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The Origin and Development of the
Chinese Customs Service,
1843-1911.

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AN HISTORICAL OUTLINE

STANLEY B. BRIDG

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BY

STANLEY F. WRIGHT.



SHANGHAI:

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NOTE.

This book is merely a preliminary sketch of a larger work on the subject which is now in the course of preparation. Readers who desire a more detailed and fully documented account of the origin of the Customs Service are referred to Chapter II of the author's "China's Struggle for Tariff Autonomy, 1843-1938."

S. F. W.

CHAPTER I.

THE UNIQUE CHARACTER OF THE CHINESE CUSTOMS SERVICE.

China's Customs Service stands unique among the civil services of the world; unique in its origin, unique in the political vicissitudes through which it has passed, unique in the composition of its staff—counting to-day 23 nationalities among its members,—and unique in the many and varied duties it has been called on to perform. From its modest beginning over 80 years ago as a method to meet the needs of the times for the correct assessing of, and accounting for, the treaty tariff duties and for the enforcement of treaty trade regulations, it has developed during those years into China's foremost revenue-collecting agency, the guarantee for the secure service of many of the Government's foreign and domestic obligations, and the bridge over which during those eight decades has flowed smoothly and safely China's commercial intercourse with the nations of the earth. But China's Customs Service has been and has done much more than this. It has not been permitted to confine its attention to the ordinary Customs routine of preventing smuggling, examining cargo, appraising goods, assessing, collecting, and accounting for duties, and of compiling returns of trade. In the days when China had no diplomatic or consular agents abroad, and no returned students on whom the Government could call for help and advice in foreign affairs, the Customs Service, as a Chinese institution with a staff of picked men from all the leading nations of the world, became for the Government—principally

through its head at Peking, but also in less degree through its Commissioners at the ports—a trusted counsellor and guide to whom the Peking Government and the provincial authorities alike turned readily for advice and assistance. That function naturally fell into abeyance with the growth of a Diplomatic Service and with the development of higher education on Western lines, but it was the Customs Service, by its resuscitation and support of the T'ung Wên Kwan (同文館) at Peking, which enabled China to train her first Diplomats and thus help to lay the foundation for her present Diplomatic and Consular Service. Incidentally, too, it was through the Customs Service that for many years the Government arranged that China's Diplomats and Consuls should receive the funds necessary for their maintenance. In line with this fostering of China's representation abroad was the task, likewise assigned to the Customs, of getting together and arranging at no fewer than 25 international exhibitions* the collections illustrating China's arts, industries, and trade. From the Paris Exposition of 1867 to that held at Liége in 1905 it was the Customs Service that planned and executed for China those displays of Chinese products which have helped the world to understand and appreciate something of the art and culture of the Chinese people. Again, it was due to the Customs Service that the Government—after having finally disposed of the Taiping insurgents—were enabled to take in hand the erection of lighthouses and aids to navigation

* Including such exhibitions as those at Paris (1867, 1878, 1889, and 1900), Vienna (1873), Philadelphia (1876), Melbourne (1880), Amsterdam (1883), Nuremberg (1885), Barcelona (1887), Brussels (1888 and 1897), Madrid (1892), Chicago (1893), Lyons (1894), Antwerp (1894), San Francisco (1894), Atlanta (1895), Nashville (1897), Omaha (1898), Glasgow (1901), Hanoi (1902), Osaka (1903), St. Louis (1904), and Liége (1905).

along China's coast* and waterways, so that to-day, with its numerous lighthouses—all of the most modern type—and with its wireless beacons, the China coast is admittedly one of the best marked in the world, while that incomparable waterway of trade, the Yangtze, has been robbed of the dangers from its ever-shifting shoals and channels and its sunken rocks by the lightships, buoys, beacons, and other aids kept always in proper place by the Customs Marine Department. It was this Department, too, in the days before the Hydrographic Bureau of the Chinese Navy, which carried out for the Government all needed surveys of coast, harbours, and rivers, publishing numerous charts which are still in use, and it was on the work of this Department and with the active assistance of the Customs that the Hydrographic Bureau was able to come into effective existence. It was to the Customs, too, that the Government entrusted the oversight of the harbours and of pilots and pilotage at the open ports, and it was to the Customs that they turned for assistance when river and harbour conservancy problems pressed for solution so that trade and navigation might be facilitated. It was upon the Customs also, in days prior to the existence of the National Quarantine Bureau, that the brunt of the task fell of supervising measures for the prevention of the spread of disease from ship-borne infection. Everything, in fact, connected directly or indirectly with foreign trade and shipping, whether covered by treaty stipulations or not, and everything dealing with the control and development of domestic trade, whether in foreign vessels or in Chinese-owned

* *Vide* T. R. Banister: "The Coastwise Lights of China" (Customs publication), Shanghai, 1932.

foreign-style vessels, has automatically been referred to the Customs Service for whatever administrative action the situation might call for. Local interests likewise have demanded their share of attention, and so, with the Government's sanction, the Customs Service has been entrusted with the collecting of such charges as the consolidated tax at specified ports; river dues, bridge tax, and Haiho Improvement surtax at Tientsin; breakwater dues at Chefoo; dike dues at Ichang, Shasi, Hankow, Yochow, and Changsha; wharfage dues at Changsha, Yochow, Nanking, Shanghai, Ningpo, and Santuao; conservancy dues at Shanghai and Foochow; bund dues at Amoy; and mule tax at Tengyueh. In the absence of a Government printing office, the publication of trade statistics and of trade reports necessarily fell on the Customs Service. At first the annual returns and reports were printed locally at each port, but during the sixties of last century this work was centred at Shanghai, first at the Custom House and subsequently, in 1873, at the Statistical Department specially created not only for this purpose, but also for the publishing of numerous reports, memoranda, and papers dealing with a wide variety of subjects affecting China. Besides the voluminous Annual and Decennial Trade Reports, the Statistical Department of the Customs has issued a special series of Medical Reports, a series of detailed Reports on Lights, Buoys, and Beacons (now incorporated in the annual Report of the Marine Department), volumes of Inspector General's Circulars, Regulations, and Instructions, a collection of China's Treaties with Foreign States, and scores of monographs dealing with such varied subjects as opium, tea, silk, Chinese music, medicines, jute, currency, railways and inland taxation, land tax,

transit pass procedure, furs and skins, dangerous cargo, collection and disposal of the revenue, smuggling, hospitals, junk dues, typhoon anchorages, sycee, Haikwan banking system, likin, bonding, salt, Native Customs, ginseng, timber rafts on the Yangtze, and river conservancy. To-day the Statistical Department, with its trained staff, its up-to-date printing plant, and its full equipment of electrically controlled tabulating machines, turns out work which for technical excellence is the envy of other Governments. Finally, it was the Customs Service which organised, and for many years administered, what is now the National Post Office of China. In effecting this the Inspector General had to bear in mind that the high Chinese officials were not likely to favour the suppression of the immemorial I Chan (驛站), or official courier post, that commercial and vested interests would be opposed to the closing down of their long-established Min Chü (民局), or popular letter hong, and that local foreign post offices functioning at the treaty ports before handing over their mail matter would have to be satisfied with the regulations and arrangements proposed, and convinced that the staff would be able and honest enough to give effect to them. By the Treaty of Tientsin (Article IV) the Government was in effect bound to allow for the carriage of Legation mails, and this meant for the winter months the establishing of a mounted courier service from Peking to Chinkiang *via* Tientsin. The Tsungli Yamên entrusted this task to the Customs. That was the beginning. Post offices had to be established at the Inspectorate General in Peking and at the Custom Houses in Chinkiang, Shanghai, Tientsin, Chefoo, and Newchwang. Out of this

was evolved the Customs Post, and so successful was it that in 1878 China was invited to join the International Postal Union. That step, however, was deferred, as the I Chan, the Min Chü, and the foreign postal agencies in China had not then been absorbed or eliminated. It was not till 1896 that an Imperial Decree was issued creating an Imperial Post for all China to be organised on Western lines under the management of the Inspector General of Customs, and subject to the supervision of the Tsungli Yamên and later of the Wai-wu Pu. By 1911 the Postal Service, which up till then had been a regular charge on Customs funds, had so developed as to be able to assume financial independence, and in that year the Post Office passed from under Customs control and became a department of the Yu-ch'uan Pu* (郵傳部). In the cosmopolitan nature of its staff, in the range of its interests, and in its ideals of public service, the Customs Service has not inaptly been termed a precursor of the League of Nations, functioning, it is true, only in China and as a Chinese institution, but none the less a cosmopolitan league working for the welfare and advancement of the Chinese people.

* For detailed account *vide* "An Historical Survey of the Quarter Century (1896-1921)," in the Report on the Chinese Post Office for the year 1921 (Shanghai, 1922).

CHAPTER II.

ORIGIN OF THE SERVICE; CUSTOMS PROCEDURE AND TARIFF OF TREATIES OF NANKING AND HOOMUNCHAI; BREAKDOWN OF TREATY SYSTEM DUE TO SMUGGLING AND INEFFICIENCY OF THE CUSTOM HOUSE; TAIPING REBELLION AND CAPTURE OF SHANGHAI BY TRIAD SOCIETY; ALCOCK'S PROVISIONAL SYSTEM FOR COLLECTION OF DUTIES; CHEQUERED CAREER OF PROVISIONAL SYSTEM; MEETING OF TAOTAI AND CONSULS ON 28TH JUNE 1854 TO REORGANISE CUSTOM HOUSE.

What, then, was the origin of this unique Service, and what were the circumstances causing and attending its birth? Macaulay's schoolboy knows, or ought to know, that the Treaty of Nanking, signed 29th August 1842, put an end to the old-time co-hong at Canton, through the members of which alone trade at that time could be carried on, opened five ports to foreign trade, and provided for a fixed tariff on imports and exports in place of the indeterminate charges previously levied. Thenceforward merchants were to come into direct relations with the Custom House at each of the five open ports, and could trade freely so long as they paid the treaty tariff rates on their goods. But the framers of the Treaty of Nanking and of the Supplementary Treaty of Hoomunchai, signed 8th October 1843, knew that smuggling was the bane of the China trade, that some of the traders were little better than commercial buccaneers, that the Chinese Custom Houses were not run on Western civil service lines, and that the new order was fraught with peril to the development of legitimate trade. Accordingly

they inserted in the former instrument a clause—which has no analogue in the American or the French treaties of the time—to the effect that Her Majesty would appoint Consuls to reside at the five open ports to be the medium of communication between the Chinese authorities and the merchants, and “to see that the just dues and duties of the Chinese Government . . . are duly discharged by Her Britannic Majesty’s subjects.” Clauses, too, were inserted in the General Regulations of Trade appended to the Treaty of Hoomunchai, the purpose of which was to establish a clearly defined system of Customs procedure, such as Regulation III, stipulating that on the arrival of a vessel at an open port the captain was, within 24 hours, to proceed to the British Consulate and deposit there his ship’s papers, bills of lading, manifest, etc., and that the Consul would then send a written notice to the Superintendent of Customs specifying the register tonnage of the ship and the particulars of the cargo on board. The import goods were then to be examined by the Customs and the duties paid, after which the exports were to be declared and examined. As soon as all duties, according to the treaty tariff (Regulation VI), had been paid on a vessel’s imports and exports the Superintendent of Customs was to grant a Port Clearance (grand chop), which was to be shown to the British Consul, who would “thereupon return the ship’s papers and permit the vessel to depart.”

This sounds simple and straightforward, but to make the system effective was quite another matter. Sir Henry Pottinger, after much discussion with the Chinese plenipotentiaries and the British merchants,

had at last succeeded in drawing up a Customs tariff which was acceptable to all and which was to be enforced at all the open ports and on all traders alike. The enforcing of those rates, however—that is, the assessing and collecting of the duties,—was naturally left in the hands of the Chinese Custom House officials, and it was here mainly that the proposed new system eventually broke down. At that time Chinese Custom House officials, from the highest to the lowest, procured their posts by purchase, and as the official pay attached to these posts was invariably a mere pittance utterly inadequate to cover the receiver's living expenses even on the most modest scale, and as the holders of these posts were liable to quick and sudden dispossession on the change of a chief, it is not to be wondered at that Customs officials followed the long-established practice of making what they could at the expense of the revenue, or of the merchants, or of both. It was a system similar in its main features to what has been tried by other great nations, Persia, Egypt, Greece, Rome, and by not a few of more recent date. The system, though far from ideal, can yet be tolerable provided respect for the rights of others and moderation are exercised; but once those restraining virtues are jettisoned, then *quid non mortalia pectora cogis, auri sacra fames?* Foreign traders were not slow to take advantage of the situation: they were not out in China as apostles of enlightenment and progress but as getters of gain, and many of them had no scruple in using the necessities and propensities of the Custom House officials in helping them to defraud the revenue in return for accommodation rendered. Bargaining for the amount of duty to be paid soon became the order of the day, and although the British Consuls at all

five ports kept registers of all the duties paid, they had no means of checking the accuracy of the statements rendered them. They had no revenue officers at their disposal to verify manifests and applications, to examine goods and see that they tallied in nature, quantity, quality, and value with what had been declared, and, above all, to see that duties were correctly assessed, duly paid, and accounted for in full. It was only when flagrant cases of smuggling were brought to their attention that the Consuls could and did act, bringing the punitive clauses of the treaties into play. As foreign trade grew during the forties, cases of smuggling multiplied not simply by Treaty Power vessels, but much more by a swarm of vessels flying the flags of nations not having treaty relations with China and therefore immune from all consular intervention and control. In 1847, by an exchange of notes between the Chinese Imperial Commissioner Keying and Sir John Davis, the British Plenipotentiary, the coasting trade in the carriage of Chinese produce between the ports opened by treaty was permitted to foreign-flag vessels, and full use was made of the privilege. All up and down the China coast, heedless of treaty ports, of treaty tariff, and of treaty restrictions, these ruthless fortune-seekers pushed their way, trafficking, with the connivance of the local officials, not only in ordinary goods but mainly in contraband such as opium and arms and ammunition. Shanghai, which by this time (1850) had forged ahead to the position of premier port in China for foreign trade, was crowded with "a most ungovernable collection of abandoned adventurers,"* some of

* British Parliamentary Papers: "Memorials . . . to the British Minister on . . . Revision of the Treaty of Tientsin," 1868, p. 31.

them the backwash from the California gold-fields. Smuggling and bargaining on duties with Custom House officials flourished like the green bay tree. "Foreign merchants in direct Custom House relations with Chinese authorities, all more or less venal and corrupt, launched into a wholesale system of smuggling and fraudulent devices for the evasion of duties. Chinese laws and treaty stipulations were alike disregarded, sometimes by one party with forcible infractions of port regulations, oftener by bribery and collusion between the native authorities and the foreigners. The Imperial revenue was defrauded by both; and foreign trade was demoralised and converted into a game of hazard and over-reaching."* The treaty tariff and the treaty system of foreign trade control had broken down. New wine had been poured into an old bottle, and the bottle had burst. At Shanghai the General Chamber of Commerce came to the conclusion that it was desirable to suppress all smuggling, but pointed out that this end could not be attained by consular action, which was legal only against British merchants, while merchants of all other nationalities were exempt.† They protested against the injustice of the situation in which they were placed and demanded redress. Redress came. Viscount Palmerston, then Secretary of State for Foreign Affairs, writing, under date of 24th May 1851, to Sir George Bonham, the British Plenipotentiary, instructed him to inform the Chinese Government that as Article VIII of the Treaty of Hoomunchai conferred upon British subjects the right of enjoying the same treatment as that accorded to subjects of other Treaty Powers,

* British Parliamentary Papers: "Correspondence relative to the Earl of Elgin's Special Missions to China and Japan, 1857-1859," p. 56.

† "North-China Herald," No. 136, 5th April 1851.

and that as the Chinese Government had failed "to act up to the manifest intention of the treaties between Great Britain and China, the British Government feels itself entitled to withhold for the future all interference on the part of the British Consular authorities for the protection of the Chinese revenue."* That decision was virtually the abrogation of Article II of the Treaty of Nanking, and British merchants now found themselves on precisely the same footing as merchants of the other Treaty Powers. The Taotai issued a new set of Customs regulations in 10 articles to meet the altered situation,† which, if they had been rigidly enforced, might have succeeded in their object. But human nature and Custom House practice cannot be transformed by the mere issue of regulations. Dishonest merchants continued to drive bargains with the Custom House officials, so that large amounts of cargo were passed at reduced rates to the detriment both of the revenue and of their honest competitors. "The state of things," declares the "North-China Herald" of 12th May 1852, "in regard to smuggling gets worse and worse at this port; so far from the recent change in the system of paying duties . . . being of any benefit to the honest merchant, it has left him the victim of the unscrupulous and the designing. . . . It should not be allowed to compound the payment of legal dues by an instalment of 20 per cent from one hong, 50 per cent from another, and 70 per cent from a third, whilst the honourable man is all along paying the full duties agreed upon by treaty stipulations."‡

* British Parliamentary Papers: "Correspondence respecting Consular Interference for the Prevention of Smuggling in China," 1857, p. 2.

† "North-China Herald," No. 56, 23rd August 1851.

‡ "North-China Herald," No. 94, 12th May 1852.

The evil outside the Custom House was great, but it was only the evidence and the outcome of still greater evil within. The malady called not for external treatment but for thorough reform from within. The opportunity for that reform was fast approaching. On the 8th March 1853 the Taiping rebels ousted the Imperialist Army from Nanking and declared that city to be their capital. Trade became paralysed. Silver coins and sycee—without which duties could not be paid—went to earth, and native bankers refused accommodation. Various expedients were suggested; bonding was one, and the guaranteeing of ultimate payment of duties by deposit of securities with the Consul was another, but neither the Taotai nor the British Plenipotentiary was in favour of either method. Deadlock and stagnation were broken by the action of the San-ho-hui (三合會), a secret society in alliance with the Taipings, who on the 7th September 1853 seized the native city of Shanghai. In the resulting confusion a mob of freebooters came swarming into the British Settlement and thoroughly looted the Custom House, then lodged in a temple on the site of the present edifice. The Taotai, Woo Chien-chang (吳健彰), better known from his Canton days as Samqua, fled, and the staff dispersed. The Consuls of the three Treaty Powers were unanimous that the maintenance of neutrality was essential, and that therefore neither Imperialists nor rebels should be permitted to exercise any governmental functions within the areas of the Foreign Settlements. Most merchants naturally interpreted this as inaugurating an era of free trade, but they were speedily disillusioned. On the 9th September* both the British Consul, Mr. Rutherford Alcock, and

* "North-China Herald," No. 164, 17th September 1853.

the American Consul, Mr. Edward Cunningham, issued notifications informing merchants that the capture by rebels of an isolated seaport in no sense abrogated treaties between China and Great Britain and China and the United States; in fact, as Alcock put it, "the inability of the one Government to enforce its rights owing to calamities which beset it, so far from being a reason why the other should take advantage of the circumstances to ignore its rights, forms in truth the strongest argument for their honest recognition." Both Consuls then enunciated rules, the purport of which was practically to turn their Consulates into temporary Custom Houses where merchants were to deposit their papers, make their declarations, pay all duties due, and receive clearance. In view of the scarcity of silver, merchants were given the option of paying also by bills payable on demand at 40 days' sight in Shanghai to the Chinese Superintendent of Customs. That was the beginning of the so-called Provisional System.* It was a system that had a chequered career. Merchants resented it, as it left vessels flying flags other than those of Great Britain or the United States free to go and come as they pleased without paying a cent of duty. As these vessels took full advantage of their opportunity, thus penalising American shipping, and as the Taotai, who had returned, was anxious to carry on Customs business as usual, the American Commissioner, Mr. Humphrey Marshall, instructed the American Consul to issue a notification that American merchants were from the 28th October 1853 to declare their cargoes and pay their duties at the

* For detailed account see J. K. Fairbank: "The Provisional System at Shanghai, 1853-54," in the "Chinese Social and Political Science Review," vol. xviii, October 1934, pp. 455-504, and vol. xix, April 1935, pp. 51-124.

floating Custom House which the Taotai had established on two Chinese men-of-war off Pootung Point.* The test of the effectiveness of this experiment soon came. On the day after this floating establishment was opened the Austrian vessel *Robert*, having discharged her import and taken on her export cargo, sailed away without having paid a cent of duty. It was this incident that convinced all three Treaty Power Consuls, American, British, and French, that the floating Custom House was not in a position to enforce Customs regulations, and it was this incident that induced the French Consul, Monsieur Edan, to declare that until the Imperial Authorities had recaptured Shanghai and re-established a proper Custom House, French vessels should be allowed to enter and depart free from the payment of all Customs dues and duties.† This state of affairs obviously could not last. To bring matters to a head the American Consul, on the 20th January 1854, issued a notification that, on the principle of the "most favoured nation" clause, the privilege which had been taken by, or allowed to, vessels of other nationalities of free entrance and free clearance was open also to American vessels, and that in future he would deliver up the papers of American ships on their leaving port without calling on them for the production of the Custom House grand chop. Shanghai thus became a free port also to Americans.‡ The Taotai now realised that his floating Custom House was a failure, and accordingly, on the 9th February 1854, opened a Custom House on the north

* "North-China Herald," No. 171, 5th November 1853.

† "Je me crois pleinement libre de laisser entrer et sortir les navires de ma nation en toute franchise de droits."—Monsieur Edan, in letter of 29th October 1853, "North-China Herald," No. 171, 5th November 1853.

‡ "North-China Herald," No. 183, 28th January 1854.

side of the Soochow Creek on land not leased to any foreign Power. The three Treaty Power Consuls duly issued notifications to the public;* but it soon became evident that the new establishment was at best a makeshift. Some vessels entered and cleared at it, but others did not, preferring to carry on clandestine trade at Woosung, under the shelter of the opium receiving hulks, which were then anchored there. At last, on the 17th March, the Taotai cleared at his new establishment a Bremen ship, the *Aristides*, under a duty compromise, part of the duty being paid and part represented by a promissory note the terms of which were not likely of fulfilment. This *Aristides* method of dealing with ships and their cargoes went on for some weeks, and as it only caused growing irritation among the Consuls, the Taotai decided that he would move the collecting of duties clean away from the port, and establish two collecting barriers inland, one on the north and one on the south. This alarmed the Consuls, as the unchecked exactions of inland taxing stations was one of the dangers most dreaded both by merchants and by those who had negotiated the treaties. Accordingly, on the 1st May 1854, the Consuls informed the Taotai that they considered the creation of two such barriers as he intended would be an infringement of the treaties, as these instruments expressly provided not only for the amount of tariff duties, but also for the place and the mode of their collection. To the Taotai this was so much academic vapouring; he had the Consuls in the fork of a cleft stick, and they knew it. Smuggling flourished apace, and to this was added the disgrace of the traffic in opium, legally forbidden, but carried on all the time with brazen-faced effrontery and often with violence. The Consuls realised that the situation was in danger of

* "North-China Herald," No. 185, 11th February 1854.

getting completely beyond control, and on the 15th June Alcock, elaborating an idea he had expressed earlier, submitted to Sir John Bowring, the British Plenipotentiary, a memorandum containing suggestions for an improved administration of the Customs and for the equal levy of duties. He proposed that the Taotai and the Treaty Power Consuls should unite in appointing a foreign Inspector of Customs, who should have his office in the Custom House, and who should inspect and check all documents and duty receipts as well as all Chinese records and registers, which should also be open to the inspection of the Consuls and the Taotai. This foreign Inspector should be assisted by a couple of first-class linguists, one or more Chinese writers, and one or more foreigners to serve as tidewaiters. Alcock was also prepared to allow the Custom House to function once more in the British Settlement, on condition that the Chinese authorities would undertake to engage reliable foreigners to supervise Custom House operations. The Taotai yielded, though unwillingly. On the 21st June the Commissioner for the United States of America, Mr. Robert M. McLane, had an interview with the Governor General, I Liang (怡良), at which the Governor undertook that the two collecting barriers would be abolished and that the Taotai would be instructed to conclude an arrangement with the Consuls for the administration of the Custom House. McLane's intervention saved the day. Accordingly, on the 29th of that month, the Taotai and the Consuls held a meeting to discuss and draw up regulations for the reorganisation of the Custom House. That meeting marked the inception of the modern Chinese Customs Service.*

* For more detailed account, with extracts from documents, see J. K. Fairbank: "The Creation of the Foreign Inspectorate of Customs at Shanghai," in the "Chinese Social and Political Science Review," vol. xix, January 1936, pp. 470-514, and vol. xx, April 1936, pp. 42-100.

CHAPTER III.

DEVELOPMENT OF THE NEW MODEL CUSTOM HOUSE AT SHANGHAI UNDER THREE INSPECTORS; RESIGNATION OF WADE AND APPOINTMENT OF H. N. LAY; TREATY OF TIENTSIN (1858) AND APPOINTMENT OF LAY AS INSPECTOR GENERAL; EXTENSION OF NEW SYSTEM TO OTHER PORTS; CREATION OF TSUNGLI YAMÊN; HART APPOINTED OFFICIATING INSPECTOR GENERAL DURING LAY'S ABSENCE; HART UNIFIES PROCEDURE, DRAFTS NEW REGULATIONS, AND OPENS NEW MODEL CUSTOM HOUSES AT REMAINING PORTS; THE SHERARD OSBORN FLEET; DISMISSAL OF LAY; APPOINTMENT OF HART AS INSPECTOR GENERAL.

The minutes of that meeting, signed as they were by the Taotai and the three Treaty Power Consuls, constitute, it may be said, the original charter by which the Chinese Government undertook to engage foreign aid in the administration of the Customs. The minutes are drafted in the form of eight articles,* in the first of which the Taotai admits that he had found it impossible to secure as Customs officials men of probity and vigilance and possessing the knowledge of foreign languages required for the enforcement of treaty and Customs regulations, and that, in consequence, it seemed to him that the only adequate remedy would be the employment of trustworthy and carefully selected foreigners, to be appointed by himself. The second article stipulates that the proposed establishment should consist of "one or more foreigners of undoubted probity to

* "North-China Herald," No. 206, 8th July 1854. Joint notification of Treaty Power Consuls of 6th July 1854.

act under (the Taotai's) orders as Inspectors of Customs, with a mixed establishment of Chinese and foreign subordinates, to consist of linguists, writers, and tidewaiters, together with a revenue cutter well manned by foreign sailors and under the command of a trustworthy and intelligent master"; the expense of maintaining this establishment was to be met by the Taotai out of revenue. By the third article it was agreed that each Consul should select and nominate one Inspector for appointment by the Taotai, and that these Inspectors should have the right of choosing the various subordinates, the Taotai assisting in the case of the Chinese. In the event of three Inspectors not being available, any one of the three Consuls might select his nominee, who would then be appointed by the Taotai and charged with the collective functions of the office. The fourth article made the Inspectors responsible to a mixed tribunal of the Taotai and the Consuls in case any of them should be accused of neglect of duty, exaction, or corruption. The fifth article dealt with the functions and duties of the Inspectors, who were to have their office in the Custom House in order that they might check and, where necessary, countersign and seal shipping reports, manifests, bills of lading, shipping permits, payments of duty, and port clearances. Records and registers were to be kept both in Chinese and in English, and these books were to be open to the inspection both of the Taotai and of the Consuls. The Inspectors were also to expose all frauds and irregularities, while the Taotai on his part undertook "rigorously to enforce the full penalties, whether of fine or confiscation, in all cases without exception or distinction." No foreign ship was to be allowed to report except

through the Consul concerned. The sixth article called for the provision of an armed revenue cutter, the seventh for a revision of the Custom House regulations, while in the eighth the Taotai undertook to reorganise the Custom House on the lines indicated, and within 10 days to provide the Consuls with an official communication giving the necessary details, the Consuls on their part declaring "their desire to contribute by all the means in their power to the organisation of an honest and efficient Custom House administration, and their readiness on the receipt of such communication to announce, at a day fixed, the resumption by the Chief Superintendent of Customs of all the duties of his office, and the obligation of all consignees and masters of ships under their respective flags scrupulously to observe the Custom House and port regulations, under penalty of fine and confiscation as by treaty provided." Obviously this scheme was planned to make short shrift, if possible, of the rampant abuses that had characterised Custom House activities ever since the signing of the Treaty of Nanking, but it was so drawn as to place the Custom House and its staff firmly and indisputably under the control of the Treaty Power Consuls. By controlling the appointment and dismissal of the Inspectors the Consuls had injected direct foreign interference into a Chinese Government department, and, as might have been expected, such interference was not welcome to the Chinese Authorities. The British Home Authorities, too, were lukewarm. The Earl of Clarendon, then Secretary of State for Foreign Affairs, thought that the experiment was worth trying, but that it would be advisable to see how it worked before introducing it at the other open ports. He pointed out, however,

that the legal advisers to the Crown held that a British Inspector was not under the legal jurisdiction of the British Consul in respect to his actions as Inspector. The first three to be nominated and to receive the Taotai's appointment were: Arthur Smith, Interpreter to the French Consulate; Lewis Carr, of the American Legation; and Thomas Francis Wade, British Vice-Consul. Both Smith and Carr, who were later on replaced by Messrs. E. Edan and M. W. Fish, had less time to give to their duties as Inspectors than Wade, who devoted his whole time to the work, and who, on account of his excellent knowledge of Chinese, was well qualified for the task. The opening of the office was announced to the public by a joint Consular notification dated 6th July 1854,* and the three Inspectors were duly sworn in on the 12th of the same month. From that date all vessels were to enter and clear at the Custom House, declare import and export cargoes, and discharge all dues and duties leviable in strict accordance with treaty stipulations. From the very outset the reorganised Custom House was a success. With the newly recruited mixed staff and its revenue cutter it had a revenue police force which was able to keep defrauders and defaulters in control. Its strict accountancy of the revenue collected soon showed that peculation was not regarded as good form. It freed the Consuls from a nightmare of uncertainty and worry and was welcomed by all honest traders, as it meant that unscrupulous competitors were now called on to toe the line. Resentment, however, broke out from those who had profited by the easy-going method of the past. They prophesied the ruin of Shanghai's trade, they filled the press with

* "North-China Herald," No. 206, 8th July 1854.

their abusive clamour, and tried every means in their power to thwart the reforms introduced by the new Customs organisation. Wade, on whom the greater part of the work fell, and who was more of a sinologue than a man of affairs, grew tired of this perpetual strife and resigned his commission with the Taotai on the 31st May 1855. In his place the Taotai appointed Mr. Horatio Nelson Lay, then Acting Vice-Consul and Assistant Chinese Secretary on the British Consulate staff at Shanghai. Sir John Bowring, then British Plenipotentiary, had another man in view for the post, but Lay, through his influence with the higher Chinese authorities, notably Keih Erh Hang Ah (吉爾杭阿), then in command of the Imperial forces at Shanghai and later Governor of Kiangsu, succeeded in securing a departure from the agreement of July 1854, so that both his selection and appointment were made by the Chinese Authorities.* Like Wade, Lay had an excellent knowledge of Chinese, but was much more assertive, so much so, indeed, that those merchants who were inclined to defy authority soon found that they had met their master. He was inflexible in putting into effect the terms of the treaty and the rates of the treaty tariff. His actions even brought him into conflict with his own Consul, Mr. David Brooke Robertson, who held that all cases of confiscation of goods and vessels came solely under Consular jurisdiction, and who resented the publication of Customs regulations without his approval. Reference of some of these disputes to the Home Authorities was inevitable. The result was in the main a

* "Upon my appointment the British Consul ceased to nominate."—H. N. Lay, in his Memorandum of 11th January 1862. British Parliamentary Papers: "Further Papers relating to the Rebellion in China," 1863, p. 174.

vindication of Lay. The Earl of Clarendon held that the Inspectors, although foreign subjects, were Chinese officers, and that the only control the Consuls could exercise over the official actions of such Inspectors was by a complaint to the Chinese Authorities. In conveying this decision, in October 1855, to the Consul at Shanghai, Sir John Bowring made it clear to him that the British Inspector of Customs was not a servant of the British Crown but a Chinese official acting on behalf of the Shanghai Taotai, with whom the Consul should lodge complaint in case his actions as Inspector aggrieved any of Her Majesty's subjects.* Sir John added that British Consuls should regard the communication to them of Customs regulations not as a right, but as a matter of courtesy. The more successful, however, the reorganised Custom House became in suppressing malpractices—and during the three years 1855–57 it reached under Lay a high state of efficiency in this respect,—the more obvious it became that the restriction of Customs reform to Shanghai had resulted in a discrimination in favour of the merchants at the other treaty ports, where the former easy methods of fraudulent collusion were still in force. Then came the political events which led to the three Treaties of Tientsin, the British one being signed on the 26th June 1858. In the negotiations for that treaty, and for the drawing-up of the Rules of Trade and of the tariff appended to the treaty, the services of Mr. H. N. Lay were specially requisitioned, and it was largely due to him that the treaty articles dealing with trade and the application of the tariff were much more in conformity with actualities than

* For opinions of legal experts on status of British subjects in Chinese employ, on rights of Customs in cases of fine and/or of confiscation, etc., *vide* I.G. Circular No. 28 of 1870 *postea*.

they otherwise would have been. It was thanks to his guidance of the reorganised Custom House at Shanghai that the uniform tariff of the Treaty of Nanking had been saved from becoming a by-word, and it now remained for him to see that the Custom House system which had made this reform possible at Shanghai should, in the interests of justice to all and to China in particular, be extended to all the ports opened by treaty to foreign trade. This was accordingly provided for by Rule 10 of the Rules of Trade. This rule admits that the Chinese Government is at liberty to adopt what measures appear to it best suited to protect its revenue, and records the agreement between the two contracting parties that one uniform system shall be enforced at every port. The rule further requires that the high Chinese official appointed by the Chinese Government to superintend foreign trade shall have the right of selecting "independently of the suggestion or nomination of any British authority . . . any British subject he may see fit to aid him in the administration of the Customs revenue; in the prevention of smuggling; in the definition of port boundaries; or in discharging the duties of harbour master; also in the distribution of Lights, Buoys, Beacons, and the like, the maintenance of which shall be provided for out of the Tonnage Dues." As this rule, *mutatis mutandis*, was incorporated also in the American and the French Tientsin Treaties, it follows that the three Governments responsible for the experiment of the reorganised Custom House at Shanghai desired now to make it clear that thenceforward they were free from all responsibility in regard to the choice of those foreigners whom the Chinese might select to aid them in their Customs

Service. The adoption of this rule, therefore, definitely settled two principles without which the Service could not have developed—the first was that the Service was no longer a foreign governmental makeshift but an essentially Chinese establishment, and the second that the operations of this establishment were to be extended to all the treaty ports alike.* The one man at that time (1858) indicated as the most suited to set the system going at other ports was Mr. H. N. Lay. Besides his sound knowledge of Chinese, he had devoted his whole time and energy for three years to the successful administration of the Shanghai Custom House, and had thus acquired invaluable practical experience and knowledge. Further, he had a first-hand acquaintance with all the negotiations which had resulted in the framing of the Tientsin Treaty and tariff. He had admittedly grave defects of temper, but his sponsor, Ho Kwei-tsing (何桂清), Imperial Commissioner of Foreign Affairs for the Liang Kiang, evidently considered that his merits outweighed his defects, and he was accordingly appointed Chief Commissioner (總稅務司), a title which he himself translated as Inspector General. At the same time the American and the French Inspectors were paid off. Lay's first task was to open new model Custom Houses at the other ports, and, having appointed Mr. H. Tudor Davies as Commissioner at Shanghai,

* "When I negotiated the Treaty of Tientsin, I omitted the clause of the Nanking Treaty which required Her Majesty's Consuls to aid in the collection of the Chinese revenue, leaving it to the Chinese Government to adopt, within the limits traced by their Treaty engagements, such measures as they might deem necessary to that end, and to select such agents, British or other, as they may see fit to employ; and further with a view of meeting the objections raised on the plea of hardship to Shanghai, I added the proviso that whatever system of collection was adopted it should in so far as practicable be made uniform at all the other open ports."—Lord Elgin to Mr. Layard, under date 8th February 1862. British Parliamentary Papers: "Further Papers relating to the Rebellion in China," 1863, p. 193.

he sailed for Canton, where early in the year 1858 control of the city had been taken over by the Commissioners of the allied forces, and here, in October 1859, with the warm support of the local Chinese authorities, Lay opened a Custom House on the new model, appointing Mr. Glover as first Commissioner, and Mr. Robert Hart, who had left the British Consular Service for this purpose in June that year, as Deputy Commissioner. Thus began Hart's career of over 50 years in the Chinese Customs Service, a career without parallel in the annals of the Far East, during which he was enabled to effect more for the land of his adoption than any other foreigner before or since and, in doing so, to play no small part in the world's history. From Canton Lay proceeded to Swatow, where in January 1860 he opened a new model Custom House, leaving Mr. W. W. Ward in charge as Commissioner. The renewal of hostilities between Great Britain and China halted further progress for a time, and in January 1861 Lay was granted permission, for health reasons, to return home on leave. On the cessation of hostilities in the autumn of 1860, the Conventions of Peking between Great Britain and China and France and China called for the payment by China of an indemnity of *Tls.* 8,000,000 to each of these Powers, and stipulated that this sum should be paid in quarterly instalments of one-fifth of the gross revenue from the Customs revenue collected at the ports open to foreign trade. It was also stipulated that the accuracy of the amounts payable on each occasion should be duly ascertained by specially appointed representatives of China and of the two Powers concerned.* In view of these war indemnities

* British Convention of Peking, 1860, Article III; French Convention of Peking, 1860, Article IV.

to be paid out of Customs revenue it became necessary to make centralised arrangements for their payment, and, as this was a direct obligation of the Central Government, it was considered advisable that the foreigner chosen as Inspector General of the Customs Service should receive his appointment from the newly created Tsungli Yamên (總理衙門), or Board of Foreign Affairs. Mr. Lay was accordingly gazetted on the 21st January 1861 as appointed by Prince Kung, the head of the Tsungli Yamên, to the post of Inspector General.* To take Lay's place during his absence the Imperial Commissioner, Hsieh Huan (薛煥), appointed Messrs. G. H. FitzRoy and Robert Hart "to exercise conjointly a general surveillance over all things pertaining to the collection of Customs revenue and foreign trade at the Treaty Ports." † At that time the former of these was Commissioner at Shanghai and the latter Deputy Commissioner at Canton. From April to June 1861 this joint commission functioned in Shanghai, but early in the latter month Hart, who had taken the natural leadership by his ability, his energy, and his special knowledge of Chinese, was invited by his friend Sir Frederick Bruce, the British Minister, to come to Peking. ‡ Hart accepted the invitation and, while there, got into touch with Prince Kung and had many interviews with him and the Tsungli Yamên authorities on the steps that should be taken by the Customs Administration to give effect to the various treaty stipulations regarding foreign trade and Customs affairs. By his mastery of Chinese, his tact, the modesty of his demeanour, his thorough

* "North-China Herald," No. 554, 9th March 1861.

† I.G. Circular No. 1 of 1861.

‡ British Parliamentary Papers: China No. 2 (1864), p. 22.

knowledge of the treaties and their bearing on Customs work, the sanity of his judgment, and the soundness of his advice, he won the respect and complete confidence of these high officials. It was then that Hart received from Prince Kung, under date of 30th June 1861, a despatch confirming the appointment of Mr. FitzRoy and himself as Officiating Inspectors General. In that despatch he was instructed "to coöperate zealously with the Chinese Superintendents of Customs at the several ports in the management of affairs in accordance with the Treaties; . . . to report quarterly the amounts of Duties and Tonnage Dues collected, together with the expenses of collection; . . . to make strict and faithful enquiry into all breaches of regulations committed by ships that presume to move about in contravention of law, and into all cases wherein smuggling is attempted or the revenue defrauded." The despatch goes on to state that: "It will be their duty, inasmuch as it is impossible for the Chinese Government to form an estimate of the merits of the different Commissioners and other foreigners employed in the public service, to take cognizance of the same and make examination and inspection from time to time."* Leaving FitzRoy to superintend the Shanghai Office, Hart threw himself with characteristic energy and enthusiasm into the task before him. "*Non cuivis homini contingit adire Corinthum,*" but Hart did get to Corinth, not by chance or good luck alone, but by his indomitable will, his tireless patience, his caution, his quickness in judging men and grasping situations, his resourcefulness, and his Irish gifts of humour and adroitness in politics. He went from port to port unifying procedure, especially in the

* I.G. Circular No. 1 of 1861.

rendering of revenue returns, of office income and expenditure accounts, and of returns of fines and confiscations. He took a leading part in the drawing-up of regulations, and in making arrangements for the levy of the treaty-stipulated transit dues, for the newly instituted coast trade duty on native goods conveyed in foreign bottoms, for the issue of exemption certificates and drawbacks, and for the control of trade on the Yangtze, where lawless foreigners were spreading chaos and disorder by trafficking with the rebels in arms and supplies. He took up, too, the work which Lay had left unfinished of opening Customs establishments on the new model at the remaining treaty ports and, on account of the close connexion between Customs affairs and treaty obligations, of gradually taking the administration out of the hands of the local authorities and of centralising control under the Tsungli Yamên. This called for delicate diplomacy, especially in the appointment and disposition of staff, but that difficulty was successfully met. At each port a skeleton staff of competent and trustworthy men, Chinese and foreign, under a foreign Commissioner had to be installed, and to obviate unnecessary friction the relations between the Commissioner and his Chinese colleague the Taotai or Superintendent of Customs had to be clearly defined. Before Lay went on leave in April 1861 new model Custom Houses had been established at Shanghai, Canton, Swatow, Ningpo, and Chinkiang, and in that year, after his departure, Tientsin, Foochow, Hankow, and Kiukiang were attended to in this respect. In 1862 Amoy was brought into line, and in the year following (1863) Chefoo, Tamsui, and Takow, so that when Hart signed the Circular notifying the port

Commissioners that Lay was resuming charge of the Service, he was able to address it to 13 out of the 14 ports then open by treaty. The fourteenth port, Newchwang, was not provided with a new model Customs establishment till 1864. The Taiping Rebellion was still at its height when Lay went on leave. To help in suppressing it the authorities finally decided to make use of foreign-style gunboats, and Hart was accordingly instructed to discuss the matter with the Governor of Kiangsu. On his suggestion the Tsungli Yamên agreed to entrust Lay with the purchase and equipment of a steam fleet.* Hart transmitted the necessary instructions and funds to Lay, and supplied the Yamên with a memorandum giving a general idea of the number of officers, and of Chinese gunners, sailors, and marines that would be required to man the seven vessels which it was proposed should constitute the fleet. At the same time he pointed out that a Chinese officer of high rank should be appointed to act with Captain Sherard Osborn—the officer selected by Lay in London—in all matters connected with the control and management of the fleet.† Lay made the necessary arrangements with the British Authorities to enable British Naval officers to accept posts in the service of China,‡ and bought and equipped the seven vessels. But Lay went beyond his instructions. On the 16th January 1863 he entered into a signed agreement in 13 articles with Captain Sherard Osborn in which, *inter alia*, Lay undertook to “procure from the Emperor such

* British Parliamentary Papers: China No. 2 (1864), p. 29.

† British Parliamentary Papers: China No. 2 (1864), p. 28.

‡ British Parliamentary Papers: “Correspondence respecting the Employment under the Government of China of Officers in the Naval or Military Service of Her Majesty,” 1862, and “Order in Council authorising the Enlistment of Officers and Men and the Equipment and Fitting Out of Vessels of War for the Service of the Emperor of China,” 1863.

an authority as may be necessary to cover Osborn's acts as the Commander-in-Chief of the European Chinese Navy," and "to refuse to be the medium of any orders of the reasonableness of which he is not satisfied," while Captain Osborn on his part undertook "to act upon all orders of the Emperor which may be conveyed direct to Lay; and Osborn engages not to attend to any orders conveyed through any other channel."* As soon as Hart heard of this agreement he wrote to Lay protesting against such action. He realised how unacceptable it would be, and the menace it held to the safety and continuance of the infant Customs Service. Lay disregarded the warning, and returned to China in May 1863, where he found Prince Kung and the members of the Tsungli Yamên highly incensed that he should have exceeded his instructions by attempting to usurp the sole control of this formidable naval force, and thus be in a position to dictate to the Government the policy he wished to pursue. His action, too, had deliberately flouted the long-established Chinese Governmental system of leaving to Viceroys and Governors the control of provincial affairs.† On reaching Peking his conduct was still more extraordinary. He proposed that a Prince's palace should be assigned to him as a residence. He acted as if he were of equal standing with the superior members of the Tsungli Yamên and responsible only to Prince Kung, the Vice-Regent of the Empire. He submitted no accounts of how the money entrusted to him for the purchase and equipment of the fleet had been spent; and he made no secret of his hopes that by controlling the Customs as a source of funds, and

* British Parliamentary Papers: China No. 2 (1864), p. 7.

† British Parliamentary Papers: China No. 2 (1864), p. 21.

the fleet as an instrument of power, "the Chinese Government would be compelled to adopt such measures as he should propose."* Prince Kung naturally refused to ratify the agreement entered into between Lay and Captain Sherard Osborn, and the latter, after pointing out to Prince Kung that the British Government had seconded him and his fellow-officers to serve only the Emperor or his Regent and receiving no reply, left to the British Minister the decision of what should be done. Captain Osborn was thereupon requested to dispose of the ships and stores in order to prevent them from falling into the hands of unscrupulous adventurers in China or of any State engaged in hostilities with another State at peace with Great Britain.† Captain Osborn succeeded in selling some of the vessels in England and some in India, and in acknowledgment of this service he received the special thanks of the Chinese Government and a grant of *Tls.* 10,000 in addition to his pay. For Lay there remained nothing but dismissal; but the bitter draught was sweetened with exceptionally generous financial treatment. He was instructed to proceed to Shanghai, to make out clearly all the Sherard Osborn flotilla accounts, and to hand everything over, including all balances due to the Chinese Government, to Mr. Robert Hart, the newly appointed Inspector General.‡

* British Parliamentary Papers: China No. 2 (1864), pp. 21, 22.

† British Parliamentary Papers: China No. 2 (1864), pp. 23, 24.

‡ British Parliamentary Papers: China No. 2 (1864), p. 36. I.G. Circulars Nos. 23, 24, and 25 of 1863.

CHAPTER IV.

HART'S REGIME: THE BURLINGAME MISSION; PILOTAGE; CREATION OF MARINE DEPARTMENT; JOINT INVESTIGATION RULES; ALCOCK'S CONVENTION; REORGANISATION OF SERVICE; COOLIE EMIGRATION; THE CHEFOO CONVENTION; HART'S MEMORANDUM ON TRADE TAXATION, ETC.; CONTROL OF STAFF; DOCK STORES, BONDING; WAR WITH FRANCE; HART'S APPOINTMENT AS BRITISH MINISTER AND PLENIPOTENTIARY: 1863-85.

Hart's appointment as full Inspector General was a foregone conclusion. He had won golden opinions on all sides. Prince Kung, in his letter of appointment to him (15th November 1863), records the fact that from the date of his entering the Customs he had "in all cases acted harmoniously and with success" and spoke approvingly of his "prudence, tact, and experience."* The British Minister was no less emphatic in his good opinion, while the American Minister, Mr. Anson Burlingame, wrote to Secretary of State Seward that Hart had deservedly won the confidence of the Chinese, and by his tact and ability had established himself in the regard of everyone.† Even the foreign commercial community welcomed his accession.‡ After the debacle of the Sherard Osborn flotilla it was thought that it would be inadvisable for any foreign employee in the Chinese Government service to reside at Peking in a quasi-diplomatic capacity, and so it was decided

* British Parliamentary Papers: China No. 2 (1864), p. 36.

† "U.S.A. Foreign Relations," 1864, vol. iii, p. 348.

‡ "North-China Herald," No. 701, 2nd January 1864.

that the new Inspector General should reside and transact all business at Shanghai, and might come to Peking if any important question arose calling for report and deliberation.* Hart accordingly proceeded to Shanghai to wind up the flotilla's accounts, and returned to Peking in May 1864, where he remained till October, except for a few weeks visit to Newchwang to open there a new model Custom House. He returned once more to Shanghai and spent the winter and spring of 1864-65 visiting and inspecting the treaty ports. In August 1865 Prince Kung summoned him to Peking and ordered him to take up his permanent residence there. The problems facing the Peking Government, engendered mainly by the operation of the treaties and persistent foreign pressure, were growing so complex and urgent that it had become essential to have close at hand a counsellor well versed in foreign ways on whose advice complete reliance could be placed. During those two years 1864 and 1865 Hart accomplished much constructional work, settling the forms for, and giving instructions for the preparation of, the yearly returns of trade and for the printing of these returns at Shanghai, drawing up regulations to prevent misuse of transit passes and to secure their due return, devising new forms for the quarterly returns of collection and expenditure—a form embodying not only the revenue collection under its various headings but also the itemised office expenditure—and the disposal of the confiscation fund, admonishing the Service on the spirit that ought to animate it, the policy that ought to guide it, and the duties it ought to perform, calling for detailed information on native opium, and, perhaps most

* British Parliamentary Papers: China, No. 2 (1864), pp. 34, 36.

important of all, succeeding in securing from the Tsungli Yamên the appropriation of one-tenth of the tonnage dues collected at each port to be used in connexion with harbour improvements.* By 1866 the Service had settled into its stride. The final instalments of the war indemnity to France and Great Britain were paid up in the March and June quarters, and so satisfied were the Tsungli Yamên with this result that in a Memorial to the Throne announcing these final payments they proposed the continuance of the foreign Inspectorate, and the Imperial Decree in reply conveyed approval of the proposal.† In this year Hart obtained six months' leave of absence to proceed to Europe and to take with him Pin Chun (斌椿), not as an envoy but as an official delegate to observe and report on Western ways. Pin visited London, Copenhagen, Stockholm, St. Petersburg, Berlin, Brussels, and Paris, and, although he was well received wherever he went, he had nothing favourable to report on his return. During Hart's absence from April to November his duties were performed by Mr. G. H. FitzRoy as Acting Inspector General.

The dominant interests of the years 1867 and 1868 were the Burlingame Mission, the agreement on regulations for the control of pilotage in Chinese waters,‡ the organisation of the Customs Marine Department,§ and the drafting and acceptance of Joint Investigation Rules|| to be enforced in dealing with cases of fines imposed on foreign merchants

* I.G. Circular No. 1 of 1865.

† I.G. Circular No. 4 of 1866.

‡ I.G. Circulars Nos. 3 of 1867 and 30 of 1868.

§ I.G. Circulars Nos. 10 and 15 of 1868.

|| I.G. Circular No. 19 of 1868.

enjoying extraterritorial privileges and of the confiscation of goods belonging to such merchants. The aim of the Burlingame Mission, for the appointment of which Hart was mainly responsible,* was that China, by sending an embassy to the Western Powers, could do much to disabuse them of the idea that China was retrograde, could plead the right of the Chinese to manage their own affairs, and could urge that, if China could not be relieved of the embarrassments created by the existing treaties, at any rate no fresh burdens should be laid upon them by stipulations involving changes in the fiscal, commercial, and social systems of the Empire. In other words, China desired to have the facts of her case sympathetically represented to the Governments of Europe and America, and in this desire the three foreigners at Peking who knew most about these facts, namely Alcock, Burlingame, and Hart, were unanimously in favour. The Mission, with Mr. Anson Burlingame as High Minister Extraordinary and Plenipotentiary, Mr. J. McLeavy Brown as First Secretary, Mr. E. de Champs as Second Secretary, and a staff of 30 Chinese secretaries and attachés, left Shanghai in February 1868, visited Washington, where negotiations were opened between Mr. Burlingame and Mr. Secretary of State Seward for additional articles to the American Treaty of Tientsin. These additional articles were signed on the 28th July 1868, although Burlingame had not been commissioned to negotiate treaties. Thanks to Burlingame's infectious optimism and his undoubted

* "Notes on Chinese Matters by Robert Hart . . . with Comments by J. Ross Browne." Supplement to "Shanghai Recorder," 12th November 1869. For detailed account of Mission, *vide* F. W. Williams: "Anson Burlingame, and the First Chinese Mission to Foreign Powers," New York, 1912.

gift of oratory, his mission had a spectacular success in America. In England its reception was less cordial; but it obtained from Lord Clarendon a declaration that the British Government would not exert pressure inconsistent with the safety and independence of China, and that they desired to deal direct with the central rather than the local authorities. Paris waxed enthusiastic over the Mission, and the Emperor accorded it a reception, but it departed empty-handed. It then visited Stockholm, Copenhagen, and The Hague, and in January 1870 was in Berlin, where Bismarck endorsed for the North German Confederation the Clarendon declaration. In February it was in St. Petersburg, and here the head of the Mission succumbed to pneumonia. After visiting Brussels and Rome the Mission returned to China in October 1870, having failed to satisfy the ideals of its promoters, the defenders of co-operation, and having been in the eyes of the upholders of coercion a deplorable experiment.

The question of pilotage in Chinese waters was one that touched closely China's sovereignty, but on account of the delays in the appointing of pilots to incoming vessels, of exactions made by these pilots over and above their recognised fees, and of dangers arising from incompetent men acting as substitutes for qualified pilots, the framers of the treaties of the forties with China, namely, Great Britain, France, and America, had inserted specific stipulations in these treaties providing—

- (a) That pilots should be sent on board incoming and outgoing vessels without delay;

- (b) That the Consul at each port should determine the fees to be paid to the pilots for their services; and
- (c) That anyone, Chinese or foreigner, wishing to exercise the profession of a pilot on board ships of a given nationality could be registered as a pilot at the Consulate of that nationality by presenting three certificates from the masters of vessels which he had piloted.*

By this interference with China's sovereign rights a system of foreign consular supervision was instituted over China's pilotage at the treaty ports; registers of qualified pilots were kept by the various Consulates; the fees to be charged were decided by the Consuls, and masters of ships were at liberty to select what pilots they pleased. This system became firmly established and was confirmed in 1858 by the various Treaties of Tientsin.† As a system, however, it had obvious drawbacks. At no port was there a properly constituted unifying and centralising pilotage board to enforce discipline and insist on a uniform standard of competency. This was felt especially at Shanghai. Abuses flourished, and various attempts made by the Consuls and the Taotai to remedy affairs ended in failure. By Article XXXIV of the Italian Treaty of Peking, which was signed on the 26th October 1866, it was stipulated that pilotage fees and questions which might arise concerning pilots were to be determined by special regulations prepared by the Consuls of all the nations in collaboration with the Chinese authorities. This article marks the

* British Treaty of Hoomunchai, Gen. Reg. 1: American Treaty of Wanghea, Art. VIII; French Treaty of Whampoa, Art. XI.

† British, Art. XXXV; American, Art. XVII; French, Art. XV.

return to the recognition that China had also a say in the matter, and it was in order to regain for China part of her lost sovereignty that Hart in 1867 suggested to the Tsungli Yamên that a set of General Pilotage Regulations should be drawn up by which pilots at every port should be brought under proper control and China's right to license pilots reasserted. After negotiating with the Ministers for Russia, Great Britain, France, America, and Germany—the only foreign representatives then resident at Peking—regulations were finally approved by all parties.* These regulations, however, were found to be unworkable, chiefly because they called for compulsory pilotage. They were therefore discarded, and a new set was finally agreed upon between the Tsungli Yamên and the Ministers of the five Powers. These revised regulations became operative as the General Pilotage Regulations of 1868. They start from the point "that the enactment of local rules shall be left to the persons most concerned, the Harbour Masters, Consuls, and Chambers of Commerce at the ports that require them, and . . . that a Board of Examination shall be constituted in consultation in the manner best fitted to be adopted at each place. They restate the fact that the subjects of Treaty Powers, as well as Chinese, may become candidates for the pilots' licences, and arrange for the manner in which examinations are to be conducted and vacancies filled up. They recognise the sovereignty of China . . . by enacting that all licences shall be issued by . . . the Commissioner of Customs in the name and on behalf of the Chinese Government. They make provision for apprentice pilots, and provide for the punishment of

* I.G. Circular No. 3 of 1867.

persons who pilot without licences, of pilots who misconduct themselves, and of commanding officers who employ unlicensed persons as pilots."* These regulations modified very considerably, and in China's favour, the treaty stipulations, but they did not eliminate foreign consular intervention in China's pilotage affairs. In October 1933 the Chinese Government issued new regulations to take their place.

The raising of the allocation from the tonnage dues collection from one-tenth to seven-tenths† enabled Hart to take in hand seriously what he had long thought of, namely the organising of a Marine Department to supervise harbours, and to take over the erection, control, and maintenance of necessary aids to navigation, more especially of lighthouses along the coast, to arrange for the removal of wrecks, the improvement and conservation of channels leading to harbours, and for the berthing of vessels in harbour. To make sure that the limited funds available should not all be swallowed up in salaries, Hart organised the department so as to make the maximum use of material already existing in the Customs Service. At the head he placed a Marine Commissioner, who was to be assisted by a harbour engineer, two coast lights engineers, and three divisional inspectors. Each port was to have its harbour master, who was to rank under the inspector of his division.‡ As time went on, this scheme underwent alteration. In the year of its inception the northern and central sections were amalgamated under one divisional inspector at Shanghai; three

* I.G. Circular No. 30 of 1868.

† I.G. Circular No. 2 of 1868.

‡ I.G. Circulars Nos. 10 and 15 of 1868.

years later (1871) the post of Marine Commissioner was abolished, and divisional inspectors were done away with in 1879, and in 1881 the post of Coast Inspector was created. Thanks to Hart's cautious policy of never taking a step in advance unless he was sure that the ground was firm, he was able in spite of meagre resources to build up a vigorous Marine Department which at the time of his death in 1911 had a personnel of 895, of whom 114 were foreigners and the rest Chinese, and an equipment of 132 lighthouses, 45 light-vessels and light-boats, 138 buoys, and 119 beacons, with a flotilla of surveying and lights-tending steam vessels.

The right of the foreign Customs officials in the employ of the Chinese Government to punish offences against the revenue by fine or confiscation was one that was fiercely contested by the foreign merchants and questioned by many of the Consuls. The Hongkong Chamber of Commerce, for instance, held "that the Custom House should be deprived of the power of confiscation on its own authority, and that no penalty for breach of revenue laws, whether by confiscation or fine, should be inflicted upon British subjects except by a Consul after a fair and open trial."* They went further. They even demanded that foreigners in the employ of the Customs should be made amenable to Consular or other foreign courts even when the actions complained of were done in their official capacity as employees of the Chinese Government. The British Minister, however, declined to support the contention that exclusive jurisdiction in the matter of fines and confiscations should be vested in the Consuls,

* British Parliamentary Papers: "Further Papers relating to the Rebellion in China," 1863, p. 162.

remarking that such an arrangement "could only be carried out by consent of the Chinese Government," an opinion which was fully endorsed by the British Government.* Lay, while on leave in England, took the opportunity of obtaining the opinion of some of the leading lawyers in London.† In summary the replies given were:—

- (1) That the Chinese authorities alone had the right of adjudication in cases of confiscation; but that in cases of fine such punishment, being against the person, could not be enforced except before the Consul.
- (2) That if the Chinese authorities exercised this power of confiscation unjustly redress could be sought only by diplomatic proceedings.
- (3) That the Chinese Government, to enforce payment of a fine, could not refuse clearance of a vessel after all treaty dues and duties had been paid; but that it could refuse such clearance in cases where an offence had been committed entailing penalty of confiscation.
- (4) That the Chinese authorities might, if they saw fit, in cases having reference to fine or confiscation or to dues and duties secured to China by treaty, resort as complainants to British Consular Courts, and in such cases these courts are auxiliary tribunals to the Chinese courts.

* British Parliamentary Papers: "Further Papers relating to the Rebellion in China," 1863, pp. 181, 192, 196.

† I.G. Circular No. 28 of 1870.

- (5) That in the event of any proceedings being taken in a British court against a British subject in the employment of the Chinese Government as a Customs officer, it will be a conclusive answer to such proceedings that the act complained of was done by the defendant within Chinese jurisdiction, in pursuance of his authority as a Chinese Customs officer; and
- (6) That confiscable goods on board a British steamer in Chinese waters may be seized by the Chinese authorities without a warrant from the British Consul.

These views were endorsed by the British Minister,* while Earl Russell, then Secretary of State for Foreign Affairs, after consulting the Law Officers of the Crown, informed the Minister that the British Government fully concurred in them.† This verdict, like the treaties themselves, contained no suggestion for the provision of a court of inquiry in which charges of breach of regulations could be tried in public and there established or disproved. The Shanghai Chamber of Commerce had suggested some such court. Hart, too, was convinced that the creation of a court of joint investigation would be a politic move. He considered that its operation would go far to create assurance that a full and impartial hearing was being given to the accused; that Customs action in these matters would be no longer open to the charge of being capricious, arbitrary, and afraid of facing the light, and that settlement of cases by interchange of letters and despatches was not a

* British Parliamentary Papers: China No. 3 (1864), pp. 12, 73.

† British Parliamentary Papers: China No. 3 (1864), pp. 71, 80, 94.

satisfactory way of discovering facts and doing justice. Hart had accordingly in 1864 induced the Chinese authorities at Shanghai to try as an experiment a system of joint investigation in all cases involving confiscation, leaving cases involving fine to the jurisdiction of the Consular courts.* Three years later the Tsungli Yamên approved the extension to all the open ports of the four Shanghai rules. The British and the United States Ministers, to whom the Yamên had communicated the rules, saw the opportunity, and proposed that additions should be made to the four rules so as to provide for joint investigation also in the case of fines. The Tsungli Yamên welcomed this proposal, as it evidenced a desire on the part of the foreign authorities for reciprocity of action. The original rules were accordingly revised and enlarged in scope, so that by June 1868 Hart was in the position to communicate to the ports a set of eight Rules for Joint Investigation in cases of Confiscation and Fine by the Custom House authorities.† The success of these rules is not to be measured by the fact that during the 60 odd years of their existence they were comparatively seldom called into play, but rather by the fact that they have served as a restraining and preventive influence. They strengthened the hands of the Customs authorities when that strengthening was much needed, and by laying down an agreed course of procedure—controlling the action of the port authorities, whether in defence of China's revenue or of foreign trading interests—they were effective in creating an atmosphere of consideration and of

* I.G. Circular No. 19 of 1868. U.S.A. Foreign Relations, 1864; vol. iii, p. 147. Customs Papers.—Office Series: No. 17, "Joint Investigation in Customs Cases," 1882.

† I.G. Circular No. 19 of 1868.

readiness to settle cases out of court. In August 1932 it was ruled that this joint investigation procedure was no longer in force.*

Throughout 1868, 1869, and 1870 the subject of treaty and of tariff revision was very much to the fore. Sir Rutherford Alcock, then British Minister, called on the Chambers of Commerce at the ports for an expression of their opinion on the subject, and they had much to say on what were to them vital issues, such as the right of residence for trading purposes in any part of China, the failure of the transit pass system, the exaction of inland levies, principally *likin*, in excess of those authorised by the tariff, the cumbersome action of diplomacy in cases of disputes between foreigners and Chinese, the right of inland navigation, and the revision of certain tariff rates.† They were out for root-and-branch reform, by force if necessary, or for at least a strict enforcement of the treaties according to their interpretation. These coercionists, however, were not destined to win the day. The Tsungli Yamên and the British Minister appointed a special commission to study the subject and report their findings.‡ The Chinese representatives on the Commission were two of the secretaries from the Yamên and Hart, who, by his personality, as well as by his experience and knowledge, quickly fell into the position of leadership. Guided by Hart, the debates of the Commission were brought to concentrate on fiscal and tariff questions, and for

* I.G. Circulars No. 4285 (P.Q.S. No. 631) and No. 4468.

† British Parliamentary Papers: "Memorials addressed by Chambers of Commerce in China to the British Minister at Peking on the subject of the Revision of the Treaty of Tientsin," 1868; also China No. 12 (1869); China Nos. 1, 2, 4, 6, 10, and 11 (1870), and China No. 5 (1871).

‡ British Parliamentary Papers: China No. 5 (1871), pp. 99, 100, 102, 110.

such debates he was well prepared. Through his Commissioners at the various ports he had obtained the fullest and most up-to-date information on the trade of the country, on the bearing of the 1858 Tariff on that trade, and on the various internal taxes on trade, as far as ascertainable, levied on the principal imports and exports at and near the different treaty ports in China.* With this expert assistance Hart had no difficulty in proving that the so-called 5 per cent tariff was a myth. Its import rates varied from 0.59 per cent on foreign coal to 44.80 per cent on pictures, while the export rates showed a range from 0.03 per cent on goldware to 21 per cent on native coal. Of the 199 articles listed in the import schedule, 122 paid 5 per cent or over and the remaining 77 less than 5 per cent, while of the 285 articles listed in the export schedule, 188 paid 5 per cent or over and the remaining 97 less than 5 per cent. As regards transit dues, over which much bitter controversy had raged, Hart made clear that in the opinion of the Chinese authorities a transit pass was meant to protect goods only while actually in transit from a treaty port to a specified place inland or *vice versa*, but was not intended to protect goods from such levies as production and consumption taxes, or from local municipal charges. To the merchants this was rank sophistry, but it was Hart's view that was finally accepted by the British

* "A Set of Tables showing the Bearing of the Chinese Customs Tariff of 1858 on the Trade of 1860 and 1867, compiled from the Returns of Imports and Exports and Native Goods carried in Foreign Vessels for Native Consumption"—Customs paper: Shanghai, 1868 (*out of print*).

"Returns of the Native Charges as far as they can be ascertained, levied on the principal Imports and Exports, at and near the different Treaty Ports in China, and of the quantities of Goods on which such Charges are levied as compared with the Quantities paying the Transit Dues specified by Treaty"—Customs paper: Shanghai, 1869 (*out of print*).

Authorities as the correct one.* Alcock's Convention was an outstanding mark in the history of Anglo-Chinese relations, seeing that it was the first treaty not to be exacted by force of arms. Hart had taken a prominent part in the drafting of it, and thanks to him as well as to Alcock it was framed with a fuller sense of China's interests and rights than the Treaties of Nanking and Tientsin. It was signed on the 23rd October 1869 by Prince Kung and the Ministers of the Tsungli Yamên as representatives of China and by Sir Rutherford Alcock as the representative of Great Britain. But the British merchants did not want reciprocity: they demanded further trading concessions and advantages, to be acquired not by a process of give and take but *vi et armis* if necessary. The British Government, although not sure that their decision was "calculated to promote the real interests of the commercial and industrial classes . . . nevertheless . . . advised Her Majesty to withhold her ratification."†

In view of the hoped-for ratification of Alcock's convention Hart decided that the occasion called for a certain amount of reorganisation of the Service,‡ and, although ratification did not come off, he yet

* "By that Treaty (of Tientsin) the importer of foreign goods has the right to sell them at the port without liability, while they remain his property, to any other duty than the import duty, or to send them to any internal market which he may select, free from any other charge than the Customs dues on importation and the stipulated transit due of 2½ per cent. But both at the port and at the internal market, when once the goods have passed out of his hands, they are liable to bear whatever taxes or duties the Chinese administration may see fit to levy on them in common with similar goods of Chinese origin. This is the authoritative reading of the Articles in question accepted by Her Majesty's Government."—Alcock's Memorandum of 3rd May 1870 in British Parliamentary Papers: China No. 10 (1870), p. 3. For similar opinion expressed by the Earl of Clarendon, *vide* British Parliamentary Papers: China No. 6 (1870), p. 3.

† British Parliamentary Papers: China No. 11 (1870), p. 4.

‡ I.G. Circular No. 13 of 1869.

carried out the reorganisation planned.* He introduced his new scheme with a thoroughgoing vindication of the policy he had pursued up till then—an apologia in which he enunciated the sound principles on which he hitherto had conducted the Service and which he intended to maintain—and followed this up with details of his reorganisation of staff with minute instructions for their guidance. The reorganisation provided for a foreign In-door Staff of 17 Commissioners, 6 Deputy Commissioners, and 90 Assistants of various ranks. The foreign Out-door Staff was to include 30 Tidesurveyors, 30 Examiners, and 160 Tidewaiters, each class being subdivided into three ranks. The Chinese In-door Staff was to consist of 70 Linguists in various grades, but in regard to the Chinese In-door Staff Hart definitely stated that he hoped in the course of time to see Chinese students passing from the T'ung Wen Kwan into the Service as Third Assistants. The number of Chinese Writers, Teachers, and Shupan, all of whom were also members of the In-door Staff, was left unspecified, as was also the number of Chinese miscellaneous employees, such as office boys, messengers, boatmen, etc. The first Service List, which was drawn up in 1873, showed that the foreign In-door Staff consisted of 95 all told, namely, an Inspector General, 18 Commissioners, 6 Deputy Commissioners, and 70 Assistants. Of these, 58 were British, 14 French, 11 German, 8 American, 2 Norwegian, 1 Russian, and 1 Swiss. In the year of Hart's death (1911) there was a total staff of 1,345 foreigners and 5,885 Chinese. Of the foreigners, 328 were on the In-door Staff, 861 on the Out-door, 42 on the Coast Staff, 13 on the Engineers'

* I.G. Circulars Nos. 25 and 26 of 1869.

Staff, 37 on the Harbours Staff, and 64 on the Lights Staff. Of the Chinese, 1,111 were on the In-door Staff, 3,328 on the Out-door, 665 on the Coast Staff, and 781 in the Marine Department. If the Postal Staff were included, there would be an addition of 99 foreigners and 11,885 Chinese. In the In-door Staff at that time there were 152 British, 38 German, 32 Japanese, 31 French, 15 American, 14 Russian, 9 Italian, 7 Portuguese, 6 Norwegian, 6 Danish, 5 Belgian, 5 Dutch, 4 Swedish, 3 Spanish, and 1 Korean. Hart's aim was, if possible, to give to each country trading with China a roughly proportionate representation in the In-door Staff according to the volume of trade done.* The same cosmopolitanism marked the personnel of the Out-door Staff, and this outstanding characteristic of the Service has done much to stabilise it and to render it of much greater utility to China than if it had been composed of men drawn only from the greater

* When submitting his memorandum on Coast Lights Hart wrote on the 31st January 1867 as follows:—

“ In the selection of men, I shall follow the principle I have adhered to during the last six years in the Customs: that is, I shall employ them just as they may be required, without respect to their nationality, provided individual fitness can be secured, and I shall not aim at exact numerical proportion, or attempt to provide a representative of every Treaty Power for every port. The Service will continue to be cosmopolitan in its general constitution: guided by the requirements of the work to be done and by the character and capacity of the individual; appointments, promotions, and dismissal will be dealt with without respect to nationality. A fair attempt will be made to represent the chief Treaty Powers, but the principal object to be aimed at will be to keep in existence on a cosmopolitan basis, a thoroughly efficient Service, and to carry out faithfully and well for the Chinese Government the works it pays for and approves of. Difficult as is the management of a cosmopolitan Service, any attempt to carry out a system of numerical proportion, while exciting ill-feeling, disputes, and jealousy, would defeat its own object by the inefficiency in which it would culminate, the fact that the Service is open to all is a sufficient guarantee, on the part of an honest administration, for the interests of each.”

As the Service grew Hart was obliged to alter his practice to the extent indicated in the text.

Powers. It has also developed a remarkable *camaraderie* which probably has no parallel elsewhere in the world.

The year 1874 afforded a good illustration of the adaptability and resourcefulness of the Service. Emigration from China had been prohibited for centuries, but in spite of prohibitions emigration from the south-east provinces had gone on steadily, especially to Formosa, Luzon, Hainan, Malacca, Java, and Sumatra. In the early days this emigration had been by junk, but when foreign vessels began to ply to and from China a new set of conditions arose, conditions far from creditable to the foreign contractors and foreign shipowners and shipmasters. The gold-fields of California and Australia and the plantations of the West Indies, Peru, and Cuba clamoured for cheap labour. In the cases of California and Australia it was free emigration, but from the middle of last century Chinese emigration to the West Indies and to Central and South America was under the contract system, a system which readily lends itself to the grossest of abuses. Unscrupulous crimps for the sake of capitation fees collected their victims by false promises or even by force, brought them down to the barracoons at the ports of departure, principally Macao, Cumsingmoon, Whampoa, Amoy, and Swatow, where they were sold in batches to the speculating recruiters of labour.* The condition of these unfortunate coolies, and the callous brutality with which they were treated, on board the floating hells which were to convey them to their destination were indescribable. Order and

* *Vide passim*, British Parliamentary Papers: "Correspondence on Mortality on Board British Ships with Emigrants from China," 1857, and continuation 1858; "Correspondence on the subject of Emigration from Hongkong," 1858.

cleanliness were impossible, and the mortality was appalling. But the evils of recruiting and conveying were mild compared with the shocking and incredible cruelties practised on these victims by their exploiting owners once they had reached their destination. The master had indefinite powers of coercion, had the arbitrary power of transferring and assigning the servant, and exercised what chastisement he pleased regardless of all law, while the miserable servant was given no right of complaint on the score of wages and food, was not allowed to count days of genuine sickness as in the contract period, was denied power to exchange masters, and by chicanery or force was made, if he survived the period of his contract, to sign on again for a second period. It was unadulterated slavery of the worst type, and called to high heaven for redress. By 1874 the situation was so serious that the Chinese Government decided to despatch a mission of inquiry to Cuba, where the treatment of Chinese emigrants was characterised by exceptional brutality. Through Hart two Commissioners of Customs, Messrs. A. Macpherson and A. Huber, were deputed to proceed along with Mr. Ch'en Lan-pin (陳蘭彬) to Cuba and carry out a thorough investigation on the spot, on the lines of a questionnaire drawn up by the Tsungli Yamên. They visited the barracoons and jails in Havana as well as plantations in the country, took 1,726 personal depositions, and received 85 petitions bearing 1,665 signatures. Their summing-up is a terrible indictment, all the more terrible in that it is expressed so objectively and without heat.* This official revelation from her own trusted employees clinched the matter.

* Customs Papers—"Chinese Emigration: The Cuba Commission: Report of the Commission sent by China to ascertain the Condition of Chinese Coolies in Cuba," Shanghai, 1876, pp. 3, 4.

Spain did not get her much desired convention on this subject with China till 1877, and the provisions then were such as China could approve. Once more the Customs Service had demonstrated its value.

In 1875 two events, both of which closely affected the Customs, took place, the one was the murder of Mr. A. R. Margary, a member of the British Consular Service, at Manwyne, near the Yunnan-Burma frontier, which led eventually to the Chefoo Convention, and the other was the decision of the Tsungli Yamên that, in order to be prepared for future demands in the way of tariff and treaty revision, it would be well to have on hand for easy reference a detailed memorandum from the Inspector General to embody his proposals for the better regulation of all matters connected with the taxation of the commodities which pass through the ports open to trade. Margary had been murdered on the 21st February 1875, and Sir Thomas Wade, then British Minister, decided to make the incident an occasion to demand further commercial privileges. During the negotiations, which dragged out from March 1875 to September 1876, when the final act took place, he from time to time altered his demands, but always retaining stipulations to restrict the incidence of likin. Wade, on his own admission, was a testy man, and on several occasions, if it had not been for Hart's mediation, the negotiations would probably have broken down completely.* The final scene was staged at Chefoo, where for a month—18th August to 17th September,—with the representatives of the United States of America, France, Germany, Russia, Austria-Hungary, and

* *Vide* British Parliamentary Papers: China No. 1 (1876), p. 106.

Spain as interested spectators, and with a squadron of British frigates in the offing to lend point to their Envoy's arguments, Wade and the Viceroy Li Hung-chang finally reached agreement, and signed on the 13th September 1876 what is now known as the Chefoo Convention. Four days later the Chinese Government ratified the agreement. Of the three sections of the agreement, only the third, namely, that dealing with trade matters, concerned the Customs, but it was Hart's influence and Hart's advice which had more than a little to do in bringing about the final settlement on all counts. It took the British Government, however, nine years before they actually ratified the agreement. What stuck in their throat was the opium clause, and the possible adverse effect of the operation of that clause on the Indian opium revenue. The other Treaty Powers at Peking also made it clear that the consent of their Governments was necessary before the right of imports to exemption from likin could be restricted in the manner indicated in the Convention. Much correspondence and wordy debate over the opium clause marked the long-drawn-out negotiations before the Earl of Granville in February 1885 was able to notify Marquis Tseng, then Chinese Minister in London, that the British Government agreed to accept the principle that the Maritime Customs should collect both import duty and likin on foreign opium at time of importation, that the duty should remain at *Tls.* 30 a picul, and that the commutation likin rate should be *Tls.* 80 a picul. An additional article to the Convention was accordingly drafted by the British authorities, by which it was agreed that the question of likin-free areas at the treaty port Foreign Settlements should be reserved for further

consideration; that foreign opium when imported into China should be deposited in bonded warehouses or receiving hulks under the control of the Customs; that it should not be removed thence till it had paid the agreed import duty and commutation likin levy; that, import duty and likin having been paid, the owner should be at liberty to repack his opium into such smaller packages as may be agreed upon by the Customs and the British Consul; that, if the owner so desired, each such package should be provided with a transit certificate freeing the opium from any further tax or duty whilst in transit to the interior provided the package is unbroken and the marks unchanged, but that such certificates should be valid only in the hands of Chinese subjects; that the British Government should have the right to terminate the agreement at any time should there be any infringement of the exemption from taxation conferred by the transit certificate; and that the commission to inquire into the question of Hongkong as a smuggling centre should be appointed as soon as possible. That commission met in 1886 and will be dealt with later.

In calling upon Hart for a detailed memorandum of suggestions for the better regulation of trade taxation,* the Yamên asked for replies to three questions:—

- (1) If China agreed to open more ports to foreign trade, could all the Treaty Powers be induced to acquiesce in the continuance of the levy of likin?

* "Proposals for the Better Regulation of Commercial Relations"—Customs Papers—Office Series: No. 2, Shanghai, 1876. Reprinted in British Parliamentary Papers: China No. 3 (1877), pp. 2-27.

- (2) If China opened new ports, would not certain Powers, who do not agree to the continuance of likin, demand access to these ports under the "most favoured nation" clause, and thus China once more would be forced into conceding something without receiving anything in return? and
- (3) Would it be possible to obtain the consent of all the Treaty Powers to the adoption of one rule regarding the payment of import duty and transit dues which would ensure uniform procedure at every Custom House?

The Inspector General's proposals, they added, must be advantageous and not harmful to China, they must be acceptable to all the Treaty Powers, and they must be capable of being easily put into force at all the Custom Houses as well as by the local authorities. Instead of confining himself to the three questions asked, Hart seized the opportunity of dealing with the whole situation created by the presence of foreign traders in China enjoying privileged protection. In this memorandum Hart describes the salient features of the existing system and summarises its defects. He shows that in all past and present arrangements, based on treaty stipulations, the distinction is drawn between persons rather than between things, a principle which has naturally resulted in jealousy and angry feelings on both sides. Foreigners and Chinese are not placed on the same footing, and the former are accorded unfair advantages over the latter. The remedy indicated was reciprocity. Instead of this, however,

the foreigner, not content with the treaty privileges he already enjoys, demands complete freedom throughout the whole of China for every kind of trading or industrial operation, and in the enjoyment of that freedom he is to be protected by his extra-territorial status. The Chinese, on the other hand, are naturally suspicious of change, especially when it is not a native growth but imposed by foreign aggression. They have learnt in the course of years the full implication of the principle of extraterritoriality, and it is hardly to be expected that they should welcome any further restriction of their sovereign rights. Hence arises a situation of deadlock. Then follows, under the three headings of Commercial, Judicial, and Administrative, an analysis of the complaints on both sides, and four sets of proposals under each heading, which, if adopted, would place things on a better footing. It would demand too much space to give here a satisfactory analysis of Hart's thoroughgoing diagnosis of the commercial, the judicial, and the administrative maladies and of his four sets of proposed remedies in each case. Let it suffice to say that the memorandum must be carefully studied to be appreciated, and that in its breadth of view, its grasp of all the essential facts and factors of the situation, and in its constructive suggestiveness it remains to-day in the opinion of competent judges as a state paper of the first order.

But Hart never allowed the weightier matters of the law to divert his attention from the equally important, if less spectacular, duty of seeing that the Service was kept running smoothly, and that the thousand and one details of a rapidly developing government department were thoroughly considered

and dealt with. All during the seventies and eighties of last century, and indeed the same may be said of the whole tenure of his post as Inspector General, much of his time was devoted to staff questions, such as the engaging of qualified men for all branches, the salaries and retiring allowances to be paid to these men, the housing of them, the leaves to be granted to them, the scale and frequency of their promotion, the reports on their qualifications and progress, the meting out of punishment to delinquents, and the recognition of merit. On the latter point Hart felt strongly that in a service like the Customs there should be no mercy for proved delinquency, and he did not hesitate in such cases to demote or dismiss the culprits. He felt equally strongly that merit and long service should be rewarded, not necessarily by a mere increase in pay but by the bestowal of Government honours, thereby intensifying the loyalty and gratitude of the recipients to the Government they served, and at the same time giving them an assured position in the official hierarchy, which latter fact was of no little importance *vis-à-vis* other officials, Chinese and foreign. The bestowal by Imperial Decree of Civil Rank of the Third Class on Commissioners and of Civil Rank of the Fourth Class on Deputy Commissioners, begun in February 1878,* was a graceful act of recognition on the part of the Government of services rendered and a wise stroke of policy. It at once placed the Service on a firmer footing, and gave it a standing which enabled its members to carry out more easily their varied official duties. Later on, in 1885, when the Government instituted the Order of the Double Dragon,† they

* I.G. Circular No. 46, Second Series.

† I.G. Circular No. 319, Second Series.

also made it a practice, at Hart's suggestion, of bestowing suitable ranks of this decoration on deserving members of the Service; and when the Order of the Chia Ho* took the place in 1914 of the old time Civil Ranks and Double Dragon Order, the policy was continued of conferring on members of the Service suitable ranks of the new Order in recognition of services and merit. While on this subject it may be worth while mentioning that practically every Government of the continent of Europe has held and holds that any of its nationals holding a high post of trust and responsibility in the Chinese Customs is an honour to his country, and that his services to China are as deserving of recognition as if they had been rendered to his own Government. The British Government, however, takes the view that it is only the Inspector General who should be so recognised, although scores of British subjects of marked ability and merit have held such important posts as Inspectorate Secretary, or as Commissioner at such ports as Shanghai, Tientsin, and Canton, or as Coast Inspector, and in these posts have, by discharging their duties to the Chinese Government, rendered valuable services to British trade and financial interests and to British shipping.

Tariff questions also occupied much of Hart's time, and in the September quarter of 1881 he began the practice of issuing a quarterly Circular—in place of the separate Circulars previously issued—giving details of all tariff and practice questions raised during the quarter and the official decisions. That practice continues to this day. Two questions

* I.G. Circular No. 1914, Second Series.

affecting the tariff and the administration of the tariff stood out in the Additional Convention of 1881 with Germany*: the one was the freeing from duty of materials to be used in German docks in China for the repair, but not for the building, of ships, and the other was for the establishment of bonded warehouses. The question of what could, and what should not, fairly be included in a duty-free list of dock stores was one that involved no little controversy and correspondence, but through the port Commissioners a list satisfactory to both parties was at last agreed upon. For over 20 years dock stores enjoyed this duty exemption privilege under the conditions stipulated, until the necessity of finding more revenue to meet the demands of the Boxer Indemnity compelled the reduction of the duty-free list. From the 31st October 1902, therefore, when the Revised Import Tariff came into force, dock stores took their place as dutiable goods. The second concession gained by the German Supplementary Convention was that of deferment of duty payment by the depositing of goods in a bonded warehouse. This was the privilege which the foreign merchants at Shanghai had clamoured for in 1853 when the Taiping Rebellion had brought their trade to a standstill. As this was a new departure in China's Customs arrangements, it was agreed by section 2 of the special stipulations, appended to the Convention, that "an experiment to ascertain whether bonded warehouses can be established in the Chinese open ports shall first be made at Shanghai" and that for this purpose the Customs Superintendent at Shanghai "with the Customs Inspector General shall forthwith draw up regulations suitable to the local conditions," after

* I.G. Circular No. 158, Second Series.

which they were to proceed to the establishment of such bonded warehouse. In May 1882 Hart proceeded to Shanghai to deal with this matter. His proposals were that only foreign goods should be allowed to be bonded, and that the Government, to save expense of building, should license the godowns both of the China Merchants Company and of the Associated Wharves. After long consideration, however, the Chinese Authorities decided to exclude foreign warehouses and to grant to the China Merchants Company the monopoly of using certain of their godowns as duly licensed Government bonded warehouses. Regulations on this basis were drawn up, but it was not until the autumn of 1887 that it was decided to proceed with the scheme. The scheme was a failure. Merchants refused to deal with the monopoly, while import duties at that time were so light that there was in the great majority of cases no advantage to be gained by bonding, more particularly as goods usually passed quickly from importer to purchaser.*

Into the long and tangled story of China's and France's connexions with the kingdom of Annam there is no need to enter here. Both China and France claimed suzerainty over the whole of Annam, including the province of Tonkin adjoining the Chinese province of Yunnan. Hostilities broke out in December 1883, and both the Chinese mercenaries, known as "Black Flags," and Chinese Imperial troops suffered serious reverses. The Canton authorities became alarmed lest a French attack should be lodged against that city, and so the Viceroy

* Customs Papers—Office Series: No. 59, "Bonding System at Shanghai," 1899.

gladly accepted the intervention of Mr. G. Detring, recently appointed Commissioner of Customs at Canton, by which the French Captain Fournier, after securing the necessary credentials, and Detring proceeded to Tientsin to discuss terms of peace with the Viceroy Li Hung-chang. The negotiations were successful, and a convention to serve as a protocol for a final settlement was signed by Li and Fournier on the 11th May 1884.* By a misunderstanding the Chinese troops on the Kwangsi frontier failed to evacuate on the stipulated date. Then followed a renewal of hostilities marked by the destruction of the Chinese fleet while moored in Pagoda Anchorage, below Foochow, the bombardment of the forts at Keelung, and the blockading of the Formosan coast. On several occasions during these hostilities Hart had made attempts at reconciliation, but it was not till October 1884, when the French seized the Customs lighthouse tender the *Feihoo*, that he was afforded the opportunity of effective intervention. He instructed his Commissioner, Mr. J. D. Campbell, who was in charge of the Chinese Customs office in London, to proceed to Paris and negotiate for the release of the lights tender. At the same time he was enjoined to ascertain from M. Ferry on what terms France would be willing to terminate hostilities. As soon as the French Government were assured by the Tsungli Yamên that they had placed full powers in Hart's hands, negotiations were taken up which were kept secret from both French and Chinese officials in China. Thanks largely to Mr. Campbell's ability and good sense, these negotiations under Hart's guidance were completely successful, and on

* For text, *vide* Customs publication: "Treaties, Conventions, etc., between China and Foreign States" (2nd Edition), Shanghai, 1917, vol. i, pp. 894-896.

the 4th April 1885 a protocol was signed at Paris agreeing to China's proposals, namely, ratification of the Li-Fournier Convention of May 1884, general cessation of hostilities, and the sending of a Minister by France to China to arrange the details of the treaty.* These terms were carried out, and the final treaty was signed on the 9th June at Tientsin by the Viceroy Li Hung-chang and M. Patenôtre.† Some of the professional diplomats were inclined to regard Hart's intervention as encroachment on their territory, but his action originated in defence of Customs Service property for which he was responsible, and he took no step without the full approval and support of the Tsungli Yamên. If complete success be the test of an action, a success welcome to both the principals concerned, then neither Hart nor the Service had any cause for regret.

The year 1885 was also memorable for other events which meant much for the future of the Service. On the 22nd March that year Sir Harry Parkes, British Minister and Plenipotentiary, died at Peking, and Lord Granville then offered the post to Sir Robert Hart (he had been knighted and created K.C.M.G. in 1882), and on the 10th June he was gazetted to the post. Judging from his official farewell to the Service,‡ with which he had been so closely connected for over a quarter of a century, this return to his former love was not a wholly unmixed joy. He had, however, accepted the post and had arranged with the Yamên that his successor should be his younger brother, Mr. James H. Hart,

* For text, *vide* "Treaties and Conventions," *op. cit.*, vol. i, pp. 897-899.

† For text, *vide* "Treaties and Conventions," *op. cit.*, vol. i, pp. 901-907.

‡ I.G. Circular No. 317, Second Series.

who had joined the Service in 1867, had risen to Commissioner's rank by October 1872, and had made his mark in various responsible posts since then. There were, however, two other candidates in the field, the one being Dr. W. A. P. Martin, then president of the Tung Wen Kuan and a distinguished sinologue and scholar. The other was Mr. Gustav Detring, who had joined the Service in 1865, had been made Commissioner in 1872, and who for 10 years had been the *fidus Achates* of the great Viceroy Li Hung-chang. Detring, too, was a man of keen intellect and marked ability in administration. It was Detring's candidature which finally settled the question. With his brother as Inspector General and himself as British Minister, Hart felt that he would be in a stronger position than ever to help China, while still faithfully discharging his duty to his own Government. But if Detring were to be Inspector General, supported and dominated by the powerful Li Hung-chang, the results would certainly not be what Hart had hoped for and had given his life to achieve. At the request of the Empress Dowager, to the satisfaction of the Government, and the relief of the Customs, Hart decided to remain on at the post which he himself had made famous, and which he was better qualified to fill than anyone else.

CHAPTER V.

HART'S REGIME: HONGKONG AND MACAO OPIUM AGREEMENTS; THE KOREAN CUSTOMS; FOREIGN LOANS OF 1885, 1886, AND 1888; STEAM NAVIGATION IN INLAND WATERS; LEASES OF TERRITORY TO FOREIGN POWERS: 1885-1900.

The Additional Article to the Chefoo Convention, which was signed on the 18th July 1885 by Marquis Tseng and Lord Salisbury in London, stipulated that all opium on arrival at a Chinese treaty port was to be placed in a bonded warehouse, on removal from which for import it was to pay to the Customs a combined duty and likin charge of *Tls.* 110 a picul, and that a commission was to be appointed as soon as possible "to inquire into the question of the prevention of smuggling into China from Hongkong."* That commission, composed of Taotai Shao Yu-lien (邵友濂) and Sir Robert Hart, representing China, and Mr. James Russel, Puisne Judge of Hongkong, and Mr. Byron Brenan, H.B.M. Consul at Tientsin, met at Hongkong in the summer of 1886. For 45 years Hongkong had stoutly maintained its free-trade status, although Elliot in 1841 by his projected Treaty of Chuenpi,† and Pottinger in 1843 by Articles XIII, XIV, and XVI of the Treaty of Hoomunchai,‡ had both tried to make arrangements which would have protected China's revenue rights against the smuggling abuses sure to arise from the planting of a free-trade depot on China's coast within easy reach of the most

* "Treaties and Conventions," *op. cit.*, vol. i, pp. 500-503.

† The Chinese Repository, vol. x, 1841, p. 63.

‡ "Treaties and Conventions," *op. cit.*, vol. i, pp. 395-397.

important treaty ports. Smuggling from Hongkong to China, especially of opium and salt, became as rampant as the racket of clandestine, but alien protected, trade carried on along the coast of the so-called Eastern Autonomous Hopeh in the spring of 1936. The Hongkong authorities looked on with folded arms; it was not, they contended, their concern, while the Hongkong trading community were loud and bitter in their complaints against the preventive measures—duty and likin collecting stations and patrolling cruisers—enforced by the Canton authorities. They denounced these preventive measures as the Blockade of Hongkong,* and claimed not only the lifting of this blockade but also the restoration of a privilege previously enjoyed by which Chinese produce had been allowed to be transhipped at Hongkong without losing its Chinese status. The levying of the full treaty tariff duties on junk-borne goods going to or from Hongkong, just as if they were going to or from a foreign country, was bitterly resented by Hongkong merchants, more particularly as the same goods when junk-borne to or from Macao continued to be treated as goods to or from Chinese territory.† From time to time the suggestion had been made both by the Chinese authorities and by enlightened British officials that a Chinese Consul should be allowed to reside in Hongkong and be given jurisdiction over Chinese junks and their cargoes. Such a proposal was fought tooth and nail by Hongkong merchants. They would have none of it. The atmosphere, therefore,

* British Parliamentary Papers: "Correspondence relating to the Complaints of the Mercantile Community in Hongkong against the action of Chinese Revenue Cruisers in the Neighbourhood of the Colony," 1875, p. 37; also China Nos. 6, 10, and 11 (1870), *passim*.

† Macao was not recognised as Portuguese territory till the Protocol of Lisbon of 1887; *vide* "Treaties and Conventions," *op. cit.*, vol. ii, p. 273.

in which the Commission met in 1886 was charged with electricity. The representatives for China had come authorised to offer the withdrawal of the Viceroy's and the Hoppo's stations in the neighbourhood of Hongkong in return for the Colony's acceptance of a plan by which Chinese opium hulks might be anchored in Hongkong Harbour for the bonding of all opium imported from abroad, for the issue of certificates to cover all opium sent to Chinese ports, and for the collecting of China's opium revenue on all opium leaving the hulks for Hongkong or Macao. The British representatives looked askance at the proposal. In fact, they declined it, but expressed themselves willing to accept co-operation. The outcome of the Commission's labours was the Opium Agreement, signed at Hongkong on the 11th September 1886.* By virtue of this Agreement the Chinese Customs Service was for the first time entrusted with the control of Chinese craft sailing out of Hongkong waters into Chinese waters and *vice versa*, and also for the first time with the collecting of likin and of Native Customs duties. The Agreement naturally also provided for the collecting of duty and likin on opium under the cognizance of the Inspector General, as well as for the settling of disputes between Hongkong junks and the Native Customs revenue stations or cruisers in the neighbourhood. It became inevitable, therefore, that the control of the Hoppo's stations round Hongkong should devolve upon the newly created Kowloon Office of the Maritime Customs. The Hoppo's patrol service and four stations at Kowloon (九龍), Capsuimoon (汲水門), Changchow (長洲),

* I.G. Circular No. 887, Second Series. Hertslet: "China Treaties" (3rd Edition, 2 vols.), London, 1908, vol. i, pp. 90, 91.

and Fotochow (佛頭洲) were accordingly handed over to the Inspector General to administer. At the same time, for the greater convenience of the trading public, the Hongkong Government permitted—without extending official recognition—the opening of an office of the Chinese Customs in the city of Victoria, where a Commissioner of Customs of British nationality, appointed by the Inspector General, could function as the Chinese official in charge of the Kowloon district and of all the Chinese revenue-protecting agencies within its limits. To implement the Opium Agreement the Hongkong Government passed the Opium Ordinance No. 22 of 1887,* the provisions of which, if enforced, would have given the *coup de grâce* to opium-smuggling. But they were not enforced. On the contrary, the evidence soon began to accumulate that the interpretation of these stipulations would be in favour of the opium trader, that excess of zeal on the part of the Colony's police would be discouraged, and that evasion of official restrictions by the opium farmer would be condoned, when such action was judged to be in the interests of the Colony. One of the very first conditions laid down by the British representatives when negotiating the Hongkong Opium Agreement was that China should arrange with Macao for the adoption of similar measures. This gave Portugal the very opportunity for which she had long been waiting. For 330 years her citizens had lived and traded on the Macao peninsula, and although they had founded there a thriving and famous colony, yet the suzerainty had always been retained by China. As the price of her acquiescence in an opium agreement

* For text, *vide* I.G. Circular No. 418, Enclosure No. 2.

Portugal now demanded China's recognition of Portugal's full sovereignty over the territory and colony of Macao. It was a heavy price to pay, and some of China's leading statemen were strongly opposed to any such concession; but the Hongkong Agreement had been signed, and unless the whole of that arrangement and all that it implied for China's revenue was to be scrapped, then Portugal's conditions would have to be met. Hart was therefore instructed to proceed with the necessary arrangements. Mr. J. D. Campbell was accordingly entrusted with a second diplomatic mission, this time to Lisbon, where on the 26th March 1887 he signed with the Portuguese Authorities what is known as the Protocol of Lisbon.* By this instrument China confirmed perpetual occupation and government of Macao and its dependencies by Portugal, while Portugal undertook never to alienate this territory without China's consent, and to co-operate in the opium revenue work at Macao in the same way as Great Britain at Hongkong. These protocol articles were confirmed by the Treaty of Friendship and Commerce between Portugal and China, which was signed at Peking on the 1st December 1887 and ratified on the 28th April of the year following at Tientsin.† Article IV of this treaty stipulated that the bases of co-operation with China in the collection of duties on opium exported from Macao to China should form the subject of a separate convention to be appended to the treaty, and to have the same force and validity as the treaty. This convention, which was also signed

* I.G. Circular No. 887, Enclosure No. 2. "Treaties, Conventions, etc.," *op. cit.*, vol. ii, p. 295. Hertslet, *op. cit.*, vol. i, p. 422.

† "Treaties and Conventions," *op. cit.*, vol. ii, pp. 274-294. Hertslet, *op. cit.*, vol. i, pp. 423-433.

on 1st December 1887,* bound Portugal to enact a law by which the opium trade at Macao should be made subject to restrictions similar to those that had been agreed upon for the same trade at Hongkong. To supplement this convention an agreement was signed at the same time by Sir Robert Hart on behalf of the Chinese Government, and de Mello, the secretary of the special mission representing the Portuguese Government.† This agreement provided for the opening of an office of the Chinese Customs close to Macao for the sale of opium duty certificates and for the investigating and settling of any complaints made by Chinese merchants against the Customs stations or revenue cruisers. In fulfilment of this agreement a Custom House under the control of the Inspector General was opened at Lappa on the 2nd April 1887. Its concern was to collect on opium the consolidated import duty and likin rate, and on general cargo the provincial likin and chingfei taxes at the rates given in the provincial tariffs received from the Governor General of the Liang Kwang. Three months later (1st July 1887) the Hoppo handed over to the Commissioner the collecting of Native Customs duties on junk-borne general cargo. A commission appointed by the Governor of the Colony, to inquire into the decline of trade in Macao manifest from 1884 onwards, testified in 1889 that the conclusion of the Sino-Portuguese Treaty, by giving confidence to Chinese merchants, had drawn to Macao the capital needed to increase trade, and that the liberal policy of the Chinese Customs under the Commissioner had given a strong impetus to trade.

* "Treaties and Conventions," *op. cit.*, vol. ii, pp. 295-297. Hertslet, *op. cit.*, vol. i, pp. 434-435.

† "Treaties and Conventions," *op. cit.*, vol. ii, pp. 300-302. Hertslet, *op. cit.*, vol. i, pp. 435, 436.

The putting into force generally of the new procedure of levying import duty and likin at the same time, and the enforcing particularly of the agreements made in this respect with Hongkong and Macao, called for considerable extension and readjustment in both the In-door and the Out-door Staffs. Through the three years 1886 to 1888 there was a ceaseless flow of Circulars to the ports on the subject, calling for reports, giving directions regarding the bonded warehouses and receiving ships in which the raw opium was to be stored before import, specifying how the opium revenue was to be recorded and reported, fixing the 1st February 1887 as the date for the commencement of operations and settling the treatment of opium arriving before that date, arranging details of the labels to be affixed to every ball of opium and of the various permits to be used covering landing, bonding, and delivery, and giving instructions regarding the duty treatment of boiled opium and the treatment of confiscated opium and the rewards to be issued in this connexion to informers and to seizing officers. Writing after the Hongkong and Macao ordinances had been a year in operation, Sir Robert Hart remarked: "It is gratifying to be able to record the fact that the new duties thrown upon the Customs have been well performed, and that the plan of co-operation is a success and gives excellent results both along the coast and locally at Hongkong and Macao. The promptness with which the simultaneous collection was commenced, after brief preparation and at the time fixed, from Newchwang to Pakhoi,—the admirable manner in which revenue has ever since been collected, and the tedious and responsible work of warehousing, stamping and releasing opium carried on,—the success with which obstacles that threatened difficulty

have been met and removed,—the general feeling of content that is found everywhere, now that all ports levy likin at the same rate, and the natural routes for reaching the best markets need no longer be shunned,—and the easy working of the Hongkong arrangement, the linch-pin of the opium revenue wheel,—are, one and all, noteworthy, satisfactory, and creditable: they are fully appreciated by myself, and both understood and recognised by the Chinese Government. The ability displayed by the Commissioners who opened the Kowloon and Lappa Custom Houses, Messrs. Morgan and Faragó, has been conspicuous throughout, and the entire Customs Staff at every port has taken hold of new work under sufficiently trying circumstances in the most commendable manner.”* As an indication of the growth of the Service at this time it should be recorded that in April 1888 the Government authorised the increase of the maintenance allowance from *Hk.Tls.* 1,098,200 to *Hk.Tls.* 1,738,200 a year.† By this time there were in all 21 ports, including the recently opened frontier districts of Kowloon and Lappa. The personnel had grown to a little over 3,000 Chinese and 685 foreigners, as compared with 1,000 Chinese and 400 foreigners in 1876. The consolidated opium likin revenue was called upon to contribute *Hk.Tls.* 330,000 a year of this allowance.

China's relations with her dependencies and tributary states were a constant source of trouble and embarrassment during the nineteenth century. Liuchiu, Formosa, Ili, Nepal, Burma, and Annam had one and all given rise to political difficulties. Hardly had the Tonkin dispute been settled than

* I.G. Circular No. 418.

† I.G. Circulars Nos. 419 and 421.

unrest began to show itself in the ancient vassal state of Korea. To counteract Japanese influence and activities in that country the Viceroy Li Hung-chang—in whose hands the Chinese Government had placed the control of Korean affairs—sent, early in 1883, as Resident to Seoul his most trusted secretary, Yüan Shih-k'ai (袁世凱), and at the same time appointed as Yüan's foreign adviser Mr. P. G. von Möllendorff, who had originally come to China as an Assistant in the Chinese Customs Service, but who at the time of accepting this post of adviser was in the German Consular Service. In Korea von Möllendorff was given the post of Vice-Minister of Foreign Affairs and made concurrently head of the Korean Customs. He was a man who believed that he could hustle the East, and forthwith drew up an ambitious programme of industrial, commercial, and financial reforms. He wished also to reorganise the Korean Army, and as the Viceroy Li Hung-chang could not, or would not, provide him with the necessary funds and the equally necessary instructors, von Möllendorff persuaded the Korean Ministry of Foreign Affairs to negotiate a convention with Russia, by which, in return for the use of Port Lazareff—an ice-free harbour on the eastern coast,—Russia undertook to provide all the army instructors required. Japan naturally interpreted this as a threat. China regarded it as a move towards Korean independence and a danger to her suzerainty; while Great Britain was more than suspicious of any Russian movement in the Far East. That was the end of von Möllendorff as Vice-Minister of Foreign Affairs in Korea, and shortly afterwards (October 1885) he left the country and handed over charge of the Korean Customs to Mr. H. F. Merrill, a Commissioner of the Chinese

Customs Service, who, on the request of the King of Korea, had been selected by Sir Robert Hart for the post.* Under Merrill the Korean Customs were gradually reorganised and the staff strengthened by picked men drafted from the Chinese Customs Service. The Korean Customs Service remained a separate entity, but the infusion of trained men from the Chinese Service was a demonstration that Korea was a dependency of China. Hart believed that the experiment might ultimately result in a union of the two Services which would be of benefit to both countries. That union was never effected, but the connexion was maintained as a useful demonstration of China's suzerainty. Mr. Merrill was succeeded in 1889 by Mr. J. F. Schoenicke, and he in 1893 by Mr. (afterwards Sir) John McLeavy Brown, both of them Commissioners from the Chinese Customs Service. The political situation at that time in Korea was full of dangerous possibilities. In a nutshell: China claimed sovereignty; Yüan Shih-k'ai was working steadily for annexation; Japan stood stiffly by her treaty rights, Russian agents whispered "Codlin's your friend, not Short," and the American adviser—Mr. Denny, a former Consul in Tientsin—kept urging the country to assert its independence. Intrigue was inevitable, and intrigue ended in a head-on conflict between China and Japan, the end of which, as all the world knows, was that China was required by the Treaty of Shimonoseki, signed 17th April 1895, to recognise definitely "the full and complete independence and autonomy of Corea."* The aftermath of this treaty and the subsidiary Treaty of Commerce and Navigation, signed 21st July

* "Treaties and Conventions," *op. cit.*, vol. ii, p. 590.

* F.O. 17/983 G's order to Salisbury despatch No. 382, 26th Aug 1885. The post was offered to Denny, but he refused it. Li decided, on Hart's advice, that it should be given to Merrill.

1896,* so far as the Customs were concerned, was the cession of Formosa to Japan, the opening of the four ports Shasi, Chungking, Hangchow, and Soochow, the permission for Japanese subjects "to engage in all kinds of manufacturing industries in all the open cities, towns, and ports of China," the levy of an indemnity amounting in all to *K'up'ing Tls.* 230,000,000 and the pledging of "the Customs revenue of China as security for the payment of the principal and interest . . . of said indemnity."

China decided that the indemnity should be paid off by foreign loans in order to get the troops of the victor out of Chinese territory as quickly as possible. Then followed an unseemly scramble among the money-lenders, the results of which were the Franco-Russian 4% Gold Loan of 1895 for *Frs.* 400,000,000, the Anglo-German 5% Gold Loan of 1896 for £16,000,000, and the Anglo-German 4½% Gold Loan of 1898, also for £16,000,000.† Those loans mark the beginning of China's national debt, and the source of much financial and political embarrassment. They also mark a clearer definition of the attitude of the Powers towards the Customs Service. Under Hart's administration the Service had become not only a well-organised, reliable, and efficient civil service bringing in a sure and steadily growing revenue for the support of the Central Government, but also, by virtue of its regular functions and of the many special duties entrusted to it, a centralising and unifying agency representing and promoting the authority and interests of the

* "Treaties and Conventions," *op. cit.*, vol. ii, pp. 604-614.

† For detailed description of these loans and of the events conditioning them, *vide* Chapter III, "China's Customs Revenue since the Revolution of 1911" (3rd Edition), Shanghai, 1935.

Central Government in nearly every province of the Empire. From this point of view it was both a political symbol and a political influence. Further, the post of administrative head of its activities had, thanks to Hart's personality, become a position of first-rate importance, especially in the eyes of those Governments which had either real interests in, or designs on, China. It is not surprising, therefore, that Russia should seize the opportunity of her proffered financial assistance in 1898 to make clear that one of her conditions would be the undertaking that a Russian should be appointed Inspector General of Customs when that post should become vacant.* The Russian loan proposals did not go through, but the British Minister considered it advisable to counter Russia's designs by asking China for an assurance that "in view of the immense preponderance of British trade with China over that of other countries, the Inspector General of Maritime Customs should in the future as in the past be of British nationality."† China gave the required assurance with the qualification that "if at some future time the trade of some other country should become greater than that of Great Britain, China will then of course not be bound to necessarily employ an Englishman as Inspector General."‡ It shows Hart's impartiality and his loyalty to China that he considered this demand as inadvisable and likely to work more mischief than good. The contracts for the two Anglo-German loans contained each a clause stipulating that for the duration of the loan the administration of the Customs Service was to remain

* British Parliamentary Papers: China No. 1 (1898), p. 9.

† *Ibid.*, pp. 24, 33, 39.

‡ *Ibid.*, p. 39.

as at that time constituted; while the contract for the 4½% Gold Loan of 1898 contained a further clause pledging for security not only the unencumbered portion of the Customs revenue, but also fixed quotas from the general likin of Soochow, Shanghai, Kiukiang, and Hangchow, and from the salt likin of Ichang, Hankow, and Tatung. To ensure the due payment of those general and salt likin quotas, it was stipulated that the collecting of the revenue concerned was to be placed under the control of the Inspector General, and in case the revenues specified should at any time prove insufficient it was further stipulated that the Chinese Government should forthwith place under the control of the Inspector General additional revenues sufficient to complete the amount required. A clause was also inserted providing that in case likin should be abolished in consequence of a revision of the Customs tariff, the service of this loan should be a first charge upon the increase of the revenue consequent on such revision.

From now on the Customs Service had, on account of these stipulations, new duties imposed upon it. A thorough study of the various likin collectorates concerned was carried out by specially selected Deputy Commissioners, but in the end Hart decided not to interfere so much with provincial administrative machinery as to take over the complete likin establishment, staff, offices, and stations, in each district mentioned. He contented himself with placing in each province concerned a Deputy Commissioner as a collecting agent whose principal duty was not to administer the likin stations in his area but to keep likin revenue records according to the information supplied to him by the provincial

weiyüan, and to receive and remit to Shanghai each month the likin remittances due for the service of the loan.* Hart's consideration was appreciated, but the unpalatable fact remained that the Customs revenue, which had come to be the Government's most reliable source of income, was no longer available for ordinary maintenance expenses, but was now pledged in its entirety for the service of foreign loans raised to extinguish a resented war indemnity. Equally unpalatable was the fact that the revenue from some of the country's most productive likin collectorates was similarly pledged and that until all these loans should be duly amortised the administrative system of the Customs Service was to remain unchanged. Small wonder that many of the leading provincial authorities, viceroys, governors, provincial treasurers, and others were seriously perturbed. They knew that the Customs Service, with its foreign chief and its cosmopolitan staff, was absolutely loyal to the Government whose salt it ate, but in view of the arrangements made to pay this war indemnity they could not but feel apprehensive that the Service was in danger, if not of becoming a tool in the hands of foreign powers to subserve foreign designs, at least of developing into a mere debt-collecting agency, all the more to be suspected in that—in order to meet Imperial needs—it was being used more and more to encroach in the perception of taxes which thitherto had been strictly under provincial administration. It was bad enough that provincial taxes on goods in transit, inwards or outwards, could be evaded by payment of treaty-stipulated transit dues to the Customs: it was also for the coast and the riverine

* For subsequent history of these likin remittances, etc., *vide* "China's Customs Revenue," *op. cit.*, pp. 60, 61.

provinces a heavy blow when Chinese goods carried in foreign bottoms were made to pay an export and a coast trade duty to the Customs instead of the old-time charges to the trade-taxing stations of the provincial treasuries concerned, as they would have done had they been junk-borne. It was worse that the Central Government should be so hard put to it as to be compelled to pledge the whole of the Customs revenue for the payment of unproductive foreign loans; but it was worse still to be obliged to see not only unmistakably provincial taxes likewise pledged for the service of these loans, but also the right of perception of these taxes placed in the hands of the Customs. As a servant of the Imperial Government Hart's duty was clear, but in carrying out that duty he observed two precautions: first, that the Service was not used to ride rough-shod over provincial rights and interests—whatever had to be done was to be done with as little disturbance as possible, and with as full a consideration as possible of the rights and feelings of the provincial authorities; and second, that the Service was to remain strictly a Chinese institution and not to be permitted to degenerate, either by coercion or by cajolery, into a foreign-controlled *caisse de la dette*. It was largely due to Hart's skilful handling of the situation—and he had not a little to do with the loan negotiations—that the Service was kept intact not only through that crisis, but through an even greater one which was now looming in the near future.

Before dealing, however, with certain of the events which contributed to the cataclysm of the Boxer uprising, we must touch upon some minor and major happenings directly concerning the Customs. It was in 1895 that kerosene oil in bulk first appeared

in China. For a year prior to its appearance there had been much discussion and debate between the Tsungli Yamên and the various foreign legations concerned, the object of the would-be importers being to gain permission for the storage of such oil in specially constructed tanks. The Government finally gave way and granted permission for the erection of tanks to be used for the storage of bulk oil at ports where the local territorial authorities had no objection to such installations. The Tsungli Yamên drew up the necessary regulations for the licensing and bonding of such tanks,* and the first licence was issued in July 1895 to Messrs. Arnhold, Karberg & Co. at Shanghai. According to the regulations then issued, the bonding of tanks for the storage of bulk oil was not compulsory, but, if bonded, the oil stored therein was treated throughout as foreign produce, and after paying import duty might be packed in containers for re-export to other open ports, and enjoy transit pass privileges, while oil from unbonded tanks was after payment of the full import duty treated as native produce and was called on, when repacked, to pay coast trade duty at the second open port, and had no transit pass privilege when sent inland. Another innovation which marked the early nineties, and which incidentally called for careful Customs supervision, was the duty treatment of Chinese-made products of foreign style. The use of foreign-style machinery and methods for the production of goods of foreign type for home consumption and for export abroad had just begun, and to encourage this home industry in foreign-style factories the Government decided that the products of such factories should pay one duty only, either import duty if the goods were for

* I.G. Circulars Nos. 656 and 673.

home consumption or export duty if sent abroad. Theoretically, this was supposed to be a 5 per cent duty. The first factory to take advantage of this privilege was the Shanghai Cotton Mill for cotton cloth.* In 1896 it was proposed that this duty should be raised to a 10 per cent rate, and the Tsungli Yamên drew up a set of nine rules for the enforcement of this rate.† It was at this time, however, that negotiations with Japan for the 1896 Treaty of Commerce and Navigation were taking place, and in that treaty it was stipulated, as we have seen, that Japanese subjects—which meant subjects of all countries enjoying the “most favoured nation” treatment—should be allowed “to engage in all kinds of manufacturing industries in all the open cities, towns, and ports of China.” A 10 per cent rate was not welcome, and accordingly the old duty rule for the treatment of such factory products was allowed to remain unchanged till June 1920, when the Shui-wu Ch’u brought in a new set of regulations to govern these privileged factory products, one of the most important of which was the abolition of all duty on such products when shipped abroad.‡ Since 1890 some 1,900 factories in all parts of China have applied for registration, their products covering a most extensive range of light industry goods. The duties of registering and of regularly inspecting these factories, as well as that of keeping registers recording the output and destination of their products, have been entrusted to the Customs, thus creating a vital link between China’s developing industrial life and her well-tried Customs Service.§

* I.G. Circular No. 528 (F.P. Circular No. 1).

† I.G. Circular No. 923.

‡ D.G. F.P. Circular No. 464.

§ For summary of treatment of privileged factory products *vide* “Code of Customs Regulations and Procedure” (2nd Edition), Shanghai, 1935, Chapter XXIX.

Another development in China's economic life, which had begun as far back as the days of the Taiping Rebellion, reached a critical stage in 1896 to 1898: this was the momentous issue of steam navigation in inland waters. During the fifties the Taotai of Shanghai, Wu Chien-chang (吳健彰), had purchased foreign steamers to use against the rebels; and a little later both Ward and Gordon were permitted to use steam-launches in their campaigns round Shanghai. Such incursions by steamers into inland waters were for strictly military purposes and were under Chinese surveillance and control. Both Chinese and foreign merchants, however, lost no time in following suit and began to make use of steam-launches to push their trade inland. The provincial authorities grew alarmed, and, as soon as the country was pacified, issued in February 1865 a notification to the effect that steam-launches would no longer be permitted to go inland to places not opened by treaty. This order created a storm, but the Chinese authorities were unquestionably within their rights in determining that if inland steam traffic was inevitable, that traffic should be in their own hands and not in those of foreigners enjoying extra-territorial privileges.* This led to the Customs registration of tugs, which were forbidden to trade inland to unopened ports.† The Chinese authorities were now fully alive to the importance of steam navigation, and to the still greater importance of seeing that this form of navigation both along the coast and in inland waters should not be wrested from them by foreigners. Private Chinese merchants

* U.S.A.: "Papers relating to Foreign Affairs" for 1866, Washington, 1867, Part I, pp. 510-514; also "North-China Herald," No. 827, 2nd June 1866.

† I.G. Circular No. 4 of 1867.

were at first forbidden to own or operate steam vessels, but from 1861 onwards the authorities made increasing use of purchased or chartered steamers for military and official purposes. They went further, and started to experiment in the building of steam vessels, experiments which resulted in the founding of the Kiangnan Arsenal. In the meantime Hart had been doing all in his power to get official approval of private Chinese enterprise in foreign-style steamers and had so far succeeded that provisional regulations were drawn up under which Chinese-owned steamers should be allowed to ply. Five years later (1872) Chinese merchants began to avail themselves of the permission given, and the 1867 regulations were then put into force.* By these regulations the control of the Inspectorate of Customs was extended to include Chinese-owned foreign-style vessels, the cargoes on which—to secure equality of treatment—were to be subject to the duties levied on similar goods when conveyed in foreign-owned vessels. The growth of Chinese privately owned steam vessels was slow. By 1882 there were only 30 such vessels, but by 1892 the number had risen to 123, while the actual tonnage had grown by only 40 per cent over the 1882 tonnage, thus indicating that the increase in the number of vessels was in steam-launches. By 1885 permission had been given for Government registered launches to go inland with Government stores, but such launches were forbidden to carry merchandise for trading purposes.† At that time privately owned launches, which, like steam-tugs, had to be registered at the Customs, were permitted to ply either in treaty port waters or from treaty port to treaty port, but

* Chinese enclosures to I.G. Circular No. 9 of 1873.

† I.G. Circular No. 306.

were absolutely forbidden to go inland or visit non-treaty places either with cargo or passengers. The wars with France, 1884-85, and with Japan, 1894-95, weakened the control and the prestige of the Central Government, and the provincial authorities, in yielding to the exigencies of the times, felt that they were justified in allowing on occasion steam-launches to proceed not only from treaty port to inland places, but also from inland place to inland place. Again, the treaty of Shimonoseki, by stipulating for the opening of Soochow and Hangchow as treaty ports, had opened the inland waters leading to these places to steam navigation.* To regularise unlicensed steam traffic inland, Hart in August 1896 proposed a set of regulations to govern the movements of Chinese-owned steamers.† These regulations never became generally effective, but they were put into force at two or three ports, and formed the basis for the comprehensive regulations for steam navigation inland which Hart drew up in March 1898. That was the year in which the Powers, by individual and by syndicated bullying, forced concession after concession from the Chinese Government. Among these concessions was that of permitting foreign-flag vessels to trade to inland places, a concession which the British Minister demanded as part compensation for China's refusal to accept Great Britain's offer of a guaranteed loan.‡ The other Powers also desired this inland steam traffic privilege, but Hart, who knew more about internal trade-taxing conditions and provincial government arrangements than any of the foreign representatives at Peking, counselled

* Treaty of Shimonoseki, Art. VI, 2.

† I.G. Circular No. 739.

‡ British Parliamentary Papers: China No. 1 (1899), p. 14.

caution. The Tsungli Yamên entrusted him with the drafting of the regulations, and as soon as the draft was ready it was sent to the provincial authorities for their criticisms and suggestions. Two months before the date fixed (16th June 1898) for the introduction of this inland steam traffic privilege, the draft, as approved by the Government, had been communicated to the Customs for observance. The British Minister raised loud protest against the regulation which limited the privilege to the inland waters of those provinces in which there were treaty ports.* He maintained that all the inland waters of China should be thrown open to steam traffic, and that the term "inland" should have the significance given to it by section 3, paragraph 4, of the Chefoo Convention. He also claimed that the privilege should not be restricted to steam-launches, but that the size of the steamers to be used might safely be left to be decided by the necessities of navigation. He also insisted that all rules for the exhibition of lights, prevention of collisions, inspection of machinery, towing of vessels, as well as any special local rules, should be published by the Customs, and that those to be enforced on foreign merchants must be in accordance with treaty provisions. Consideration of these objections and the making of the necessary alterations in the original draft delayed the compilation of the amended draft till July that year, and as supplementary rules were absolutely necessary to give the Customs much-needed guidance on the question of what duties should be levied on cargoes going to or coming from inland places, the issue of the amended draft was delayed till the supplementary rules were ready, which was in September

* British Parliamentary Papers: China No. 1 (1899), pp. 105, 115.

1898.* These supplementary rules stipulated that while the steamers plying inland were under the jurisdiction of the Inspectorate General of Customs, the goods carried, except those covered by transit pass, came for duty purposes under the cognizance of the provincial authorities, who were at liberty to collect on such goods at the same places and at the same rates the charges leviable on similar goods when carried by native craft. At first it was intended that a special Chinese official should be appointed at each of the treaty ports to supervise the collecting of such duties, but in actual practice it was found that such appointments were superfluous, as the Native Customs establishments, which functioned at the leading treaty ports, were fully competent to deal with the collecting of whatever duties were leviable on goods not covered by transit passes. The rules made it unmistakably clear that all inland-going steamers and vessels towed by such were required to stop at all trade-taxing stations *en route* and were to pay such taxes as were by established custom leviable on such vessels and their cargoes. The foreign Legations, however, headed by the British, were not satisfied that this privilege of steam traffic in China's inland waters should be enjoyed on precisely the same terms as the Chinese Government were willing to allow for their own nationals. As usual, the foreigners wanted more. The result, as Hart pointed out, was to create difficulty for the scheme generally. The original plan of applying inland local regulations to steamers as well as to junks would have protected local revenue and ensured the support of the provincial authorities, but the introduction of the treaty element, as Hart made clear, called for an exceptional procedure

* I.G. Circular No. 846.

which would upset long-established practice, render taxation more difficult, tempt Chinese owners to buy foreign protection, and alarm and alienate both the inland authorities responsible for, and the inland administration dependent on, inland revenue. Once again the Customs Service was called upon to face a new task and shoulder another responsibility. The deciding of the inland places to which steam vessels might trade was vested in the higher provincial authorities,* and with the provincial authorities, too, remained the fiscal jurisdiction over all goods conveyed by these inland steam vessels for which transit pass documents had not already been issued by the Customs at the treaty ports. But the survey of these vessels, the measurement of them for tonnage, and the issue of inland waters certificates—as distinct from national papers—specifying the route authorised in each case, the examination at the treaty ports of all cargo carried to ensure that it was properly documented with either national or provincial papers, and the investigation of countless cases of evasion of the Inland Waters Steam Navigation (I.W.S.N.) Rules, all devolved upon the Customs. As usual, the Service rose to the occasion and, within the limits of its jurisdiction, saw to it that this new privilege of trading inland by steam, and later motor, vessels was not made the excuse for an orgy of unlicensed carriage of goods into and from the interior in defiance of both national and provincial interests. At first it was intended that every I.W.S.N. vessel should centre its activities round its port of registry, returning there regularly after every trip, in order either to renew its I.W.S.N. certificate or to surrender the certificate, and resume its former status

* I.G. Circular No. 906.

as a coasting steamer.* Experience, however, soon showed that such an arrangement would in no wise satisfy trade requirements. Vessels holding an inland waters certificate claimed the privilege of calling and trading at other treaty ports on their route before returning to their treaty port of registry, a procedure which gave such vessels the advantage of being coasting and inland trading vessels at one and the same time. Under this blending of general regulations and special rules inland waters steam navigation took on an ever-widening range, creating anomalies and raising complications, so that the whole subject had once more to be taken under consideration in 1901-02 at the Mackay Treaty negotiations.

It was also in this year of forced concessions—1898—that foreign merchants seized the opportunity to call for a revision of the Yangtze Regulations, which had operated successfully without change since 1862. Merchants objected to the regulation obliging them to pay export and coast trade duty simultaneously on Chinese goods shipped from river ports and requested that the duty procedure in this regard obtaining at the coast ports should be extended also to the Yangtze ports. They also wished for a simplification of the duty-levying procedure on tea, so that when tea should be landed from a river-pass steamer the consignee, instead of paying coast trade duty, might be allowed to deposit a bond for the amount involved, such bond to be cancelled when the tea was reshipped within a year. Since 1862, also, trade on the Yangtze had grown

* I.G. Circular No. 906.

enormously. Five new treaty ports had been opened, namely, Nanking, Wuhu, Shasi, Ichang, and Chungking, as well as five ports of call—Tatung, Anking, Hukow, Lukikow, and Wusüeh—where cargo under special rules could be shipped and discharged, and eight passenger stations where passengers and their baggage could be landed or shipped. To meet these altered conditions and calls for revision, Hart laid the question before the Commissioners at the Yangtze ports,* and the result of their and Hart's recommendations found shape in the Yangtze Regulations of 1898.† While making the conditions of duty payment less onerous Hart made good use of the opportunity to tighten considerably Customs control. *Inter alia*, therefore, the revised regulations stipulated that vessels would be held responsible for duties on goods entered on their cargo certificates but not landed at the port of discharge, that vessels—though not required to anchor for the purpose—were to produce their papers for inspection when called upon to do so, that the Customs were at liberty to seal hatches and to place Customs officers on board to accompany vessels up or down river, that junks chartered by foreigners were to be under bond and were to be rigidly restricted to the conveying of foreign-owned cargo from one treaty port on the Yangtze to another treaty port on the Yangtze, and that it was to be left to the Customs at each port to decide whether a river steamer should be permitted to discharge its cargo into cargo-boats for conveyance to a shore godown or into a hulk, but that in all cases consignees, whether using hulks or cargo-boats, were to be obliged to submit their consignments for Customs

* I.G. Circular No. 813. † I.G. Circulars Nos. 826 and 868.

examination and payment of duties, and to obtain the necessary relief permits before they could remove or land the goods in question. These revised Yangtze Regulations of 1898 went into effect on the 1st April 1899, and just as 36 years had passed since their original promulgation in 1862, so a further period of 36 years was to elapse before it was found necessary to submit them to another revision.

All this expansion called for increased expenditure in the maintenance of the Service. From the 1st July 1893* an additional grant of *Hk.Tls.* 120,000 a year had been authorised to meet the expenditure of the Mengtsz, Lungchow, and Chungking Custom Houses, as well as for the support of those members of the Service detailed for duty in the Korean Customs at Seoul, Jenchuan (Chemulpo), Fusan, and Yuensan. On the cession of Formosa to Japan in 1895 the quotas allocated for the two Formosan ports were withdrawn, leaving the total allowance issuable at *Hk.Tls.* 1,786,200 per annum. From the 1st October 1896,† however, the allowance was increased to *Hk.Tls.* 1,968,000 per annum, of which *Hk.Tls.* 318,000 was to be drawn from the likin on opium. This maintenance grant remained in force till the 1st July 1898,‡ when the Government authorised a supplementary grant of *Hk.Tls.* 1,200,000 a year, thus bringing the total annual allowance up to *Hk.Tls.* 3,168,000. From 1873 the sterling value of silver, due mainly to the adoption during the period 1873-97 of the gold standard by nations previously

* I.G. Circular No. 604.

† I.G. Circulars Nos. 750 and 777.

‡ I.G. Circulars Nos. 833, 847, 899, and 911.

on a silver basis, had fallen steadily, so that by 1898 the sterling value of the Haikwan tael was only about 45 per cent of what it had been in 1873. So far, therefore, as the foreign staff was concerned, this increased grant was to enable staff salaries to be brought up approximately to the sterling purchasing power which had prevailed up to about eight years previously. At this time the staff consisted of 4,223 Chinese and 895 foreigners, of whom 357 Chinese and 24 foreigners were detailed for service in the Postal Department, which had been formally instituted in 1896.

The origin of the Postal Department, or Shu-hsin Kwan (書信館) as it was then called, and its development into the present-day national Post Office have already been touched upon; but the subject must once more be referred to, as it was on the 20th March 1896* that the Government finally took the step of issuing a decree ordering the creation of a national Post Office under the direction of the Inspector General of Customs, who thus became Inspector General of Customs and Posts. For practically 30 years this project of a national Post Office had been kept steadily in view and just as steadily advocated, both by Hart in Peking with the Tsungli Yamên and by his able and energetic lieutenant Detring in Tientsin with the Viceroy Li Hung-chang, who was consistently a warm supporter of the scheme. From the outset the new institution was hampered by lack of funds, and it was not until 1904 that the Government was able to vote it a maintenance allowance of *Tls.* 720,000 a year,† an allowance which the provincial treasuries affected were never able to pay in full. The new service had

* I.G. Circular No. 706.

† I.G. Circular No. 1164.

therefore to be run with the strictest economy, and this threw it both financially and administratively on the existing well-established Customs Service. A Postal Secretary was appointed to exercise general supervision under the Inspector General, and each Commissioner of Customs became *ex-officio* Postmaster in his district. The Customs staff at each port was made responsible for all secretarial and accounting work, while special postal staff, mainly Chinese, were engaged for the work of actual handling of mail matter. Once more the Customs Service loyally accepted the burden and responsibility placed upon it, even though that acceptance meant actual financial embarrassment to most of its members, as the money required for the maintenance of postal work had to be drawn from funds ordinarily used for promotions and retiring allowances. To ease the financial strain and to secure the co-operation of foreign steamers in the carrying of Chinese mail, Hart proposed to refund to any steamship company half of the special permit fees paid to the Customs for work done after Customs hours and on Sundays and holidays in return for the undertaking that such company would carry coastwise without further charge the mails of the Chinese Post and refuse such carrying facilities to all others. The offer was accepted by all the companies. This monopoly of steam transport brought about the registration of the Min Chü, or letter hong, and finally the sending of their mail matter in "clubbed mails" through the Post Office.

The cession of Kiaochow on lease to Germany in March 1898,* and the opening on the 1st July 1899 at Tsingtao† of a Custom House—in accordance with

* "Treaties and Conventions, etc.," *op. cit.*, vol. ii, p. 209. Hertslet, *op. cit.*, vol. i, p. 351.

† I.G. Circular No. 894.

the agreement signed on the 17th April that year by Baron von Heyking, Minister for Germany, and Sir Robert Hart, as representative for China,—called for special regulations, since the area to be temporarily administered as German territory was to be treated as a special area into which foreign and Chinese goods, with the exception of opium, arms, and explosives, could be imported free, but were to become dutiable if re-exported into Chinese territory. Chinese merchandise brought from inland into German territory was, when shipped from Tsingtao, to pay export duty; while produce raised in, and manufactures made from produce raised in, German territory were, when exported, to be exempt from duty. Opium could be imported in original chests but had to be stored in the Customs godown. So long as it remained in this godown it was regarded as bonded, and on exportation into Chinese territory it was obliged to pay tariff import duty and likin. Opium for consumption in German territory was subject to special regulations, as were also importations of arms and explosives. It was also stipulated that the Commissioner of the Chinese Customs at Tsingtao should be of German nationality, as should also be, as far as possible, the members of the European staff. The Governor of Kiaochow was to be informed beforehand of any change in the European staff. Correspondence between the Customs office at Tsingtao and the German authorities and German merchants was to be in German, but Chinese and other languages were also permitted. To anticipate, it may be said that this 1899 arrangement proved impracticable, and as the German colonial authorities were at first unwilling that the Chinese Customs should actually function

on territory leased to Germany, Hart pointed out that he had no option but to construct a chain of Customs stations on the Chinese side of the land frontier to keep check on all goods entering or leaving the leased territory. Further negotiations resulted in an agreement by which the German Government undertook to facilitate the operations of the Chinese Customs within the German leased territory and to aid in safeguarding the revenue, in return for which assistance the Chinese Government promised to pay the German Colonial Government 20 per cent of the import duty on goods, opium included, collected by the Chinese Customs as the goods passed out of the defined free area at the harbour.*

Yet another lease of Chinese territory in this fateful year of concessions (1898) closely affecting Customs operations was that of the Kowloon extension to the Colony of Hongkong. Sir Robert Hart, to whom the Chinese Customs side of the matter was referred by the British Minister, proposed, aside from special provisions for the control of opium—

- (1) That the right of the Chinese Customs to maintain its office in Hongkong should be formally admitted, the status of the Commissioner of Customs as a Chinese official recognised, and that the existing stations be maintained, although inside the newly leased territory;
- (2) That the Chinese Customs should have the right to collect dues and duties in Hongkong on general cargo, as well as on opium, shipped to and from China,

* "Treaties, Conventions, etc.," *op. cit.*, vol. ii, pp. 221-224.

and that for the control of junks the Chinese Customs should have one or more special jetties at the junk anchorages;

- (3) That the Chinese revenue cruisers should continue their activities within the waters of the leased territory;
- (4) That no arms or munitions of war or contraband goods should be shipped in Hongkong on board any vessel proceeding to a Chinese port without a permit issued or countersigned by the Chinese Customs; and
- (5) That the Hongkong Government should pass such legislation as might be necessary to give effect to these provisions.*

These proposals had the warm approval of the Canton provincial authorities,† but were opposed by the Hongkong Chamber of Commerce, which was “profoundly convinced that the freedom of the port can only be properly safeguarded by the withdrawal of the Chinese Customs stations to Chinese territory and the refusal of permission to Chinese Customs officials to collect duty either in the Colony or its waters.”‡ The London Chamber of Commerce supported this view, as did also the China Association in London, which latter body, correctly enough, pointed out that “to authorise the collection in Hongkong of duties (likin included) on all goods and merchandise carried from or to any Chinese ports in

* British Parliamentary Papers: China No. 1 (1899), Enclosure in No. 294, pp. 201, 202.

† *Ibid.*, Enclosure to No. 382, pp. 283, 284.

‡ *Ibid.*, p. 282.

Chinese vessels would be to place Hongkong on the level of a Chinese treaty port.”* The Association proceeded to add that “if the presence of Customs stations on the adjacent mainland and at the entrance of the harbour, and of Customs cruisers in the waters surrounding the Colony, has been a hindrance and a source of vexation when these territories and waters were Chinese, the annoyance would be less endurable still when they assumed the character of foreign establishments within territory under British control.”† The Association—as if anxious to scupper the Opium Agreement of 1886—then brought forward the suggestion that the Colonial Government might arrange to collect on behalf of the Chinese Government, against actual cost of collection, duty and likin on all opium exported from the Colony into China.‡ The attitude of the merchants both in Hongkong and in London was oblivious of everything but their own immediate interests, and instead of welcoming what would now be admittedly an arrangement of real advantage to the Colony, they short-sightedly wished to see the Chinese Customs cleared bag and baggage out of the Colony and of colonial waters.§ Hart’s statesmanlike proposals were rejected, and for both Chinese and British interests the chance of a generation was lost. The New Territory at Kowloon was handed over to the Hongkong Government in April 1899 by virtue of the Convention for the Extension of Hongkong, signed at Peking on the 9th June 1898.|| Thanks to the personal intervention

* British Parliamentary Papers: China No. 1 (1899), Enclosure in No. 382, p. 296.

† *Ibid.*

‡ *Ibid.*, p. 297.

§ “Hongkong Daily Press,” 9th, 10th, and 15th September 1898.

|| “Treaties, Conventions, etc.,” *op. cit.*, vol. i, p. 539. Hertslet, *op. cit.*, vol. i, pp. 120, 121.

of Lord Salisbury, the Chinese Customs stations, then within the New Territory, were allowed to continue functioning for six months from the 17th April 1899 and were finally closed on the 4th October.* The Convention, however, contained a clause stipulating that within the city of Kowloon the Chinese officials stationed there should continue to exercise jurisdiction, provided such jurisdiction was not inconsistent with the military requirements of Hongkong, and that the landing-place near Kowloon city should be reserved for the convenience of Chinese men-of-war, merchant and passenger vessels. Mr. H. M. Hillier, then Commissioner of Chinese Customs for Kowloon, proposed as a possible solution of the Customs problem that a Chinese Custom House might be established at Kowloon city where cargo could be examined and, after payment of China's import duty, be documented as free to any specified treaty port in China. Vessels complying with the requirements of this establishment could proceed under sealed hatches to the first station passed on leaving British waters, where the seals could be removed and the vessels allowed to proceed freely to their destinations. This arrangement was not to be compulsory, but vessels not making use of it would be obliged to submit to detention at the Chinese Customs stations for search, examination of cargo, and payment of duty. Hongkong officials and merchants would have nothing to do with such a proposal. They condemned the Convention for agreeing to the residence of Chinese officials at Kowloon city, and to the reservation of the landing-place there for the convenience of the Chinese vessels. They held that "such deference to the supposed

* I.G. Circular No. 917, Enclosure No. 2.

susceptibilities of the Chinese Government must act prejudicially upon the minds of all the natives, who under these circumstances will assuredly regard the Chinese rather than the British Government as the predominant Power.”* Was there more behind this than meets the eye? In any case, agitators got to work among the Chinese residents on the newly leased territory, and two days before the day set for the hoisting of the British flag over this territory—17th April 1899—these residents staged demonstrations against the cession of their homes and farms. The rioting was suppressed by British soldiers and the Hongkong police force. The opportunity was too good to be lost, and on the 16th May 1899 Chinese jurisdiction was expelled from the city of Kowloon,† and with that expulsion faded the last hope of establishing a Chinese Custom House on Hongkong territory. To protect revenue interests, therefore, new duty-collecting stations had to be established at Taishan (大 鐘) and Lintin (伶 仃), in the estuary of the Canton river, and at Shaüchung (沙 魚 涌) and Samun (三 門), to the east of Mirs Bay. Shumchun (深 圳) was opened as a collecting station on the 1st March 1900. Numerous frontier guard posts had also to be established along the land boundary, which now ran for some 60 miles through rough and hilly country, as compared with 2½ miles of pre-extension days. To add to the difficulties of controlling this greatly extended line the waters of the Shumchun river were declared to be British, while the boundary along the shores of Deep Bay and of Mirs Bay was delimited at the high-water

* “Hongkong Daily Press,” 15th September 1898.

† “North-China Herald,” No. 1654, 17th April 1899, p. 673; No. 1655, 24th April, p. 710; No. 1656, 1st May, p. 778.

mark. Such a boundary was obviously drawn in utter disregard of China's revenue rights and interests, and put a premium on clandestine trading, as it enabled smugglers to lie protected in British waters, or on the British foreshore, within a yard or so of Chinese territory, and to slip their goods on land when and where they pleased. The sea line to be patrolled was perforce extended from a little over 20 to some 80 miles, which was another heartening consideration to the smuggling fraternity. The Chinese Customs office, however, in the city of Victoria, for the convenience of the trading public was allowed to remain, but on the old status of sufferance only. The situation created by this extension of Hongkong territory was naturally one that caused grave apprehension to those whose duty it was to protect China's revenue interests. Mr. Hillier, Commissioner of Chinese Customs at Kowloon at the time, held—and his opinion was shared by many other well-qualified judges—that the Colonial Government had not only failed to carry out the undertaking given by the Agreement of 1886 to control the movements of opium, raw and boiled, so that China should suffer no loss to her revenue from smuggling, but had “deliberately permitted themselves to rely for one of the most important items of their revenue upon the successful smuggling operations of the opium farmer.”* In extenuation, it could be urged that the sources of revenue in a free-trade colony are not numerous and that the colonists were inflexibly opposed to any departure from free-trade principles. Furthermore, the administration of the new area would mean a heavily

* Customs Papers.—Office Series: No. 62, “Kowloon Customs,” Shanghai, 1899, pp. 11-13.

increased expenditure both for civil and military purposes. Was it likely, in view of this necessity, that the Colonial authorities would be eager to curtail liberty of the opium farmer, an operation which would mean increased expenditure to them for a preventive force and an irreplaceable loss of revenue? Loss of prestige was regrettable, but "*Ploratur lacrimis amissa pecunia veris.*" The opium farm, with its abuses, continued until the Imperial Decree of 21st November 1906 for the domestic suppression of opium, and the agreement with the British Government in December of that year for the gradual extinction of imports of opium from India brought the Hongkong Government face to face with the fact that revenue from opium was doomed and that other sources of supply would have to be drawn upon. This eventually introduced a new era in the relations between Hongkong and the Chinese Customs, an era which at first gave promise that the lost opportunities of the past might at last be redeemed. This development will be dealt with later.

Three other territorial leases were extorted from China at this time, namely: the Liaotung peninsula, with its harbours of Port Arthur and Talienwan (Dairen), to Russia, by the Conventions of the 27th March 1898* and of 7th May 1898;† Kwangchowwan to France, by the Convention of 27th May 1898‡—which, however, was not ratified by China till the 5th January 1900; and Weihaiwei, by the Convention of the 1st July 1898,§ "for so long a period as Port Arthur shall remain in the

* MacMurray: "Treaties and Agreements with and concerning China," vol. i, p. 119.

† *Ibid.*, vol. i, p. 127.

‡ *Ibid.*, vol. i, p. 128.

§ *Ibid.*, vol. i, p. 152.

occupation of Russia." The political issues and their consequences involved in these three land-grabbing episodes do not concern us here; but the Customs were affected by all three. Russia at first proposed to put her own Customs tariff into force in the leased Liaotung territory, leaving it to China to protect her Customs revenue at the frontier. It was, however, also proposed that, with the approval of Russia, a Chinese Custom House might be established in Talienwan to function from the day of opening of the port to commerce. In the event of the establishing of such a Custom House, its organisation and administration were to be entrusted to the Chinese Eastern Railway Company, which was to act as an agent for and levy duties on behalf of the Chinese Government. Nothing came of this proposed arrangement. The Russians were ousted from South Manchuria in 1904, and it was not till 1907 that arrangements were completed with Japan for the establishing of a Chinese Custom House at Dairen. The trading situation and possibilities of Kwangchowwan were carefully investigated, but, as they were negligible, nothing definite in the way of Customs action was called for. It was not until 1929 that such action became necessary; but in that year the smuggling situation, created by the introduction of the National Import Tariff of that year, made it imperative to establish Customs stations along the Chinese frontier and to patrol the Chinese sea approaches. Weihaiwei was not developed as a trading centre, and goods going to or coming from that place were treated in the same way as goods going to or coming from a treaty port. On the rendition of Weihaiwei in 1930,* the place was given the status of an open port.

* I.G. Circular No. 4130. "The China Year Book," 1931, pp. 483-486.

CHAPTER VI.

HART'S REGIME: THE BOXER UPRISING AND THE PEACE PROTOCOL; CONTROL OF NATIVE CUSTOMS; HAIHO AND WHANGPOO CONSERVANCY; REVISION OF COMMERCIAL TREATIES; CREATION OF SHUI-WU CH'U; OPENING OF MANCHURIA; DEATH OF HART: 1900-11.

The China-Japan War of 1894-95 marks the turning point in China's modern history. After that event China found herself regarded as the legitimate prey of land-hungry and concession-hunting European Powers. "A strong man armed keepeth his goods in peace," but China, from the point of view of Western military science, was no longer considered a strong man, and the result for China was unmitigated humiliation and disaster. The rapacity of the West was never more clearly or more shamelessly exhibited than during the years 1895 to 1900. Spheres of influence were a commonplace topic of conversation, and publicists and politicians openly discussed what the Chinese termed "the dividing of the melon." "What," asked the Chinese, "can the end of all this foreign aggression be? These strangers from afar, whether they be French, Russian, British, German or Japanese, demand the construction of trunk railways in all directions, and that the building of such railways shall be entrusted to them. They insist that all the interior waterways shall be thrown open to their steamers, and then, not satisfied with these measures of peaceful penetration, they proceed to carve off for political and commercial purposes slices of territory which, though only

leased, might easily be lost for good." How could any patriotic Chinese think otherwise than with bitterness of the rape of Kiaochow, Liaotung, Kwangchowwan, Kowloon, and Weihaiwei.* But feelings of resentment at being victimised could not redeem the day and make good the country's losses. From the statesman's point of view the situation called for constructive measures of reform, and for such measures there sprang up during those five years of disaster not simply a demand for reform but also a revolutionary movement, which from the outset was steadily antidynastic, but which had to pass through many vicissitudes before it reached its climax in the supremacy of the Kuo-min-tang. The protagonist of the constitutional reform movement was K'ang Yu-wei (康有為), probably the most noted Chinese scholar and publicist of his day, who, through the Imperial Grand Tutor, Weng Tung-ho (翁同龢), obtained access to the Emperor and persuaded him, by his enthusiasm and his arguments, drawn not from his experience, for he was not a tried statesman, but from his wide reading in history and political science, to embark in June 1898 on that remarkable but brief campaign in which the young Emperor sought by edict after edict—each vieing with the other in ardour—to reform from top to bottom the outworn administrative system of his vast Empire. Reaction, as all the world knows, followed swiftly. The old Empress Dowager, with the aid of her faithful henchman, Jung Lu (榮祿), resumed sway of the Empire and quickly restored the old-time regime. All this was not conducive to peace and order. There was much unrest and

* *Vide* Memorial signed by 1,200 officials and *Chin Shih* graduates, "North-China Herald," 18th April 1898.

anti-foreign outbreaks, with murder of missionaries, in various parts of the country. At Peking the persistence of the foreign representatives in reminding the Government that they were accredited to the Emperor and not to the Empress Dowager roused resentment and anti-foreign feeling. The truculent Kansu troops of General Tung Fu-siang (董福祥), which had been brought to the capital through fear of foreign aggression, created several anti-foreign incidents, with the result that the British and American Legations sent for a guard of marines from each of their fleets. Apprehension of coming danger continued to grow. All during 1899 there was much unrest. By a decree of the 15th March that year missionaries had been accorded official status, a grant which gave rise to further misunderstandings and bitterness. Anti-missionary demonstrations occurred in the provinces of Chekiang, Kiangsu, Fukien, Kweichow, Szechwan, Hupeh, Kiangsi, Anhwei, and Shantung. Flood and famine devastated the valley of the Yellow River, while riots and armed uprisings—some anti-dynastic, some anti-foreign—took place not only in all the provinces already mentioned but also in Kwangtung, Kwangsi, Yunnan, Kansu, Sinkiang, Shensi, and Fengtien. German aggression in Shantung—the Holy Land of China—and threatened Italian aggression on the coast of Chekiang fanned the flames of anti-foreign feeling still higher, whilst the forced levies and exactions of the Assistant Grand Secretary, Kang Yi (剛毅), in the provinces of Kiangsu, Chekiang, Anhwei, Kiangsi, and Kwangtung, as High Commissioner to replenish the depleted Imperial exchequer, inevitably aggravated resentment against the throne, as levies forced from high-placed officials were invariably recovered from the farmers

and merchants by increased taxation. It was in Shantung, finally, that the conflagration broke out. Yü Hsien (毓賢), a staunch upholder of the dynasty and opponent of Western aggression, had been appointed Governor of Shantung in March 1899, and during his tenure of office he showed clearly that open and even violent enmity to anything foreign would not be treated as an offence. The popular realisation of this attitude was as a match to tinder. The lawless, the dispossessed, and all those who had reason to dislike or distrust the foreigner—and they were not few—began to form themselves into a society under the name of I Ho Chüan (義和拳), or Boxers, with the watchword "Cherish the dynasty and exterminate the foreigner." Raids on mission premises and on villages of Chinese Christians both in Shantung and in Southern Chihli became the order of the day, and unpunished incidents of murder and rapine occurred with alarming frequency. Then came the ambiguous Imperial Decree of 11th January 1900, followed a few days later by the favourable Court reception of Yü Hsien in Peking and by his appointment to the governorship of Shansi. By the beginning of May the Boxers, whose ranks were now swelled by the adherence of thousands of Prince Tuan's troops, were raiding villages and killing and burning converts within 40 miles of Peking; and by the 28th of that month they had burned two stations and destroyed two bridges on the Paotingfu railway line and were burning the station and machine shops of Fengtai, on the Tientsin line, only 10 miles from Peking. For the Legations and all foreigners in Peking the situation was clearly one of great gravity; but almost at the last moment the Legations succeeded in getting up from the foreign men-of-war at Taku as

Legation guards a small force of a little more than 400 men all told. Events now followed quickly. On the 11th June Mr. Sugiyama, of the Japanese Legation, was killed; two days later the Boxers occupied the Tartar city; on the 17th the forts at Taku were taken by an allied force; and on the 20th Baron von Ketteler, the German Minister, was killed while on his way to lodge a protest with the Tsungli Yamên against the Imperial order that the envoys and all foreigners were to leave Peking within 24 hours.

The story of the siege of the Legations and of their relief does not concern us here, but what does concern us is the action that had to be taken to maintain the unity and integrity of the Service while its chief was beleaguered in Peking and cut off from all means of communication. Without a recognised head there was danger that the Customs revenue, now pledged for the service of foreign loans, might have to be sequestered by representatives of the Powers concerned in order not only to secure the service of these loans, but also to prevent that revenue from flowing into the war coffers of the Peking administration. Further, unless the Service was to be allowed to disintegrate, there must be a recognised head to whom appeal could be made for instructions, and from whom funds could be drawn for the maintenance of offices requiring supplementary grants. At Canton the Viceroy, Li Hung-chang, placed the Custom Houses in Kwangtung under the jurisdiction of Mr. Paul H. King, the Commissioner at Canton, and although this action by itself was separatist, yet it showed clearly that the more enlightened officials did not desire to alter the status or the functions of

the Service. The issue, however, had to be settled at Shanghai, where the Consular Body was now in a sense the residuary legatee of the Diplomatic Body at Peking. They accordingly approached Mr. F. E. Taylor, who, as Statistical Secretary, was the only senior representative at Shanghai of the Inspectorate staff, and he, after consulting with Mr. F. A. Aglen, then Commissioner at Shanghai, notified the Consular Body of his willingness to take temporary charge of the Service, provided that his commission was issued by competent and recognised Chinese authority. Thereupon, the Consular Body made representations to Liu Kun-yi (劉坤一), the Nanking Viceroy, who, in his capacity as Nanyang Ta-chen, or High Commissioner of Trade for the Southern Ports, addressed to Mr. Taylor, on the 14th July 1900, a despatch instructing him to assume temporarily the direction of the Customs Service.* This appointment, which was accepted by the Powers, reassured the Service and the general public, and put an end to outside intrigues for the control of the Service. In the Boxer uprising it may be argued that China attempted to settle accounts with the Powers, but there can be no doubt that by the Peace Protocol of 1901 the Powers did their best to settle accounts with China. That document was not the outcome of negotiations in the usual sense between the Powers and China, but was rather an agreement reached, after much discussion and bickering, by the Powers and thrust upon China for her acceptance. During all those debates and discussion of differences Hart was ever in the background, never obtruding himself but ready with advice and suggestions when asked for, and exercising

* I.G. Circular No. 951.

at every opportunity a helpful and moderating influence. It was he who was the first to get into touch with Prince Ching and smooth his way to act as plenipotentiary with the Powers. It was he who made arrangements whereby the Government secured the funds necessary for the resumption of its proper functioning. It was he who was the first to see that measures were taken to forestall the probable starvation of the people of Peking by bringing in supplies of rice and fuel before winter should set in; and it was he who re-established as quickly as possible, and in spite of much discouragement, postal facilities between the disordered North and the rest of the country. In spite of much personal discomfort he decided that it was his duty to remain at Peking, and so be available at any moment the Government might require him; but as all the Inspectorate residences, offices, and archives had been destroyed, he instructed Mr. (afterwards Sir) R. E. Bredon, the Deputy Inspector General, to proceed to Shanghai and to open there temporarily a branch office of the Inspectorate to carry on the current work of the Service, he himself retaining in his own hands the making of promotions, and of appointments in charge, and the granting of retiring allowances. All accounts, reports, returns, despatches, and fortnightly semi-official letters were to be addressed to this Shanghai branch office of the Inspectorate, while the Deputy Inspector General was to keep his chief in Peking well posted on all that was going on in the Service and to refer to him for decision any important matter involving departure from accepted procedure or the creation of a new practice. This Shanghai branch Inspectorate office continued till the autumn of 1904, when it was dissolved and staff and archives removed to Peking.

By June 1901 discussions at Peking had reached an advanced stage, as it was in that month that all the Powers had come to an agreement that the revenues to be reserved for the payment of the Indemnity to be imposed on China should be the Native Customs, the available balance of the Maritime Customs, with an increase of the tariff rates up to a 5 per cent *ad valorem* standard, and the Salt Gabelle.* The final act took place on the 7th September 1901, when the Chinese Plenipotentiaries, Prince Ching and the Viceroy Li Hung-chang, and the accredited representatives of 11 foreign Powers met at the Spanish Legation and signed the so-called Peace Protocol.† Several of the articles of this Protocol had a direct bearing on the Customs, such as the fifth, the sixth, and the seventh, but it was the sixth, providing for the payment of the Indemnity, which was by far the most important. The fifth article stipulated for a prohibition on the importation of arms and of war materials for a period of two years from July 1901, a prohibition quickly rendered nugatory by the action of certain merchants, some of them nationals of signatory Powers and some not, to whom the selling of arms was simply a lucrative trade too good to be given up for such quixotic reasons as that they might be used for wars and rebellions. The Chinese Government accordingly was requested to enforce the prohibition through the Customs, and to permit the import of such only for recognised foreign naval and military forces on the guarantee of the national authorities concerned, and for the Chinese Government itself on special Huchao

* For summary of negotiations determining the Boxer Indemnity, *vide* "China's Customs Revenue since the Revolution of 1911," pp. 171-176.

† For text of Protocol, *vide* "Treaties between China and Foreign States" *op. cit.*, vol. i, pp. 303-341.

from the Central Authorities. The seventh article provided for the creation of a Legation Quarter, and in the scramble among the Powers for allotments in this spacious enclave, the Customs—which had considerable property from pre-Boxer days in the area now commandeered—found themselves cavalierly pushed on one side. Hart protested, and the British and the American Ministers supported the protest, with the result that most of the lot on which the Inspector General's house formerly stood was restored, while other lots were assigned on which offices and residences for the staff were later on erected. The article, however, which was probably the most far-reaching of all in its after-effects was the sixth. By that article China agreed to pay to the Powers, as compensation for losses sustained during the Boxer uprising, an indemnity, the capital of which was fixed at *Hk.Tls.* 450,000,000. Payments were to be spread over a term of 39 years, and were to be made at Shanghai to a special commission of bankers, on which each Power interested was represented by a delegate. The debt was a gold one,* and in order that there should be no doubt regarding the amounts due in the currency of each country concerned, the Protocol quoted the fixed rates of exchange at which the Haikwan tael amounts due to each country were to be converted into the currencies of payment. The sources of revenue hypothecated by this article for the service of this crushing obligation were (1) the balance of the Maritime Customs revenue available after the foreign obligations already charged on it had been served, (2) the Native Customs revenue collected at the open ports, and (3) the balance of the

* For discussion of this question and of the Boxer Indemnity generally, *vide* Chapter IV, "China's Customs Revenue since the Revolution of 1911."

Salt Gabelle. To make possible an unencumbered balance in the Maritime Customs revenue it was decided that the rates of the import tariff should be revised and brought up to the 5 per cent *ad valorem* standard, thus restoring to China after over 40 years' delay a treaty right for the exercise of which China had time and time again asked in vain. A joint commission was entrusted with the revision of the import tariff rates to a 5 per cent standard on the basis of the average market values of import goods during the three years 1897-99, but as such revision work would take some time—international differences regarding trade values not being easily adjustable—it was decided that provisionally import duties should be collected at 5 per cent *ad valorem*. The enforcing of this provisional rate began on 11th November 1901,* and it was now made applicable to many classes of goods formerly imported duty-free. This naturally raised many questions and not a little criticism from those who had up till then enjoyed exemption on their goods. The object of the former duty-free rule in the tariff had been to exempt from duty all articles brought in direct for the personal use of foreigners and not for sale to the Chinese. As foreign residents had grown in numbers, both at the open ports and inland, store-keepers had opened shops to sell what these foreign residents required for use. This was not in keeping with the intention of the old duty-free rule, which was never meant to be a source of profit at the expense of the revenue. Matters grew worse when these stores began to sell to Chinese foreign articles imported duty-free and to keep in stock for sale various articles not specified in the old duty-free list.

* I.G. Circular No. 984.

To protect the revenue and to give effect to the original purpose of the duty-free rule it was decided in the early seventies of last century to levy duty on all goods, including those on the duty-free list, imported for sale to the Chinese, and also on everything imported for sale to the public unless it was expressly exempted by the duty-free rule. Later on, it was further arranged that six months' notice should always be given of intention to change or charge duty on any commodity. The tariff had always been strictly adhered to, but the number of new commodities, which resembled and yet were not actually tariff-named goods, went on increasing, and although every attempt had been made to group such commodities under a convenient general tariff denomination, it had often been found best to make a change and give six months' notice of intention to levy duty. The Japanese Minister raised the question of duty on printing paper, which at Shanghai for some time had been classed as stationery and allowed in duty-free, but which obviously, not being for private use, was dutiable. The American Minister claimed that stores, clothing, and private effects of members of the Consular Body should enjoy duty exemption, but as this was one of the categories in the Shanghai Commissioner's list of taxable articles—a list which had been submitted to, and approved by, the Diplomatic Body—Hart declined to make any change pending instructions from the Wai-wu Pu, which had now taken the place of the Tsungli Yamên. Railway materials and ships' stores had previously been duty-free, and now the questions arose whether it was intended that stores for the working of railways as well as materials for the construction of such were to be passed duty-free; whether bunker coal was to

be exempt from duty; and whether stores for consumption during a vessel's voyage, when purchased or shipped at an open port in China, were to be passed free. The work of the joint commission in drawing up the new tariff and in adjusting its specific rates to a 5 per cent *ad valorem* standard was completed in September 1902, and was put into force from 31st October that year.* At that date eight countries, including America, Great Britain, Germany, and Japan, had accepted the revised tariff; but, as the remaining 11 Treaty Powers had not yet signified their acceptance, it was necessary, by the principle of extraterritoriality, to extend to merchants of the non-signatory Powers the option of paying on any of their imports the 5 per cent *ad valorem* duty called for by the Protocol or the specific rate laid down in the revised tariff. Should any merchant of a non-signatory Power exercise this option for any commodity, the same option, by the "most favoured nation" clause, could be claimed by any merchant of a signatory Power.† This optional tariff rate system held good for two years, by which time 10 of the 11 non-signatory Powers had notified their acceptance of the revised tariff, the only Power outstanding being Portugal, which at that time (September 1904) was engaged in treaty negotiations with China.

Of all the new responsibilities, however, laid upon the Customs Service by the Peace Protocol of 1901, by far the most delicate and most fraught with danger was that of taking over the administration of the Native Customs within 50-*li* radius of all the open ports, in order that the revenue collected by these

* I.G. Circular No. 1050. † I.G. Circulars Nos. 1053 and 1054.

domestic trade-taxing agencies should be devoted to the service of the Boxer Indemnity. This control was to begin on the same day as the introduction of the 5 per cent tariff, namely, 11th November 1901. Hart was more fully aware of the difficulty and danger of this development than the sanguine drafters of the Protocol, and although the proposal was one which fell in with his long-cherished ideal of a single Customs administration for China, controlling all Customs affairs both foreign and domestic, yet he did not allow this opportunity of advancing this ideal a step further towards realisation to get the better of his customary caution. With 40 years' experience behind him, he realised that in this matter of taking over the Native Customs it was necessary to walk more warily than ever. He was not as in 1863 given authority to build up a completely new Service with full power of selecting what subordinates he pleased, but instead was entrusted with the task of assuming control over a number of widely scattered, decentralised, and semi-independent trade-taxing establishments, each with its own tariff or tariffs, and each with its own excessive staff, every man of whom had his own vested interests to care for. That staff would have to be dealt with and yet not antagonised. Hart knew, too, that most of these establishments were centuries old and that in the course of their existence they had developed practices, now deeply rooted, similar to those which had flourished in the forties and fifties, and that the eliminating of these practices, essential as it was in revenue interests, would be a long and painful process. In fact, these Native Customs establishments which he was now called on to administer were the original Customs establishments in China, which, in the days prior to

the Treaty of Tientsin, had dealt with all sea and river borne trade both foreign and domestic, but which since that treaty had been restricted to the control of native craft trading inland and coastwise. To reassure the staff Hart accordingly directed the Commissioners at the ports affected to remember that "for whatever work there is to be done old employees ought by preference to be employed, and the guiding principle must be to retain and not to oust the men of the former regime; in due course they will all fall into line, and only those who are indisputably inefficient or unnecessary are to be dispensed with."* This retention of redundant staff in the early years of Hart's administration of the Native Customs put a severe strain upon the maintenance allowance, which was fixed by the Government at one-tenth of the revenue collected; but the staff was got under control, put on fixed pay—in lieu of the former system of nominal pay and many perquisites,—and became gradually less of an incubus through deaths, resignations, and elimination of those proved to be inefficient or corrupt. The emoluments and prestige of the Superintendents were also affected, so Commissioners were instructed to inform the Superintendents that "the contemplated transfer has not for object the ousting of a native and the introduction of a foreign staff, but is forced upon those in authority by the necessities of the situation and the pecuniary difficulties of the Empire, and that the two branches of the revenue department, whether called native or foreign, belong to one and the same family, and must work together harmoniously, honestly and efficiently in the general interests of officials and people."† Commissioners were enjoined

* I.G. Circular No. 993.

† I.G. Circular No. 985.

to make a thorough study of the working of the Native Customs offices entrusted to them, and to devise plans for reorganising them, paying special attention to the interests of revenue and the encouraging of trade; Customs procedure, therefore, was to be as liberal as possible, and traders were to be made to feel "that conformity with, and not departure from, regulations is not merely their duty as law-abiding people, but is also what helps trade most."* Investigation soon showed that, of the 35 ports open to foreign trade in 1901, only 19 had "*douanes indigènes*"—Native Customs,—which the Diplomatic Body, the framers of the Protocol, defined as including every domestic trade-taxing office exclusive of likin and the Salt Gabelle. Considerable difficulty was experienced at various ports in getting the local authorities to acknowledge the validity of this definition, as, for instance, at Shanghai, where the Taotai insisted on retaining his hold over all non-sea-going junks and their cargoes. Difficulties were also experienced at some ports in agreeing upon what was to be included within the 50-*li* radius, as, for instance, at Kiukiang, where the Taotai at first refused to acknowledge that Kutang (姑塘), at the entrance of the Poyang Lake, was within such a radius, and at Amoy, where the Hai-fang-t'ing (海防廳) successfully resisted for years the inclusion of Chiobe (Shihma) (石碼) within this radius.

At two of the ports affected, namely, Newchwang and Tientsin—the Taotais having disappeared during the Boxer trouble,—the Native Customs establishments had already come under foreign supervision other than that of the Maritime Customs.

* I.G. Circular No. 968.

Ever since August 1900 the Russians had held the Native Customs establishment at Newchwang, had reorganised it, and devoted the revenue to defraying the expenses of the military administration. This control lasted till the Japanese ousted Russia from South Manchuria in the war of 1904-05 and placed the Native Customs at Newchwang under their own administration with, however, a Japanese Commissioner lent to them by Hart to act as head of the establishment. The Japanese administration continued the Russian practice of appropriating this Native Customs revenue for their local expenses. This arrangement continued till the spring of 1907, when, in accordance with agreement, the Japanese authorities in Newchwang handed over control to the Taotai, and the Native Customs came at last under the Commissioner's supervision. At Tientsin, in the absence of all Chinese authorities, the allied commanders had formed in July 1900 a Provisional Government, to which was entrusted the civil government and policing of the Chinese city of Tientsin and its suburbs, excluding, of course, the foreign concessions, arsenals, camps, railways, etc., already in the occupation of the allied troops. This Provisional Government consisted of a Council of Administration, on which at first there were three councillors, a number later on increased by international jealousies to seven. The various necessary departments, such as police, justice, sanitation and public works, and finance, were created, and an efficient administration was soon in full working order. The head of the finance department was the treasurer, Mr. C. Rump, a man of considerable financial skill and knowledge of Chinese fiscal conditions. The main source of the Council's

income was the revenue formerly appertaining to the Native Customs. This establishment was taken over by the Council under Mr. Rump, and thoroughly reorganised with a mixed staff of foreigners and Chinese. The Provisional Government was dissolved on the 15th August 1902, when its records, accounts, bank balances, contracts, and works were handed over to the Viceroy Yüan Shih-k'ai. In the transference of the Native Customs to the Commissioner's control it was arranged that the terms on which the staff was taken over should not be continued beyond the end of 1903. As the Wai-wu Pu delayed in deciding what should be done with this staff, Hart gave Detring instructions to place the Deputy Commissioner, Mr. F. W. Mayers, in charge, and called on the latter to report in detail on the working of the establishment and on the qualifications and record of each member of the staff. Eventually, in the autumn of 1904, most of the staff was incorporated in the Customs Service, and the Tientsin Native Customs, with its very considerable revenue, came under the conditions laid down in the Protocol.

Long before this, however, a radical change had taken place in the disposal of the Native Customs revenue from all ports. "The diverting of this revenue from its previously fixed uses created practical difficulties, and Li Hsing-jui (李興銳), Governor of Kiangsi, was only acting as a representative spokesman for many of his fellow Governors when, early in 1902, in a Memorial to the Throne, he pointed out that if the financial stipulations of the Protocol as regards the Native Customs revenue were carried out literally, then the remittances usually made from that revenue to the Imperial Household, as well as

to various Government Boards and other objects, would have to cease. The Emperor ordered the Hu Pu to consider the matter. The Hu Pu referred it to the newly created Wai-wu Pu, and the decision affecting all Native Customs establishments was that the Indemnity payments were to be provided for out of provincial quotas, that the ordinary appropriations of the various Native Customs collectorates were to remain in force, and that only the surplus of these collections should be remitted to Shanghai. This decision, as the Inspector General pointed out, was not in accordance with the terms of the Protocol. At the same time he expressed the opinion that, so long as there was no default, the procedure would probably meet with no objection from the signatory Powers.* From that date till the Revolution in 1911 there was no default; but the shock of that upheaval rapidly brought on general paralysis in trade and business, and the provincial quotas for the Indemnity service automatically ceased. This naturally led to the assertion of complete control by the Inspector General over the Native Customs establishments within 50 *li* of the treaty ports, a control which up till then it had not been necessary to insist upon. The stoppage of the provincial quotas and the general uncertainty caused by widespread political disorder convinced the Peking authorities that the safeguarding of their own interests, as well as those of the Boxer Indemnity, demanded a strict adherence to the terms of the Protocol regarding Native Customs administration."† The drafters of the Protocol had reckoned on a collection of *Hk.Tls.* 5,000,000 a year, but this

* I.G. Circular No. 1040: enclosed Chinese correspondence.

† "China's Customs Revenue since the Revolution of 1911," pp. 181, 182.

expectation was not realised, due partly to over-estimate but largely to the fact that, owing to the Government's action on the representation made by Governor Li, the work of carrying out thorough-going reform was not pressed forward as quickly as otherwise it would have been. In 1905 the total Native Customs collection from these *intra-50-li* collectorates was *Hk.Tls.* 3,628,937, and in 1910 it stood at *Hk.Tls.* 2,976,571. That thorough-going reform came in the years after the Revolution, and its effects were soon seen on the revenue, which from then on was actually collected and remitted by the Inspector General's staff. In 1912 the *intra-50-li* Native Customs collection stood at *Hk.Tls.* 2,545,016, in 1920 at *Hk.Tls.* 4,385,535, and in 1929 at *Hk.Tls.* 4,567,403. The addition of the *extra-50-li* collectorates at Wuhu, Fengyang (鳳陽), and Yangyu (揚由) from the 16th June 1929 brought the total revenue from Native Customs sources actually collected by the Customs Service in 1930 to *Hk.Tls.* 6,605,540. On the 31st December 1930 all *extra-50-li* Native Customs establishments and levies were abolished,* and on the 1st June 1931 the same fate was meted out to all *intra-50-li* Native Customs.†

Two other undertakings with which the Customs were definitely associated by the terms of the Protocol were the improvement and conservancy of the Haiho and Whangpoo Rivers. Ever since 1898 an international commission had been engaged in trying to improve the navigability of the Haiho between Tientsin and the sea. The Boxer trouble put an end to its operations, but on the establishing of the Tientsin Provisional Government in July 1900 the

* I.G. Circular No. 4158.

† I.G. Circular No. 4240.

work of the Commission fell naturally into the hands of that Government. The conservancy board then established consisted of seven members, all foreigners, only one of whom—the Commissioner of Customs—could be said to be a representative of Chinese interests. Prior to the dissolution of the Provisional Government on the 15th August 1902 the Commission was dissolved and its place was taken by a board composed of the Taotai, the Commissioner of Customs, and a representative of the Consular Body. Up to the 31st October 1911 the subsidy of *Hk.Tls.* 60,000 a year, pledged by the Government for this work, was paid through the Taotai, but after that date through the Commissioner by appropriations from revenue. To supplement this grant the Commission was authorised to collect river dues based on a percentage of the import and the export duties. The collecting of these dues has from the outset been effected by the Customs staff, thereby effecting a very considerable economy for the Conservancy Commission. Without the steady co-operation of the Customs the Haiho Conservancy Commission would probably have succumbed long since. The Customs have not only collected the river dues for the Commission, but have also subscribed heavily to many of the loans raised by the Commission for their work, have from time to time provided from the Customs staff trained men to act as secretary to the Commission, have lent locally every assistance possible when required, and have steadily supported the Commission's interests with the Government. In the case of the Whangpoo Conservancy Board that co-operation is equally marked. In fact, it was a Customs Commissioner—Mr. A. E. Hippisley—who in 1902, as one of China's

representatives at the treaty revision conferences, took advantage of the negotiations for the Mackay Treaty to bring forward a scheme for a Conservancy Board more practicable and less antagonistic to the rights and interests of China than the egregious arrangement which, in spite of China's protests, had been foisted into the Peace Protocol of 1901 as Special Annex No. 17. This Protocol arrangement—which its framers had drawn up without consulting the Customs Marine Department, the only authority then having any reliable knowledge of the problem—was accordingly suspended by an Agreement between China and the Treaty Powers, signed on the 27th September 1905, by which it was stipulated that the necessary conservancy works on the Whangpoo should be carried out by the Chinese Government, who were to supply the funds.* The Taotai and the Shanghai Commissioner were to exercise general supervision, and an expert foreign engineer was to be appointed. Expenditure was to be met by a grant of *Hk.Tls.* 460,000 a year from opium revenues. In June 1906 Mr. J. de Rijke, a distinguished Netherlands expert, was appointed engineer-in-chief on a five-year contract, and work was immediately begun on the removal of the inner bar below Gough Island. Mr. de Rijke estimated that the total cost of the works necessary to train the river so as to eliminate both inner and outer bars would be *Hk.Tls.* 10,000,000. By November 1910 the main part of the works planned was completed, but the Board reported that for the maintenance of existing works and for further necessary improvements an additional sum of \$8,000,000 was required. The Government was

* I.G. Circular No. 1287. MacMurray, *op. cit.*, vol. i, pp. 531-533. "Treaties between China and Foreign States," vol. i, pp. 342-346.

naturally much annoyed, and on the instructions of the Viceroy the Taotai informed the Commissioner that the Conservancy Board was to be abolished, the agreement cancelled, and the foreign staff dismissed, while the future work of maintenance would be undertaken by the Taotai alone. Thanks largely to the mediation of Mr. H. F. Merrill, then Commissioner at Shanghai, better counsels prevailed, and before the end of December that year the Wai-wu Pu and the Diplomatic Body agreed that the Board should continue, and that Mr. H. von Heidenstam, a Swedish expert, should be appointed engineer-in-chief to succeed Mr. de Rijke. In 1911 the Revolution brought on growing financial embarrassment of the Government, and the Whangpoo conservancy question became once more acute. Captain W. F. Tyler, then Coast Inspector and head of the Customs Marine Department, submitted informally a new proposal for conservancy administration, which through the Shanghai Consular Body and the Chamber of Commerce was laid before the Peking authorities, and which was eventually agreed to, with amendments, on the 4th April 1912 by the Chinese Government.* By this agreement the Whangpoo Conservancy Board of Administration was made to consist of the Shanghai Taotai (afterwards changed to Commissioner of Foreign Affairs), the Shanghai Commissioner of Customs, and the Coast Inspector (afterwards changed to the Shanghai Harbour Master). The agreement makes clear that the Board derives its authority from the Central Government and is in no way subordinate to the provincial authorities. The agreement provides also

* MacMurray *op. cit.*, vol. ii, pp. 954-958. "Treaties between China and Foreign States," vol. i, pp. 347-347G.

for a Consultative Board, to consist of a member appointed by the Chinese Chamber of Commerce and five members representative of the five nations having the largest tonnage entering and clearing at Shanghai. The Government was to continue its annual grant of *Tls.* 460,000; but additional funds were to be raised by the levy of conservancy dues on imports and exports at the rate of 3 per cent of the Customs duties, and, in the case of duty-free goods, of $1\frac{1}{2}$ per cent *ad valorem*. This tax came into force on the 15th May 1912. The Government's annual subsidy ceased on the 25th April 1913, and simultaneously the Board ceased to have any responsibility for the service of the loan of *Tls.* 4,500,000 advanced to it in 1908 by the Hu Pu Bank. In May 1914 the Board, under the terms of Article 8 of the Agreement of 1912, drafted a supplementary article to regulate the registration and sale of shengko lands, and this supplementary article, after having received the approval of the Government and of the Diplomatic Body, forms as Article 12 an integral part of the 1912 Agreement. The Board, with the expert guidance of its engineer-in-chief—Mr. H. von Heidenstam from December 1910 to October 1928 and Dr. H. Chatley from then on,—has successfully completed the training-works which have completely eliminated the former inner and outer bars, has maintained—and maintains—these works in first-rate order, has reclaimed by its dredging and filling-in operations many hundreds of acres of riparian foreshore, and has so regulated the river that the navigation of it has no longer any terrors even for 30,000-ton liners. It has now on hand the dredging of the approaches at Fairy Flats and hopes to effect such improvement there that the deepest-draught vessels may be able to

enter at all tides. Throughout the whole history of Whangpoo conservancy the Customs have played a leading *rôle*, and on several occasions it was thanks to Customs intervention that the Board was saved from extinction and enabled to carry on its constructive and conserving operations, which have helped to make Shanghai the fifth largest among the world's harbours in the amount of tonnage entered.*

The Peace Protocol had also called for a revision of the commercial treaties, and for the necessary negotiations China appointed as her representative plenipotentiaries Lü Hai-kwan (呂海寰) and Shêng Hsüan-hwai (盛宣懷), and Messrs. A. E. Hippisley and F. E. Taylor, both Commissioners in the Customs Service, as assistant delegates. To these later was added Sir R. E. Bredon, Deputy Inspector General, also as associate delegate. The first treaty to be negotiated was that with Great Britain, who had sent out Sir James L. Mackay (afterwards Lord Inchcape) as special commissioner for the purpose. The British treaty was signed on the 5th September 1902, the American on the 8th October 1903, and the Japanese on the 8th October 1903.† Negotiations with Germany and with Portugal were begun, but were broken off, as China had become convinced that negotiating with each Power separately would probably mean granting to each some special concession in which the Power negotiating was particularly interested. In view of the fact that

* For details of other conservancy works and boards assisted by the Customs, *vide* "China's Customs Revenue since the Revolution of 1911," pp. 82-94.

† For text of these three treaties, *vide* "Treaties between China and Foreign States," *op. cit.*, vol. i, pp. 543-642, 745-763; and vol. ii, pp. 617-635.

there were 19 Treaty Powers in all and in view of the "most favoured nation" clause the prospect was not a reassuring one. No further treaties, therefore, were completed. This difficulty was well exemplified by the articles in the British and the American Treaties* calling for the abolition of likin. These articles stipulated that likin and transit dues were to be permanently abolished and that, in compensation, foreign goods on importation were to pay in addition to the import duty a special surtax of one and a half times the import duty. The export duties were to be brought up to an effective 5 per cent standard, and that in lieu of likin and internal taxes a special surtax of one-half the export duty was to be levied on goods exported either coastwise or to foreign countries, the only exceptions to be silk and silk cocoons. In effect, this would be the raising of import duties to $12\frac{1}{2}$ per cent *ad valorem* and of export duties to $7\frac{1}{2}$ per cent *ad valorem*, in return for which China was to abolish likin. To allow for the taxation of Chinese goods circulating in the interior, China was to levy a consumption tax at place of consumption, and an excise was to be collected on native machine-made products of foreign type. The supervision of the carrying-out of this elaborate fiscal programme was to be entrusted to the Customs. This programme, however, which was accepted also by Japan, was not to be made effective until every nation enjoying most-favoured-nation treatment had signified its acceptance, and that such acceptance was not to be made "dependent on the granting by China of any political concession, or of any exclusive commercial concession." The Chinese plenipotentiaries, who were well aware of the difficulties and

* British Treaty, Art. VIII and Annex B; American Treaty, Art. IV.

dangers involved in the abolition of likin, and of the impracticability of the consumption tax, decided to risk no further complications, and allowed all negotiations to lapse. Besides the comprehensive likin article, which, if it had become effective, would have vitally affected the Customs, there were also certain clauses bearing directly on Customs procedure, which were to come into force on the signing of the treaties. Of these the most important was that dealing with inland waters steam navigation. It was now made a treaty stipulation that no limit was to be fixed for the size of steam vessels plying inland.* The limitation of range of an inland steam vessel, imposed by the I.W.S.N. Regulations and Supplementary Rules of 1898, was also removed, and the trading range of any such vessel was extended so as to permit it to touch at one or more treaty ports on its recognised route.† This stipulation thus gave to an I.W.S.N. vessel the double advantage of trading both to inland places and to treaty ports on the same trip. In other words, it was now possible for a steamer to be both a coasting and an inland waters vessel at one and the same time, a fact which, in view of the oft-repeated ruling that no vessel could trade under two sets of regulations at one and the same time, caused some confusion in regard to the duty treatment of goods conveyed by these inter-treaty-port I.W.S.N. vessels. In effect, the extended trading range accorded to these I.W.S.N. vessels by the Mackay Treaty had changed the character of the I.W.S.N. Regulations, so that they were no longer a set of self-contained rules which could be enforced without encroaching upon or violating other

* Japanese Treaty (1903), Art. 3.

† British Treaty (1902), Annex C, Section 8.

regulations. As soon, however, as it was recognised that an I.W.S.N. vessel, instead of being restricted to a specified treaty port as its centre, could voyage to inland places touching and trading at two or more treaty ports *en route*, it followed inevitably that this enlarged I.W.S.N. procedure trenched upon the province of the general shipping regulations governing the movement of vessels, and duty treatment of their cargoes, when trading from treaty port to treaty port. The correct view, therefore, of the I.W.S.N. Regulations, as enlarged by the Mackay Treaty, is to regard them "not as a set of self-contained rules in complete independence of the general shipping regulations, but as subordinate and complementary to the general shipping regulations, which in all matters of inter-treaty-port trade have prior and superior authority."* Bonding and drawbacks were also dealt with by these post-Protocol commercial treaties. The privilege of bonding ordinary imports had, as we have seen, been granted by the German Supplementary Convention of 1880, but had been made use of only at Shanghai, where, for various reasons, it had not been a success. On the other hand, the extension of bonding in 1895 to bulk oil when stored in tanks at installations, where the territorial authorities had no objection to such, had proved a success. The negotiators of the 1902-03 treaties were of opinion that bonding facilities for all types of imports should be made available at all open ports and be accorded to all Treaty Power merchants applying for them. Accordingly, articles were inserted permitting foreign merchants to establish at any of the open ports bonded warehouses for storage, repacking, or

* I.G. Circular No. 4147.

preparation for shipment of lawful goods, such warehouses to be approved by the Chinese authorities—that is, the Customs—as affording sufficient protection to the revenue, and to be subject to regulations, including a scale of fees, according to the nature of commodities, distance of the warehouses from the Custom House, and hours of working, as might from time to time be decided on by the Chinese authorities.* Notwithstanding the extension thus granted, no development in bonding, apart from that of kerosene oil, took place until the high duty rates of the National Import Tariff of 1929—the first non-treaty imposed tariff since 1842—made it profitable for merchants to make general use of bonding so as to defer payment of import duties. To the great advantage of merchants, and incidentally also to defrauders of the revenue, drawbacks issued for duties on foreign imports re-exported abroad were thenceforward made payable in cash.† It should be remembered that the issue of drawbacks was first granted as a special privilege in 1856 by the Chinese authorities at Shanghai in the case of duty-paid foreign imports re-exported abroad, the drawback certificates issued being valid only at port of issue for the payment of duties.‡ This special privilege was converted into a treaty right by the British Treaty of Tientsin (1858),§ but this right did not confer any title to payment of such drawbacks in cash, nor did it hold good for foreign imports when re-exported coastwise. “In November 1861 the Chinese authorities, again of their own free will,

* British Treaty (1902), Art. VI; American Treaty (1903), Art. VI.

† British Treaty (1902), Art. I; American Treaty (1903), Art. VIII.

‡ British Parliamentary Papers: “Further Papers relating to the Rebellion in China,” 1863, p. 173.

§ Art. XLV.

granted to merchants declaring duty-paid native exports for re-export abroad the privilege of refund in cash of the coast trade duty provided such goods were actually so re-exported within three months of declaration.* Then in 1863 followed (1) a modification of this latter privilege by which the time limit for re-exportation was extended to twelve months, while refund in cash was withdrawn and replaced by drawback certificate;† (2) the extension, once more as an act of grace on the part of the Government, of the drawback privilege, both to duty-paid foreign imports and to duty-paid native exports when carried coastwise to any one of the three northern ports;‡ and finally (3) the completion of this partial extension by making the privilege available for all duty-paid goods, Chinese or foreign, when re-exported coastwise from one treaty port to another without exception.§ By treaties signed in 1863 and afterwards, all these privileges acquired the status of treaty rights."|| By the Chefoo Convention (1876) it was agreed that a term of three years should be set within which a drawback might be claimed upon duty-paid imports. One by one the Powers consented to accept this three-year limit, the price of acceptance being that in the case of drawback certificates issued after the 13th February 1877 the merchant was to have the option of using such certificate either for the payment of duties or of

* I.G. Circular No. 8 of 1861.

† I.G. Circular No. 19 of 1863. "North-China Herald," No. 677, 18th July 1863.

‡ I.G. Circular No. 12 of 1863.

§ "North-China Herald," No. 665, 25th April 1863; No. 670, 30th May 1863. I.G. Circular No. 20 of 1863.

|| Treaties of Tientsin: Danish (1863), Arts. XLIV and XLV; Netherlands (1863), Art. X; Spanish (1864), Arts. XLI and XLIV. Treaties of Peking: Belgian (1865), Arts. XXIV and XXXV; Italian (1866), Arts. XLIV and XLV; Austro-Hungarian (1869), Arts. XXX and XXXI.

exchanging it for ready cash. "To safeguard this privilege of exchange for cash a merchant desiring to receive cash for his drawback certificate was obliged to have it sealed and signed by the port Commissioner before the Customs Bank would honour it."* The 1902-03 treaties now stipulated that drawbacks for duties on foreign imports should be payable in cash and that in future, to avoid delay, drawbacks should be issued direct by the Customs without the mediation of the Superintendent. Provision was also made for the revision of the tariff, if demanded, after an interval of 10 years.† By the British Treaty, Kongmoon, in the province of Kwangtung, was to be opened;‡ by the Japanese, Changsha,§ in the province of Hunan; and by the American and the Japanese, Antung, Tatungkow, and Moukden, in Manchuria, the last-mentioned as a trade mart.|| An interesting feature of the British Treaty is the clause stipulating that "the duties and likin combined levied on goods carried by junks between Hongkong and treaty ports in Kwangtung shall together not be less than the duties charged by the Imperial Maritime Customs on similar goods carried by steamer."¶ The free-traders of Hongkong were evidently perturbed at the possibly unfavourable reactions of the revised import tariff rates on their carrying trade! Other clauses dealt with (a) the prohibition of the import of morphia and of injection apparatus except under strict control for medical purposes,** (b) the introduction

* I.G. Circular No. 11, Second Series.

† British Treaty (1902), Art. XV; American Treaty (1903), Art. XVII.

‡ British Treaty (1902), Art. X.

§ Japanese Treaty (1903), Art. X.

|| American Treaty (1903), Art. VII; Japanese Treaty (1903), Art. X.

¶ British Treaty (1902), Art. III.

** British Treaty (1902), Art. XI; American Treaty (1903), Art. XVI.

of a uniform national currency,* (c) the reform of China's judicial system,† (d) the revision of China's mining regulations so as to attract foreign capital for mining enterprises,‡ and (e) the protection of foreign trade-marks.§ The working of the last-named development was entrusted to the Customs, and in October 1904 provisional trade-mark registration offices were opened under the Shanghai and the Tientsin Custom Houses. As soon, however, as merchants discovered that registration of their trade-marks with these offices conferred no protection against infringement by foreigners, and only nominal protection against infringement by Chinese, they ceased to be interested, and the offices died of inanition.

Part of the aftermath of the cataclysm of 1900 was a complete reshaping of the Government's foreign office. As a first step in this direction the former Tsungli Yamên disappeared, and its place was taken by a Ministry of Foreign Affairs under the title Wai-wu Pu (外務部), a title which the Revolution of 1911 changed to Wai-chiao Pu (外交部). This change was one which closely concerned the Customs Service. The old-time Tsungli Yamên in its nature, personnel, and functions had been as much, if not more, a Cabinet Council as a Board of Foreign Affairs. Foreign Legations carried on their correspondence and negotiations with the Ministers of the Yamên, and it was with the Yamên that the Inspector General conferred and corresponded, and it was from the Yamên that he took his instructions.

* British Treaty, Art. II; American, Art. XIII; Japanese, Art. VI.

† British, Art. XII; American, Art. XV.

‡ British, Art. IX; American, Art. VII.

§ British, Art. VII; American, Art. IX.

This was the only arrangement practicable at that time, as Customs affairs were so closely bound up with the treaties, and as trade was so much a dominant interest in the relations of China with foreign states. It was this direct relation between the ministers of the Yamên—usually comprising some of the foremost statesmen of the Empire—and their Inspector General of Customs that enabled the former to consult the latter on matters, strictly speaking, outside the Customs sphere but bearing on the wider issues of China's international relations and the economic development of the country. Again and again Hart's advice had been sought on such questions, and so often was that advice found to be sound and in China's best interest that Hart, in his position as Inspector General, gradually acquired an advisory influence as commanding in matters outside the Service as his authority was within the Service and in matters directly concerned with it. The position was one of great delicacy, calling for the exercise of the wisdom of the serpent and the gentleness of the dove. But in a world of flux it was not a position that could last indefinitely. Even if the holder were with the passing of the years to grow more cautious and circumspect, more adroit in the handling of men and of situations, more replete with the wisdom of experience, and more resourceful in devising ways and means, yet circumstances were sure to arise, not coming within his control, which would set in motion influences that must inevitably lead to a new integration. It was so in Hart's case. As we have already seen, it was in 1895 that the Customs revenue in its entirety became pledged to meet the service of foreign loans raised to pay the war indemnity to Japan, leaving practically nothing for the use of the

Government in the administration of the country. From this point of view, the Service, in the eyes of many Chinese officials, had been transformed into a debt-collecting agency for the benefit of foreign money-lenders, while the position of the Inspector General and of his foreign subordinates in the Service, instead of being left, as before, to rest broad-based on the free choice of the Chinese authorities, was being safeguarded, again for foreign interests, by an exchange of notes and by special clauses in loan agreements. This, in the opinion of the critics, was going much beyond the letter and the spirit of the tenth of the Rules of Trade attached to the 1858 Treaty of Tientsin. They regarded this development as incompatible with the full sovereignty of the State. It tied the Government's hands in their future selection of an occupant of the Inspector General's position, and it tended to perpetuate the tenure of that position by a foreigner. Further, through the opium agreements with Hongkong and Macao in the eighties, and through the Anglo-German loan agreement of 1898, the Service had been made use of to take over, in the one instance, and to interfere with, in the other, special trade-taxing establishments which thitherto had remained as preserves of the provincial authorities. This no doubt was a strengthening of the Central Government, but it meant serious financial embarrassment to the provincial treasuries concerned, an embarrassment all the more resented by the knowledge that in both cases the additional revenue remitted to the Imperial exchequer was remitted there only to flow abroad to cover foreign obligations. The fact, too, that the task of organising and administering the national Post Office had been entrusted to the Service did not

naturally make for its popularity, at any rate among those officials and private individuals who saw their interests threatened thereby. Again, the prominent part necessarily played by the Service in the peace settlement arrangements after 1900, although all to China's advantage, was regarded by many as a dangerous extension of the Inspector General's authority at the dictation of foreign interests. The placing of the Native Customs establishments within the 50-*li* radius of the open ports under the administration of the Inspector General was the adding of fresh territory to his domain at the expense of the provincial authorities; and the same could be said in even more marked degree of the scheme outlined in the Mackay Treaty, by which it was proposed that the Customs should supervise the fiscal arrangements to be made on the abolition of *likin*. Finally, there was Hart's own proposal that, if China's land tax were taken in hand, and reformed, collected, and administered by the Central Government, there would be ample revenue for all requirements. The land tax proposals had been submitted to the Viceroys and Governors for their comments, and while they were ready to admit in general the validity of the argument, they were not in favour of any action being taken by the Government, lest once more the Customs Service be used to intervene in the collecting of a tax which in no way concerned that Service. Small wonder, then, that many of the leading officials in the Government were perturbed at the position into which the Customs Service, largely through force of circumstance, had been pushed. Among these officials were men who had been educated abroad, mainly in American universities, and who were well versed in Western

theories and forms of government. Prior to the Boxer uprising they had not been afforded much opportunity of placing their knowledge at the service of their country, as they had not graduated under the old-time examination system. When the Peace Protocol settlement took place a clean sweep was made of the former examination system, and at once a demand sprang up for men trained on Western lines. Yüan Shih-k'ai, the new and progressive Viceroy of Chihli, saw to it that picked men from among these returned students were given Government posts where they could exercise their ability and training to the best advantage. As yet very few of these men had had any practical experience in Customs administration, but one at least, who afterwards rose to great eminence, Tang Shao-yi, had held a minor post in the Korean Customs under von Möllendorff, and had been created Customs Taotai at Tientsin under Yüan Shih-k'ai. Men of his training and capacity saw clearly that some means would have to be devised to demonstrate that, in spite of loan agreements, exchange of notes and protocols, the Service still remained essentially a Chinese institution, taking its orders from the Government and supervised by a nominee of the Government holding their commission. Suddenly, like a bolt from the blue, on the 9th May 1906 came an Imperial Decree appointing Tieh Liang (鐵良), President of the Ministry of Finance, to be High Controller General, and Tang Shao-yi (唐紹儀), Vice-President of the Ministry of Foreign Affairs, to be Associate Controller General of Customs business and Customs Staff.* Previous to 1900 the Viceroy of Chihli and the Viceroy of the Liang Kiang had *ex officio* acted also as Peiyang and

* I.G. Circular No. 1339.

Nanyang Ta-ch'ên respectively, or High Commissioners superintending Northern and Southern Trade and Trade Matters. This arrangement had ceased after the Boxer trouble, so that in itself the Imperial Decree of 9th May 1906 appointing two high officials to superintend Customs affairs should not have occasioned much comment. What was noted, however, was that these two high officials were not Viceroys resident in the maritime provinces, but ministers domiciled in Peking, and that they were given control of Customs Staff as well as of Customs business. On 22nd July 1906 a new bureau or department was created, to be known as the Shui-wu Ch'u (稅務處), of which the two High Controllers General were to be the heads.* To carry on the routine work of the new bureau a certain number of senior and experienced Chinese clerks were detached from the Customs Service, and their knowledge and training were invaluable to the Government in getting the new bureau into working order. Among foreigners this move on the part of the Chinese Government created considerable perturbation, and all manner of dire consequences were predicted by diplomats, merchants, and bondholders. Representations on the subject were made by all the leading Legations, and the question asked in what way the creation of this bureau affected the position of the Inspector General.† On the authority both of the Wai-wu Pu and of the newly constituted Shui-wu Ch'u, Hart notified the Service‡ that the relations between the port Commissioners and their staff were to remain unchanged, as were also those

* I.G. Circular No. 1361.

† British Parliamentary Papers: China Nos. 1 and 2 (1906). U.S. Foreign Relations, 1906, p. 280.

‡ I.G. Circular No. 1367.

between the Inspector General and his port Commissioners: the only difference was that, while his duties as Inspector General continued as before, he no longer reported direct to a Ministry—the Wai-wu Pu—but to a bureau, having affiliations with two Ministries, namely, the Shui-wu Ch'u. Hart's quiet and loyal acceptance of the change—a change in the making of which he had not been consulted in any way—reassured the Service; but it was clear that the old order had changed, yielding place to new. The Government had demonstrated to all whom it might concern that their Customs Service, on which the foreign Powers were relying for the effecting of their policies in China, was neither a super-board nor an instrument simply to subserve foreign interests, but a Chinese Governmental department, directly subordinated not to a Ministry but to a special bureau.

Manchuria, home of China's reigning dynasty, had loomed large during the Boxer trouble, and as Russia made no secret of her designs in that region, and as such designs clashed with Japanese interests, it was clear that whether China liked it or not* these two rivals were bound sooner or later to settle their differences by fighting on Chinese territory. Before that fight broke out, however, the American and the Japanese Treaties of 1903, by calling for the opening to trade of Antung, Tatungkow, and Moukden, had made it clear that the trade of that vast and rich area was not then to be made a close preserve for any one country. During the whole of 1903, and up to the outbreak of the Russo-Japanese War in 1904, Hart, too, had been negotiating with M. Pokotiloff, the

* U.S. Foreign Relations, 1905, p. 818.

Russian Minister, for the establishing of a Chinese Custom House at Dalny, on lines similar to those obtaining at Kiaochow. Ever since the diplomatic wrangle over a guaranteed loan to China in 1898, when Great Britain had proposed the opening of Dalny (Talienwan) as a treaty port,* Russia had been suspicious of suggestions for the control of trade by the Chinese Customs within the leased Liaotung territory. By May 1903 a project of agreement was handed to Hart by the Russian Minister. To this project Hart objected, as it proposed that the Commissioner at Dalny should be appointed, transferred and dismissed by agreement between the Chinese Eastern Railway authorities and the Inspector General. Hart pointed out that, as the railway company's rights were dormant, the Russian Legation should be the consulting authority, with whom an understanding should be reached in the case of appointing a new Commissioner. Transfer and dismissal were, of course, matters which concerned only the Service. He also wished a clause to be inserted providing for the levy of full and a half duty on all Chinese goods, and of full import duty on all foreign goods, passing through Dalny if not provided with a duty-paid certificate. The project also provided for the issuing of permits to vessels to ply from Dalny to non-opened ports, to which Hart pointed out that this proposal was not in accord with the I.W.S.N. Regulations, as Dalny was a foreign and not a treaty port. Hart also declined to entertain the suggestion, embodied in the project, that the Customs should repay to the railway company all the expenses connected with the preliminary work of establishing a Custom House at Dalny. Before the

* British Parliamentary Papers: China No. 1 (1898), pp. 11, 16, 21.

Hart-Pokotiloff negotiations, however, could reach a conclusion the Russo-Japanese War had broken out, and on the 30th May 1904 Dalny—thenceforward to be known as Dairen—was occupied by the Japanese. By the Treaty of Portsmouth, signed on the 5th September 1905,* it was agreed that both Russia and Japan should evacuate Manchuria, which was to be restored to Chinese administration. An exception was made, however, of the leased territory in the Liaotung Peninsula, which was to be transferred to Japan. Hart was now free to resume negotiations for the opening of a Chinese Custom House in Dairen, this time with the Japanese Minister, Mr. Y. Uchida and later with Mr. G. Hayashi. These negotiations resulted finally in an agreement, signed on the 30th May 1907,† by which it was arranged that a Chinese Custom House should be established in Dairen under a Japanese Commissioner, and with a staff as far as possible composed of Japanese, to control goods passing in and out of the leased territory. The Kiaochow model of a harbour free area proved unacceptable to the Japanese authorities. Antung and Tatungkow were opened to trade on the 14th March 1907,‡ and later on, in 1911 and 1913, agreements§ were reached for the Customs control of traffic over the Yalu River. Mainly on account of disagreement about the area involved, the opening of Moukden as a trade mart—in spite of the opening of a Customs office and the appointment of a Commissioner—never became effective. So long as her sway in Manchuria was not seriously threatened,

* For text, *vide* MacMurray, *op. cit.*, vol. i, pp. 522–526.

† I.G. Circular No. 1439. MacMurray, *op. cit.*, vol. i, pp. 634–639.

‡ I.G. Circular No. 1441.

§ I.G. Circulars Nos. 1885, 2058.

Russia was strongly opposed to the opening of a Chinese Custom House in Harbin,* a nerve centre in Russia's railway system in Manchuria, but the decision of the war with Japan altered that attitude. Accordingly Mr. N. A. Konovaloff was sent there early in 1907 to establish a Custom House, which was to control not only the land trade entering and leaving China by rail at Manchouli and Suifenho, but also the river trade on the Sungari. Agreements for this purpose were drawn up and promulgated on the 30th May 1908 and on the 23rd August 1910 respectively.† The Chinese Government, with a view to strengthening their hold on Manchuria, announced the opening of no fewer than 16 trade marts, six in the Fengtien province, six in Kirin, and the remaining four in the Heilungkiang. Of these, only Harbin, Hunchun, and Sansing, in the Kirin province, and Manchouli and Aigun, in the Heilungkiang, were eventually opened.‡ Special exemption certificates were devised to cover duty-paid foreign and native goods when sent by rail to any of these marts from the treaty ports of Tientsin, Newchwang, Antung, Dairen, and Chinwangtao.§ Such certificates were also to be valid for similar goods when sent by rail from Harbin, Suifenho, Manchouli, and Aigun.||

The negotiations for the establishing of Custom Houses at Manchurian ports, and for the Chinese control of trade to and from Manchuria, were the last acts of Hart's official life. By the

* British Parliamentary Papers: China No. 2 (1904), p. 79. U.S. Foreign Relations, 1903, p. 67.

† I.G. Circulars Nos. 1441, 1597, 1656, and 1720. "Treaties between China and Foreign States," vol. i, pp. 274-297.

‡ I.G. Circular No. 1441.

§ I.G. Circulars Nos. 1472 and 1499.

|| I.G. Circular No. 1544.

beginning of 1908 he was in his seventy-third year, having then spent 49 years in the Chinese Customs, 46 of which had been as full Inspector General. He was to be spared for almost four more years, during which time he still held his post as Inspector General, but those years were to be spent on furlough in England. Early in April 1908 he proceeded home on leave, and was succeeded by the Deputy Inspector General, Sir R. E. Bredon, as Officiating Inspector General. Bredon had been Commissioner at various ports since 1875, had carried the burden of the routine work of the Inspectorate practically since 1900, and had taken a prominent part in the negotiations for treaty revision during the years 1902 to 1904. He was therefore well qualified so far as practical experience and knowledge of Customs procedure and requirements were concerned; but when the Government, on Hart's suggestion, finally decided in March 1910 to appoint someone who should definitely succeed Hart as Inspector General, the choice fell on Mr. (afterwards Sir) Francis A. Aglen, then Commissioner at Hankow, who had gone through a long training at the Inspectorate in various capacities and had been in charge of such ports as Tientsin, Nanking, Shanghai, and Hankow. Aglen was created Deputy Inspector General by the Shui-wu Ch'u on the 23rd March 1910, and became Officiating Inspector General, *ad interim*, on the 15th April 1910. After Sir Robert Hart's death on the 20th September 1911 he was given on the 25th October 1911 the full rank of Inspector General. The creation of the Shui-wu Ch'u in 1906 was followed in April 1908, during Bredon's regime, by the establishing of the Shui-wu Ch'u College, or Customs College,* as it

* I.G. Circular No. 1501.

came to be called, for the training of selected Chinese candidates for the In-door Staff of the Service. The College was directly under the Ch'u, but the Officiating Inspector General was requested to select and detach a suitable Commissioner to act as Vice-President and to devote his full time to assisting both in the administrative and teaching work of the College. The first man chosen for this work was Mr. C. H. Brewitt-Taylor, whose previous training and experience and sound Chinese scholarship marked him as eminently fitted to fill the post. Besides outside teachers, both Chinese and foreign, other members of the Customs staff were to be selected to devote either their whole or part time to teaching such subjects as foreign languages and Customs practice and procedure. The original plan of the proposers was that candidates for entrance to the College should be chosen by competitive examination from scholars who had completed their middle school course, that the curriculum should be a four-year one, and that each class should consist of 25 students, so that every year after the close of the fourth year there would be 25 graduates for admission into the In-door Staff of the Service. The entrance examination was to be held at various centres throughout the country to afford equal opportunity to students from all provinces. Previous to the establishing of the College Chinese clerks had been recruited by local examination, and the standard for admission in consequence lacked uniformity. The aim of the College was not only to do away with this inequality, but also to raise the standard and status of the In-door Chinese Staff. Shortly after the advent of Aglen as Inspector General the post of Vice-President was abolished, and, instead, the Chief Secretary at

the Inspectorate became *ex officio* Co-Director of the College, giving his services solely in a consultative capacity. This arrangement held till 1921, when student unrest in the College and in Peking generally made it desirable to revert to the former practice of appointing a selected Commissioner to devote his full time to the College as Vice-President and Dean. The College remained at Peking till 1935, when the students then in residence were removed to Shanghai to become part of the College established there in 1930 by the Kuan-wu Shu for the training of Chinese Tidewaiters and Chinese officers for the preventive fleet. Up till the date of removal the Peking College had turned out over 600 graduates, the great majority of whom have entered the In-door Staff of the Service as Assistants and Clerks, and of these a goodly number, by their capacity and character, have risen to the highest posts attainable. Hart had cherished to hope that the former T'ung Wên Kwan, for which he had done so much, would in time turn out Chinese Assistants for the In-door Staff, but in this hope he had been disappointed, partly because the graduates of the T'ung Wên Kwan were wanted for other posts, and partly because the higher Chinese authorities at the time were not in favour of appointing Chinese to the higher posts in the Service. In keeping with the founding of the Customs College, Bredon's regime was marked also by the promotion for the first time of selected Chinese Clerks to the rank of Assistant. Towards the close of the first year (1908) of Bredon's tenure of office as Officiating Inspector General both the Emperor Kuang Hsü and the Empress Dowager passed away, the former on the 14th November and the latter a day later. On her death-bed the old Empress Dowager, masterful

to the last, had Pu Yi (溥儀), the three-year-old son of Tsai Feng, Prince Chun, proclaimed Emperor, and appointed the father to be Regent during the Emperor's minority. Then followed in 1909 the dropping of the pilot in the banishment of Yüan Shih-k'ai to his home in Honan, the meeting of the provincial assemblies in October that year, the opening in October 1910 of the first National Assembly at Peking, and the issuing of the Imperial Decree summoning the first Parliament to meet in 1913. The second meeting of the National Assembly was to have been held in October 1911, but on the 10th of that month the accidental explosion of a bomb at Hankow precipitated the long-planned revolution, and definitely marked for China the beginning of a new political era.

On the stormy dawn of this new era Sir Robert Hart passed away at Marlow, in Buckinghamshire, full of years and of honours. He had given his life to China, and with unswerving singleness of purpose had devoted all his great gifts to her service. "In der Begrenzung zeigt sich der Meister." He had watched the country of his adoption emerge from her ancient state of seclusion into the modern age of untrammelled intercourse with all the nations of the earth, and at every stage of this painful progress he had always been ready to render the aid of sound guidance. During that transition period of over 50 years he had lived through China's struggle against aggression from without and disorder from within, and, in spite of all the bludgeonings of fate which the country was called on to endure, he retained his belief, based on his unrivalled knowledge of the Chinese character, that in the end China

would emerge triumphant from all her misfortunes a strong and united nation with her rightful place at the council table of the world's Powers. He was a staunch upholder of the desirability of a united China, and as the trusted head of the Customs Service he had the satisfaction of seeing that Service as its activities spread through the Empire recognised, not only as the sign and symbol of the Central Government's authority, but also as, in a very real sense, a unifying agency. In assessing and accounting for the revenue derivable from China's foreign, and most of her domestic, trade, the Service became the financial backbone of the Central Government, a fact which the foreign Powers were quick to perceive and make use of when their interests called for security. Whether this foreign pressure—which China had no means of resisting—was for the ultimate good of the Service is a moot point; but in the circumstances it was inevitable. Foreign influence exerted for the maintenance of the Service had, however, this advantage, that it carried with it, as a concomitant, recognition of the Government controlling the Service as the Government of the country. Had the Service not been centralised, but left at each port to protect merely provincial interests, the story of China's international relations would have followed a vastly different course. Breaking the unity of the Service would have meant, and still would mean, breaking the unity of China. The Customs revenue in any given district could not, and cannot, be sequestered by any authority without breaking the political unity of the country. Hart knew all this better than anyone, but although his position as Inspector General offered many opportunities of intrigue, both in national and international politics,

yet no one—not even among those opposed to him—has ever questioned his constant loyalty to the country and government he served, and no one has ever accused him of seeking personal aggrandisement or profit. Like many Irishmen, he had a keen sense for politics, but he was no opportunist politician. On the contrary, he always took the long view, and, before coming to a decision on what course would be the best to pursue, he used all the means in his power—and they were not few—to acquire as thorough a knowledge as possible of all the relevant facts. With a clear knowledge of fact and circumstance, with his logical and positive mind endowed with breadth and suppleness, and with his sympathetic imagination, which enabled him to put himself in the other man's place, he was usually able to suggest or to adopt a course which, while meeting the requirements of the immediate present, safeguarded also the future. Holding the position he did, and having constant intercourse, both social and official, with men of every nation, a man of Hart's ability could scarcely fail to be a thorough cosmopolitan. An international outlook, indeed, was essential if the Service were to be run without needless friction and misunderstanding, and Hart saw to it that men selected for responsible posts either had or acquired this outlook. Long before internationalism had become a recognised ideal in world politics, Hart had already built up, with men from every civilised nation in the world, the first great international civil service, and had inspired the men of this Service with the ideal of loyalty to China and the furtherance of China's interests. He had a high standard of duty, and although always unwilling to interfere in the private affairs of his staff, except when such affairs

brought discredit to the Service, he could be, and was at times, very stern in dealing with cases of proved delinquency in official duty. Such delinquency he regarded as treachery to the Service and to himself, as he alone was responsible to the Government for all foreigners engaged by him. Unsought—for Hart was dowered with that sublime humility which is so often the crown of genius—honours came to him in profusion. His own country was at first slow to recognise his worth and the credit he had brought to Great Britain by his services to China and to every nation having relations with China. He had been Inspector General for 16 years before he was created a C.M.G. Ten years later he was given the Grand Cross of that order and four years afterwards created a baronet. China showered distinctions upon him, including such rare honours as the Red Button of the First Class, the First Class of the Second Division of the Order of the Double Dragon, Ancestral Rank of the First Class for Three Generations, the Peacock's Feather, and, most coveted of all, the title of Senior Guardian of the Heir Apparent. Belgium, Sweden, Austria, France, Italy, the Holy See, Portugal, the Netherlands, Prussia, Japan, Russia, Norway, and Denmark all conferred decorations on him. Of his numerous honours no fewer than 11 were grand crosses. His monument is the Chinese Customs Service; his epitaph, as Thucydides would say, is graven not on stone but on the hearts of men.

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