISMISSED" COMMISSIONER.**

Hongkong, Dec. 16.

The Consular Body at Canton met on December 12th to receive the Peking Diplomatic body's telegraphic reply to Sun Yat-sen's communication to the Canton Consular body regarding the taking over of the Canton Customs. The Commanders of the foreign gunboats were also present.

It is stated that the Diplomatic Corps' reply was evasive.

After the meeting the Consular body addressed a communication to the commander of Sun Yat-sen's troops warning the commander to use caution in handling his troops and that he should not employ force for occupation of the Customs House as the matter was now within the sphere of diplomacy.

A report which cannot be confirmed says that Sun Yat-sen notified the Commissioner of Customs that the latter and his staff could quit since the Canton Government did not recognise them and purpose to supersede them with their own appointees.—*Reuter*.

Hongkong, Dec. 16.

The Kwangtung Rehabilitation Society in Canton circularised the city stating that owing to the indignation of the people over the actions of the foreign Governments in sending gunboats to Canton to demonstrate their refusal to return a share of the Customs Surplus, a Committee organised by the people of this province urge the Government to take action and seize the Customs surplus.

A mass meeting will be held in Canton to-day.—*Reuter*.

Peking, Dec. 17.

Foreign reports indicate that the mass meeting held at Canton last night to express indignation over the action of the Foreign Powers in sending warships to Canton to prevent the threatened seizure of the Customs by orders Dr. Sun Yat-sen passed off quietly, although a number of inflammatory speeches were delivered. The majority of the leaders present expressed the opinion that Dr. Sun Yat-sen should persist in his demands for the control of the Customs.

There are now at Canton six American, five British, two French, two Japanese, and one Portuguese warships. The Italian cruiser *Calabria* by reason of her great draught could not proceed up river, but a tug was chartered and conveyed Italian marines to Canton.

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