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Source: *The Journal of Asian Studies*, Vol. 31, No. 3 (May, 1972), pp. 539-559

Published by: [Association for Asian Studies](#)

Stable URL: <http://www.jstor.org/stable/2052233>

Accessed: 17/06/2014 00:29

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The American Remission of the Boxer Indemnity: A Reappraisal

MICHAEL H. HUNT

STUDENTS of American foreign relations, particularly those interested in China policy, have in recent years begun to examine critically the conventional wisdoms of their field.¹ Many of the old historical generalizations have fallen; some still stand. One of the most vigorous of the vestiges concerns the remission by the United States of a portion of the Boxer indemnity.² The story offers in cameo what Americans have traditionally liked to believe relations with China were all about. It goes as follows. Despite the outrages inflicted by the Boxers on Americans during the summer of 1900, the United States government made reasonable indemnity demands. Moreover, it took China's part in the peace negotiations in Peking by urging the other powers to scale down their total indemnity claims. Subsequently, when American claims fell short of the amount China had agreed to pay, the admin-

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¹ Recent works on American foreign relations in the late nineteenth and early twentieth centuries have sparked a stimulating controversy over the nature of American expansionism. Unfortunately, the participants have tended to emphasize the American side of the story and to neglect the "other side," whether Cuban, Spanish, Filipino or Chinese. In the last case they have remained entranced with the appearance of American omnipotence and Chinese frailty. As a result, the picture of Sino-American relations is still one-sided. Heavy reliance on American sources has caused historians to perpetuate the turn of the century American prejudices written into those sources, to downplay some of the less attractive attitudes that American policy makers have displayed in dealing with the lesser breeds, and to all but ignore Chinese policy and politics. I have tried to contribute to the debate by looking in this article at American policy from the foreign perspective during the Boxer indemnity remission episode. For a more ambitious effort, see my unpublished Ph.D. dissertation, "Frontier Defense and the Open Door: Manchuria in Chinese-American Relations, 1895-1911" (Yale University, 1971).

The general statements in the debate over American expansionism are Walter LaFeber, *The New Empire: An Interpretation of American Expansion, 1860-1898* (Cornell University Press, 1963); H. Wayne Morgan, *America's Road to Empire: The War with Spain and Overseas Expansion* (New York, 1965); and Ernest R. May, *American Imperialism: A Speculative Essay* (New

York, 1968). Works dealing specifically with China policy are Marilyn B. Young, *Rhetoric of Empire: America's China Policy, 1895-1901* (Harvard University Press, 1968); Thomas J. McCormick, *China Market: America's Quest for Informal Empire, 1893-1901* (Chicago, 1967); Paul A. Varg, *The Making of a Myth: The United States and China, 1897-1912* (Michigan State University Press, 1968); and a review article on Varg by McCormick, "American Expansion in China," *American Historical Review*, LXXV (June 1970), 1393-1396.

² The indemnity remission referred to in this article is the first one, accomplished by executive order on December 28, 1908. The returned funds, representing indemnity in excess of the settled and disputed claims of American citizens, business firms and the federal government arising from the Boxer affair, amounted to nearly \$11,000,000, slightly more than two-fifths of China's total Boxer obligation to the United States. The Chinese government used this money to educate Chinese in the United States and to establish in Peking a preparatory school, Tsing Hua University. Carroll B. Malone, "The First Remission of the Boxer Indemnity," *American Historical Review*, XXXII (October 1926), 64-68, has long been the standard secondary account.

After the settlement of disputed claims the United States Government made a second remission in May 1924. Because of the regional political division in China at that time, the funds were entrusted not to the Chinese government as was done in the first remission but instead to the China Foundation, a joint Chinese-American committee to promote education and culture.

istration of Theodore Roosevelt spontaneously and unconditionally returned the surplus. For its part the Chinese government freely determined to devote the returned funds to educating Chinese youths in the United States as an expression of its gratitude. This version of the indemnity remission was meant to illustrate not only the fairness and far-sightedness of the American policy of promoting basic progressive changes in Chinese life but also to make clear that the decision to return the funds contributed to the reservoir of Chinese gratitude and good will toward the United States.

This act of generosity became almost at once the object of myth-making and of rhetorical excess. Sarah Pike Conger, wife of the American Minister to China and a survivor of the siege of the Peking legations, was one of the earliest enthusiasts. She wrote in 1910:

The attitude of the United States . . . that caused her, without compulsion, to cancel the Boxer indemnity fund, is an attitude too deep, too broad, too high for word expression. Does not this attitude reveal a strong current of sisterly good will, when it is able to sweep away the heavy weights of financial gain? This attitude is not one of spontaneity; the seed was brought over in the *Mayflower*; it was planted in the virgin soil of liberty, where it rooted, and was watered with treasured dewdrops; was nourished into being in Love's tenderness; was sustained in Truth's fortitude. This is the story of our country's attitude.³

Harley Farnsworth McNair's more moderate appraisal, written in 1924, is typical of the tone of later evaluations. "American nationals feel that their government has acted justly in returning excess funds to China. . . . It is pleasing to realize that the American sense of justice, friendship, and desire for fair play rises to the top each time. . . ."⁴ McNair's view found its scholarly echo two years later in Carroll B. Malone's "The First Remission of the Boxer Indemnity." In this article, still the standard history of that event, Malone cautiously reached substantially the same conclusions as his predecessors. "There are no records to show that the United States imposed any specific conditions as to the use of these funds. . . . The published documents show that China expressed her deep gratitude, left the time and manner of the remission entirely to the American government, and apparently quite voluntarily stated her intention of using the money for the education of Chinese students in the United States. This was done as an expression of her appreciation of the friendliness of the American government."⁵ Standard textbooks⁶ and even one of the most recent general studies of American-Chinese relations,⁷ following Malone

³ *Letters from China* (Chicago, 1910), pp. 372–373.

⁴ "The Return of the Indemnity Funds to China," in his *China's New Nationalism and Other Essays* (Shanghai, 1925), p. 206. For other similar comments, see Bishop James W. Bashford, *China: An Interpretation* (New York, 1916), p. 429; Lawrence F. Abbott, *Impressions of Theodore Roosevelt* (New York, 1919), p. 146; Edward Thomas Williams, *China Yesterday and Today* (New York, 1932), p. 252; Westel W. Willoughby, *Foreign Rights and Interests in China* (Baltimore, 1927), II, 1014; and Thomas F. Millard, *America and the Far Eastern Question* (New York, 1909), p. 319. Harold Isaacs, *Scratches on Our Mind* (New York, 1958), pp.

144–145, is one of the few accounts in English to deal critically with the remission.

⁵ Carroll B. Malone, "The First Remission of the Boxer Indemnity," p. 68.

⁶ Samuel Flagg Bemis, *A Diplomatic History of the United States* (4th ed.; New York, 1955), p. 488; Thomas A. Bailey, *A Diplomatic History of the American People* (6th ed.; New York, 1958), p. 482; and George E. Taylor and Franz Michels, *The Far East in the Modern World* (London, 1956), p. 621.

⁷ Akira Iriye, *Across the Far Pacific: An Inner History of American-East Asian Relations* (New York, 1967), p. 124.

and the conventional wisdom, still praise this "generous" act. One of the hardest vestiges of the old, optimistic view of America's relations with China, the indemnity remission in this familiar interpretation still retains its aura.

Not surprisingly, writers on the Chinese mainland view their country's dealings with the United States in a perspective at odds on many points with the interpretations advanced by "imperialist" scholars. This divergent general perspective finds its reflection in their treatment of the American indemnity refund. The best statement on it is by T'ao Chü-yin, a specialist in modern Chinese history:

As everyone knows, regardless of what Americans do, it always revolves around money; only the remission of the Boxer indemnity . . . is considered a matter of 'chivalry and generosity.' But [in reality] their 'cultural investment' was used to open up a 'cultural leasehold' and an 'educational factory,' to spread the poison of enslaving thought, to overthrow and destroy the Chinese people's culture, and to injure the spirit of China's youth. Its motivation then was not chivalrous but was entirely cruel. Indeed Americans have called cultural investments 'fertilizer for America's trade with China,' and in substance it is completely like economic investment.⁸

In this view, the indemnity remission, rather than an act of benevolence, was instead merely an aspect of the cynical American scheme to subject China to commercial exploitation.

Predictably, the facts fail to give full comfort to either view. Between 1905 and 1909 the Chinese and American governments carried on a complex set of negotiations. During these negotiations the American President and Secretary of State decided that in the interest of both countries China should devote the money to education. They were in a good position to have their way because they enjoyed a virtual veto over whether to return the funds, in what amounts, and for what purposes. On the other hand, the Chinese government wished to use the funds in ways of its own choosing. At the same time it was in desperate need of financial relief. Thus, the Chinese found their preference to use the funds in their own way in conflict with the essential goal of having the funds speedily and fully returned. Consequently, they were vulnerable to threats that the remission might never take place unless they satisfied Washington's preconditions. In contrast to American strength, the weakness of China's position in the negotiations was apparent to all concerned. The final resolution of the issue, generally along the lines advocated by American leaders, reflected not so much American generosity and Chinese gratitude as this obvious disparity in bargaining strengths.

How did the United States decide on the size of its share of the Boxer indemnity? In January 1901 Secretary of State John Hay instructed the Minister to China, Edwin

⁸ T'ao Chü-yin, "Wen-hua ch'in-lüeh ti tung-chi ch'i ying-hsiang," [Motivation behind cultural invasion and its influence] in his collection of essays, *Mei-kuo ch'in-Hua shih-liao* [Historical materials on American aggression against China] (Shanghai, 1951), p. 45. See also Liu Ta-nien, *Mei-kuo ch'in-Hua chien-shih* [A brief history of American aggression against China] (Peking, 1949), p. 29.

Many mainland historians who might be expected to deal with the remission question have

stayed away and saved their heavy shot for more attractive "imperialist" targets in the late Ch'ing. Many of these historians, writing hurriedly in the heat of the Korean War, were limited because they drew heavily on sources in English, which suggested no clear line of attack on the remission question. Wang Shu-huai of the Institute of Modern History at the Academia Sinica on Taiwan has now in progress a general history of the Boxer indemnity.

H. Conger, to enter an American claim for \$25,000,000 in damages. At the same time he warned that any sum over \$150,000,000 in total indemnity to the powers might be "beyond the ability of China to pay" and advised his negotiators to try to scale down the overall claims of the powers while insisting on a fair proportion of the total for Americans.⁹

Hay's figure of \$25,000,000 was immediately challenged by his representatives on the scene in Peking. Conger greeted with incredulity his superior's estimate that Americans were out of pocket by that amount on account of the Boxers. "It seems to me," he wrote back to Hay, "that in comparison with the reported expenditures of some of the governments which have had very much larger forces here than ours this amount must be too great."¹⁰ William W. Rockhill, sent by Hay to assist Conger at the Peking talks, was also incredulous.¹¹

Conger and Rockhill had put their fingers on a painful truth. American indemnity demands were excessive. (As later events were to prove conclusively, Hay's claim was nearly twice real American claims against China for damages done in the summer of 1900.) Although they had alerted Hay well before the signing of the indemnity protocol in June 1902, Hay apparently did not reconsider his demands. On the contrary, circumstantial evidence suggests that Hay stuck to his figure and rejected the opinions of his representatives because he had already purposely inflated American claims with the intention of using the excess as a bargaining counter in negotiations in Peking. One bargain Hay hoped to strike was for a reduction by the other powers of their indemnity demands. He feared that too great an overall indemnity might prove "disastrous to China" and thus upset China's foreign trade, in which American merchants had an important stake. Hay was also interested in securing from China new commercial privileges, an obvious benefit to United States exporters. To consummate either of these deals Hay was willing to reduce his indemnity demand by one-half or, in other words, to bring it down to a realistic level corresponding to actual American claims.¹² He set a course without risk to his country. By making his demand, which he described as "already reasonable,"¹³ twice real claims, Hay created for himself a token to use in bargaining with the other powers over the Boxer settlement. But when he failed to effect a bargain, this avowed friend of China left the Chinese holding the debt.

While Hay's bargaining tactics were unfair to the Chinese, American participation in the Boxer indemnity negotiations is vulnerable to criticism for larger, practical reasons. The total indemnity of \$330,000,000 was an incubus on China's program of reform and development in the last decade of the Ch'ing dynasty and later during the Republican period. The indemnity nearly doubled the size of the govern-

⁹ Hay, telegraphic instructions to E. H. Conger, January 29, 1901 (enclosed in Conger to Hay, February 5, 1901), Minister to China: Despatches, U. S. National Archives microfilm.

¹⁰ Conger to Hay, February 11, 1901, Minister to China: Despatches.

¹¹ Rockhill to Hay, February 4, 1901, Hay Papers, Library of Congress. The London *Times* correspondent in Peking recorded in his diary contemporary criticism of the over-large American claim. Cyril Pearl, *Morrison of Peking* (Sydney, 1967), p. 133.

¹² Hay's intentions must be surmised, for lack of any clear evidence elsewhere, from his instructions to his negotiators in Peking. In addition to his telegram to Conger of January 29, 1901, noted above, see in Diplomatic Instructions: China, U. S. National Archives microfilm, Hay's telegrams to Conger, December 29, 1900, and to W. W. Rockhill, April 29, May 10 and 28, and August 5, 1901.

¹³ Hay to Rockhill, May 10, 1901, Diplomatic Instructions: China.

ment's annual payment on foreign debts and reduced the central government's uncommitted tax revenue from 65,500,000 taels a year to less than 40,000,000 taels. After 1901, more than half of its revenue, which might otherwise have benefited Chinese, was going into the hands of foreigners.¹⁴ Because of this obligation, important programs sponsored by the central and provincial governments never got off the drawing board or else struggled along insufficiently funded.

Beyond the financial burden the indemnity left on China, there is the broader consideration of its justice. The Boxers had in part been stirred by the Western intruders. The foreigners, having walked unwelcomed into a hornets' nest, should have been neither surprised nor outraged when they were stung. In this broad perspective, differences between the general policy of the United States and that of the other powers in the Boxer negotiations pale to a common color. Whatever the United States did for China during those negotiations dims by comparison with the fact that the United States helped to formulate the terms of the settlement and to impose them on an unwilling China by threat of force, and that she ultimately benefited from her actions at China's expense.

Neither of Hay's bargains worked out and he was left with an indemnity surplus which would become publicly visible as the final claims were paid out.¹⁵ He and President William McKinley privately resolved even before the United States signed the indemnity agreement to return the excess to China. Both Elihu Root, Hay's successor as Secretary of State, and Rockhill, now back in Washington serving as the State Department's expert on China, were aware of and shared this resolve.¹⁶ None the less for several years neither government gave serious consideration to this surplus. Until 1905 the State Department and the Wai-wu Pu, the Chinese foreign office, were preoccupied with other questions, particularly with the major crisis provoked by the Russian occupation of Manchuria and the ensuing Russo-Japanese war conducted on Chinese soil.

Early in 1905 the Chinese Minister to the United States, Liang Ch'eng, initiated the effort to have the excess indemnity returned to China.¹⁷ Liang, a native of Kwangtung like nearly all of his predecessors, had studied in the United States in

¹⁴ Hsü T'ung-hsin, *Chang Wen-hsiang-kung nien-p'u* [A chronological biography of Chang Chih-tung] (Taipei reprint, 1969), p. 147; and H. B. Morse, *International Relations of the Chinese Empire* (New York, 1910-1918), III, appendix A. The financial situation was much the same in 1906. See the report by E. T. Williams, enclosed in Rockhill to the Secretary of State, September 26, 1906, State Department Numerical File 2112-1, U. S. National Archives. (This collection is hereafter abbreviated "NF.")

¹⁵ The indemnity protocol set China's debt to the United States, including the \$25,000,000 principal and the interest on it through the final installment of 1939, at about \$46,000,000. The protocol is reproduced in John V. A. MacMurray, *Treaties and Agreements with and concerning China, 1894-1919, Vol. I: Manchu Period (1894-1911)* (New York, 1921), p. 311.

¹⁶ Hay to Rockhill, telegram, August 26, 1901,

Diplomatic Instructions: China; and Rockhill to Theodore Roosevelt, July 12, 1905, Rockhill Papers, Houghton Library, Harvard University. President Roosevelt made clear in an interview with the Chinese Minister that Secretary of State Elihu Root shared John Hay's wish that the excess indemnity be returned. Chinese Minister to the United States Liang Ch'eng to the Wai-wu Pu, received November 1, 1905, File on the indemnity remitted by the United States (Mei-kuo mieh-shou p'ei-k'uan), records of the Wai-wu Pu in the Diplomatic Archives of the Institute of Modern History, Academia Sinica, Taiwan. (This file is hereafter referred to as "WWP Indemnity File.") Root's recollections on the decision to return the indemnity, recorded in the biography by Philip C. Jessup, are not reliable. *Elihu Root* (New York, 1938), I, 385-387.

¹⁷ Liang Ch'eng to the Wai-wu Pu, received May 13, 1905, WWP Indemnity File.

the 1870's as a member of the Yung Wing mission and returned in 1902, well prepared by Chinese standards, to head the Washington legation. Still, although Hay and McKinley had already informally determined to return the surplus indemnity to China, it was to take Liang over two years of prodding before the Roosevelt administration would make its intentions a matter of formal record.

The Chinese Minister had no sooner set discussions in motion than he found himself confronted by a hostile American government. Chinese resentment over mistreatment of their fellow countrymen visiting and living in the United States resulted in an anti-American boycott, which markedly cooled the atmosphere for talks. The Chinese government's repurchase of the American China Development Company's contract to finance and build the Canton-Hankow Railway and the massacre of American missionaries at Lienchow in Kwangtung in the same year left relations too strained for talks on the indemnity to proceed. Theodore Roosevelt's temper, always sensitive to what he regarded as questions of justice, rose while relations with China cooled.

I intend to do the Chinese justice and am taking a far stiffer tone with my own people than any President has ever yet taken, both about immigration, about this indemnity, and so forth. . . . Unless I misread them entirely they despise weakness even more than they prize justice, and we must make it evident both that we intend to do what is right and that we do not intend for a moment to suffer what is wrong.¹⁸

Roosevelt was angry and refused to move ahead on the negotiations with the Chinese. Practical politics, however, as well as his feeling of outrage contributed to his decision. "The chance of my getting favorable action by Congress [on the remission] will be greatly interfered with by the failure of the Chinese to do justice themselves on such important matters as the boycott and the Hankow [railway] concession."¹⁹ The administration made it clear to the Chinese Minister that for the moment talks on the remission were impossible.²⁰

The thaw was not long in coming. Conditions in China, in Washington's opinion, began to improve. The boycott, against which the central government had finally set itself, began to lose steam in the late summer and early fall of 1905. Repurchase of the railway contract seemed more justified when details of the American company's mismanagement and contract violation came to light. And the Chinese government's swift and satisfactory action in the aftermath of the missionary massacre assured Washington it did not condone the attack. Tempers in Washington consequently began to cool, bringing hope of renewed contacts on the indemnity. Nevertheless, Liang Ch'eng, encountering a residue of hostility, found it necessary to move cautiously. He correctly guessed that the remission would not be quickly concluded.²¹

Through the following year and the early months of 1907 his efforts proved nearly as fruitless as in 1905. Although the Roosevelt administration had by mid-

¹⁸ Roosevelt to Rockhill, August 22, 1905, in Elting E. Morison et al. (eds.), *The Letters of Theodore Roosevelt* (Harvard University Press, 1951-1954), IV, 1310. The administration's disapproval is also reflected in another letter by the President to Rockhill, August 29, 1905, in Morison et al., IV, 1326-1327, as well as in W. A. P. Martin, *The Awakening of China* (New York,

1907), p. 251; in Cyril Pearl, p. 156; and in Hay to Jeremiah Jenks, February 13, 1905, Hay Papers.

¹⁹ Roosevelt to Rockhill, August 22, 1905, in Morison et al., IV, 1310.

²⁰ Liang Ch'eng to the Wai-wu Pu, received November 1, 1905, WWP Indemnity File.

²¹ *Ibid.*, as well as W. A. P. Martin, p. 252.

1906 resumed its own leisurely pace toward settlement, the Chinese Minister's impatience to settle the matter mounted.²² His successor, Wu T'ing-fang, who was to arrive later in the year, would be handicapped by entering the negotiations in mid-course. In addition, the administration was not disposed to cooperate with Wu. The State Department had a low opinion of his honesty and resented his appointment to the Washington post for the second time. And Roosevelt much preferred Liang Ch'eng to the "bad old Chink," as he liked to call the new appointee.²³ Liang's desire to win for himself the plaudits for negotiating the issue to a successful conclusion, rather than let them fall to his successor, no doubt fed his impatience with American procrastination. But above all, the Chinese government, always financially pressed, looked forward to getting the money back. With the hope of pressuring the administration into action, Liang tried to influence public opinion. He obliged newsmen with off-the-record interviews, gave speeches on China's claim, and sought out friendly Congressmen to support the cause.²⁴

Root was annoyed. Under pressure his back stiffened. Reacting against the public clamor over the country's obligation to return the excess to China, he bristled that it is not "any less our money than any other money in the Treasury" and that when it is returned "it should be given as our money and not as China's money, or as money to which we have a doubtful title." The cry to return the excess, particularly loud from missionaries, ran against the lawyer's sense of orderliness and deliberation; he refused to be rushed. He was still committed to remission but "it will be quite a number of years," he cautioned the editor of a mid-Western church paper, "before that point is reached."²⁵ Liang realized that Root stood in his way and at first tried to tempt him to trade the return of the money for Chinese concessions on a new immigration treaty.²⁶ When that failed to interest Root, Liang reached beyond the Secretary of State to test the intentions of the President.

The intervention at the White House by the Secretary of the Interior and the Secretary of Commerce and Labor on the Minister's behalf turned the President's attention momentarily back to the surplus indemnity. Liang seized his opportunity, and in an interview with Roosevelt in late April outflanked Root by winning the President's personal promise that the administration would work for a swift settlement. In addition, Liang pressed Roosevelt to have the indemnity claims of the armed services audited. He was "absolutely" convinced that they had overstated their expenses during the Peking expedition and that "an examination will show the real expenses were only a fraction" of their claims.²⁷ Roosevelt, after a conference with both Liang and Root about May 2, also agreed to the audit.²⁸ Liang could now cate-

²² Liang Ch'eng to the Wai-wu Pu, received October 3, 1906, WWP Indemnity File.

²³ Roosevelt to Root, September 26, 1907, in Morison et al., V, 809. On the State Department's hostility toward Wu, see the documents in NF 5971/9-14, 18.

²⁴ Liang Ch'eng to the Wai-wu Pu, received July 16, 1907, Supplementary indemnity file (p'ei-k'uan an pu-tsu), records of the Wai-wu Pu. (This file is hereafter abbreviated "Supplementary WWP Indemnity File.")

²⁵ Root to David S. Thompson, March 2, 1907, NF 2413/21.

²⁶ Charles Denby, Jr., to Root, memo, March 28, 1907, NF 2413/51.

²⁷ Liang Ch'eng to the Wai-wu Pu, received July 16, 1907, Supplementary WWP Indemnity File.

²⁸ Liang Ch'eng to the Wai-wu Pu, received July 16, 1907, WWP Indemnity File, and July 25, 1907, Supplementary WWP Indemnity File.

gorically assure his superiors that "it will not happen that they [the Americans] will eat their words to the amusement of all."²⁹

With the President's interest aroused, his administration began to move with some of the speed so notably lacking earlier. On his instructions the War and Navy Departments reexamined their accounts. The results confirmed Liang's doubts and proved a source of embarrassment to Root. While the Navy found its claims were short of actual expenditures by about \$400,000, the Army discovered its claims, compiled when Root was Secretary of War, overran real outlays by more than \$2,000,000. The revised figures for the Army and Navy, when added to approximately \$2,000,000 in private claims, put the total legitimate American claims at \$11,655,000.³⁰ With the exact amount of the indemnity clear to all, Liang duly received in June 1907 the formal announcement for which he had worked for over two years.³¹ Consequently, the President in his annual address to Congress the following December recommended the remission of the excess indemnity, and in January 1908 the House and Senate took up the question. With one part of the negotiations completed, Liang left the United States; it was up to his successor, Wu T'ing-fang, who reached Washington in the early fall of 1907, to see the issue through to a settlement.

Wu's role was, however, to be more restricted. He could do little to protect China's interest in the ensuing scuffle in Congress. As it threatened in the months ahead to reduce the size of the remission, thus in effect wiping out the savings Liang's audit had made for China, Wu responded as best he could. He not only kept in touch with friendly Congressmen, as Liang had done, but also went a step farther by secretly hiring a lobbyist to help him fight these new "excessive demands."³² But he could do little publicly without inviting charges of interference in domestic affairs. This further debate and delay may have recalled to Wu's mind the grouching of Westerners over the unwieldy organization of the Chinese government. Another year would pass before the American government, having resolved the issue, could announce itself of one mind.

The controversy in Congress arose when the publicity given the possibility of remission revived the memory of unrecompensed damages done by the Boxers seven years earlier. The most important of the unsettled claims was that of the China and Japan Trading Company. The company had made a claim of \$500,000, but the State Department refused to accept any more than a fraction of it. When the Roosevelt administration submitted to Congress a resolution to remit the excess indemnity reflecting the State Department's judgement on this and other claims, Henry Cabot Lodge guided the resolution smoothly through committee and on to easy Senate approval.³³ However in the House the resolution ran into trouble. A subcommittee of the Committee on Foreign Affairs, created to consider the Senate

²⁹ Liang Ch'eng to the Wai-wu Pu, received August 3, 1907, Supplementary WWP Indemnity File.

³⁰ Root to the Secretaries of War and the Navy, May 11, 1907, NF 2413/44a, 44b. The revised claims appear in NF 2413/56-57. The original claims are itemized in a memo of February 16,

1907, NF 2413/15.

³¹ Root to Liang Ch'eng, NF 2413/58a.

³² Wu to the Wai-wu Pu, received April 17, 1908, WWP Indemnity File.

³³ U. S., *Congressional Record*, 60th Cong., 1st Sess., 1908, XLII, Part 1, 563, 673, 720-722.

resolution and chaired by Edwin Denby, particularly took to heart the interests of this major exporter of American cotton goods to north China and Manchuria.³⁴

The subcommittee proceeded to amend the Senate's resolution in favor of the trading company's claims despite Root's objection to this unwarranted Congressional interference in an affair of the Executive.³⁵ The subcommittee's amendments gave unsatisfied claimants, old and new, another chance to press for compensation and accordingly took from the amount to be returned to China \$2,000,000 to meet these unsettled claims. In late February the Committee on Foreign Affairs approved the amendments unanimously and sent them along with the Senate resolution to the floor of the House.³⁶ The amendments came up for debate on May 23, 1908. In contrast to the perfunctory consideration the Senate had given the issue some months earlier, the House dealt with the substance of the disputed amendments in a spirited discussion. The members of the House went directly to the basic question of who had the preferred claim on the money—Chinese or Americans. To pose the question was for Denby to answer it. The Chinese, he declared, "have absolutely no standing in this matter, except that we desire to show them that our civilization means justice as well as battle ships. But it's better to be just and even generous to our own people whose markets and establishments were ruined in China before we begin to be generous to a foreign power. . . ."³⁷ The House voted its approval of the changes and sent them to the Senate. On Lodge's advice it accepted the revisions without debate, and the President signed the resolution on May 25.³⁸ Finally, the American government could announce its readiness to settle with the Chinese government the precise terms of the remission.

The debate over the use to which the funds would be put began long before the United States had formally announced its decision to return them. From the outset of the talks initiated by Liang Ch'eng, the American government made a prolonged and determined effort to have the Chinese government set the funds aside for education. The Chinese, preoccupied with more pressing problems, particularly in the outlying Manchurian provinces, developed their own plans and consistently resisted pressure to link the funds explicitly and formally to education. The discussions over this question, begun in 1905, carried on well into 1909.

In his first documented interview on the remission, the Chinese Minister learned from William W. Rockhill, the Minister-designate to China, that the President wanted from the Chinese an explicit report, ostensibly to satisfy congressional curiosity, on how the remission would be used before he would authorize its return.³⁹ Rockhill left Liang convinced that the Roosevelt administration expected China to finance education with the money. Reflecting on the interview, Liang wrote that "whether or not this is what the President has recently said, there is the

³⁴ Details of the company's claim and the subcommittee's treatment of it emerge from the documents in NF 2413/71, 91, 112, 125.

³⁵ Root to Denby, February 20 and 28, 1908, and Denby to Root, February 28, 1908, NF 2413/122, 124.

³⁶ *Congressional Record*, XLII, Part 1, 809, and Part 3, 2627.

³⁷ *Congressional Record*, XLII, Part 7, 6844.

³⁸ *Congressional Record*, XLII, Part 7, 6815, 6871, 6908, 6954. The House debate is on pp. 6841-6845. The resolution appears in John V. A. MacMurray, I, 311-312.

³⁹ Liang Ch'eng to the Wai-wu Pu, received May 13, 1905, WWP Indemnity File. The quotes in this and the following paragraph come from this despatch.

intention to interfere." The funds were not rightly America's in the first place. "The money should be returned and there is nothing exceptional in the act." Liang resented, as he knew his government also would, this attempt at interference and therefore rejected having strings attached to the return of the funds. "The use to which the remitted funds are put," he pointedly told Rockhill, "is a matter of domestic concern and cannot be announced in advance."⁴⁰

In Liang's calculations, however, resentment was balanced by fear that the money might "in the end return to someone else's grasp." And this point must have impressed the Wai-wu Pu. Liang made amply clear that American expectations would in some way have to be satisfied if the negotiations on which he was embarking were to succeed in the face of the suspicions of the Roosevelt administration and Congress. Liang's idea of a suitable compromise was to give the Americans their educational program but without making explicit assurances linking the remitted funds irrevocably to this specific project. While meeting the substance of the American demand it would also save for China the form of self-determination as well as the excess funds themselves. Liang's formulation prefigured the ultimate settlement of the controversy.

In May 1905 the Wai-wu Pu received Liang Ch'eng's first report on his efforts in Washington and immediately forwarded a copy to Yüan Shih-k'ai, the politically influential official serving in Tientsin as the Commissioner of Northern Ports. Like other high provincial officials, he was perennially short of funds to meet the financial needs of his administration and welcomed the prospect of uncommitted money coming available. He suggested that the funds be devoted to mining and railway affairs, items high on the agenda of his government. In all probability a substantial portion of these funds would have under Yüan's guidance found their way to Manchuria, a crisis area in which he had shown a steady pattern of responsibility and concern since his rise to prominence.⁴¹ Yüan's proposal was tempered by expediency. The report from Liang which Yüan had before him made clear the American preference for education. To make his proposal palatable to the Americans, whose decision it was, after all, whether the funds would be returned at all, Yüan suggested devoting the profits from his proposed enterprises to education. Further, by using the funds "to take up one or two self-strengthening projects of administrative importance," China would also be promoting education by building a foundation for training new skills. His proposal, Yüan suggested in an attempt to sway the foreign office, "still corresponds to Minister Liang's view."⁴²

The Chinese foreign office greeted Yüan's suggestion with its accustomed caution.⁴³ It well knew most foreigners were hypersensitive to hints that an awakened China might take up for itself the very mining and railway projects normally left to foreign exploitation. The rights-recovery movement provoked suspicion among Americans like other foreigners in China, and the State Department fully shared their emotion. Even worse, Yüan's proposal, coming on the heels of the controversy

⁴⁰ Liang reiterated in a despatch later in the year this view that the funds were to be used as China itself decided. Liang Ch'eng to the Wai-wu Pu, received November 1, 1905, WWP Indemnity File.

⁴¹ Yüan had participated in negotiations concerning Russian occupation of the region. With the

outbreak of war between Japan and Russia, he was made responsible for military preparedness and helped shape his country's policy of neutrality.

⁴² Yüan to the Wai-wu Pu, received May 23, 1905, WWP Indemnity File.

⁴³ The Wai-wu Pu to Yüan and to Liang Ch'eng, June 1, 1905, WWP Indemnity File.

with the United States over the Hankow-Canton railway, was ill-timed. The foreign office found itself in substantial agreement with Liang's analysis of the situation and was willing for the moment to give him free rein in his discussions. It side-tracked Yüan's proposal for fear it would hinder the talks before they were even well begun. Yüan did not quarrel with the foreign office's decision and for the moment did nothing else to influence the terms of the remission.

William W. Rockhill assumed the responsibility for promoting within the United States government and in Peking the idea that the indemnity should be used for education. He hoped to secure from the Chinese government a formal commitment, obtained without appearing to interfere, to devote the remitted funds to sending Chinese students to the United States.⁴⁴ Rockhill feared that without this commitment the Chinese might quietly shunt his project aside and find other uses for the money. Rockhill felt his program would benefit both China and the United States. In his view, China needed nothing less than reform from the bottom up if she were to survive as an independent state. Education "on modern lines" was an instrument well suited to the task. The United States stood to gain too. Education would promote political stability and commercial progress, thus making China a sounder and richer trading partner. At the same time the rise of American educated leaders in Peking would give the United States unprecedented influence. Rockhill, convinced that much hinged on the success of his proposal, promoted it with tenacity in both capitals.

He found his colleagues in Washington receptive to his ideas and to his suspicions about China's ability to otherwise use the indemnity constructively. Huntington Wilson, the Third Assistant Secretary of State, commented, "The return of the indemnity should be used to make China do some of the things we want. Otherwise I fear her gratitude will be quite empty."⁴⁵ William Phillips, who along with Wilson kept an eye on China, shared Rockhill's hopes. At the top of Rockhill's list of supporters was Root's name. In February 1908 the Secretary of State assured Rockhill, on home leave from his post in Peking, of his backing.⁴⁶

Outside the American government the idea of linking the remission to education strongly appealed to Protestant missionaries in China and to educators. The dean of American missionary educators and one of the few American China experts of the day, Arthur H. Smith, became next to Rockhill its most influential supporter. In March 1906 during a visit to the United States, he arranged an interview with Theodore Roosevelt to press the idea. The specifics of Smith's proposal were much like Rockhill's: the returned funds were to finance study for some Chinese students in the United States and for others in American colleges in China (which, incidentally, were for the most part Protestant missionary institutions). Smith hoped

⁴⁴ Rockhill to Roosevelt, July 12, 1905, Rockhill Papers, and to Root, August 6, 1907, NF 2413/79.

In addition to Rockhill's and Yüan's proposals, one other was advanced. Professor Jeremiah Jenks of Cornell University urged that the excess indemnity be devoted to currency reform in China. His proposal, a revival of an earlier recommendation to the Chinese government, failed to win support either in the United States or in China.

Chang Chih-tung's opposition had already proven more than enough to kill the idea. Rockhill too disparaged the plan. Jenks to John Hay, February 10, 1905, Hay Papers.

⁴⁵ Huntington Wilson, memo, November 22, 1907, NF 2413/79.

⁴⁶ Root to Rockhill, May 27, 1908, NF 2413/138a.

this act would at once recoup for the United States some of the good will dissipated in the immigration controversy and strengthen the bonds between the two countries by creating an influential body of Chinese leaders of American education.⁴⁷ As another educator put the matter in a memo set before the president, the educational project would achieve in China nothing less than “the intellectual and spiritual domination of its leaders.”⁴⁸

The efforts of the apostles of education found fertile ground in the President’s conventional view of China. Roosevelt saw an uncivilized country, prey to the more vigorous countries of the West because of its weakness and lack of patriotism. Prepared by missionary propaganda to view educational work as a civilizing force among this backward race, Roosevelt quickly assented in April 1906 to the wisdom of Smith’s proposal and the following year took up the theme in his annual address. Roosevelt suggested to Congress the importance of having Chinese students come to the United States to study as a means of helping China adapt to modern conditions. His suggestion, following in the text of the address his recommendation in favor of indemnity remission, could leave little doubt that the educators and Rockhill had managed to link the two together in his mind.⁴⁹

There are good reasons why the idea should have had such wide and strong appeal in the United States. It was not novel; on the contrary, it drew its inspiration from the common wisdoms of the culture. Americans of all persuasions shared a common faith in education as a progressive force and as a cure for social and political ills. China’s antipathy to Western ideals, at least as Washington hoped to introduce them, made education a necessary first step toward repealing the old order and introducing all the elements of civilization American style. Behind education would come such long sought reforms as the introduction of the gold standard, greater freedom for commerce, and increased reliance by the Chinese on foreign specialists, especially in finance, railway and mining affairs. Rockhill and Smith drew on this belief in the efficacy of education and, despite their years of experience in China, applied the ideals of their cultural world to the problems of another. The ease and speed with which they won support indicated the strength of this essential tenet of American faith.

The education proposal also drew on precedents in America’s relations with China. Its antecedent was a proposal made by an old China hand of an earlier generation, S. Wells Williams, for the disposal of a different indemnity surplus. The popular idea also drew its inspiration from another memory, the Yung Wing mission. Had conservative mandarins not sabotaged this educational enterprise it might have ultimately boosted American influence to a level about which American China hands of all persuasions and degrees of expertness could only dream. The new proposal was indeed an attempt at reviving that prematurely terminated experiment

⁴⁷ Lawrence F. Abbott, pp. 143–145, and Arthur H. Smith, *China and America Today: A Study of Conditions and Relations* (New York, 1907), p. 220.

⁴⁸ Edmund J. James (President, University of Illinois), “Memorandum concerning the sending of an Educational Commission to China,” quoted *in extenso* in Arthur H. Smith, pp. 213–218.

⁴⁹ Roosevelt’s view of China appears in his let-

ters to George Ferdinand Becker, July 8, 1901, to John Hay, September 2, 1904, and to W. W. Rockhill, August 22, 1905. These letters are reproduced in Morison et al., III, 112; IV, 917; and IV, 1310, respectively. Roosevelt’s letter to Smith of April 3, 1906, is in Morison et al., V, 206. The address is in *Papers Relating to the Foreign Relations of the United States, 1907* (Washington, D. C., 1910), p. lxxvii.

and securing, albeit belatedly, the benefits that had been expected of Yung Wing's mission. The education plan offered a helping hand to the United States as well as China and appealed to the instincts of self-interest and altruism on which American relations with China most firmly rested.⁵⁰

But in Peking Rockhill found himself not only confronted with Chinese resistance but challenged as well by a revived and revised version of Yüan Shih-k'ai's earlier tentative self-strengthening proposal. In 1907 associates of Yüan took up his proposal—it seems likely at the suggestion of Yüan himself—and depended on his support in the capital for getting approval for it. The authors of this new Manchurian self-strengthening proposal were the newly appointed Governor-General of Manchuria, Hsü Shih-ch'ang, and his subordinate, T'ang Shao-i, Governor of Feng-tien. The two carried with them to their posts in the northeast a mandate from the Empress Dowager to strengthen China's position there against Russia and Japan.

Hsü had become alarmed during a tour of Manchuria in the winter of 1906-1907 by the threat from Russia and Japan. The economic and political backwardness of the region made it easy for them to penetrate but difficult for Chinese authorities there to defend. The urgent tasks, Hsü had reported to the throne, were to develop a Chinese-controlled system of transport, to encourage colonization, to develop natural resources, and to reform and extend the Chinese political administration. Clearly, he had concluded, a foreign loan would be needed to carry out this ambitious program.⁵¹ Although Hsü had not yet specifically linked the loan to the Boxer remission, he watched for an opportunity, to come later in the year, to do so.

After his appointment as Governor-General in April 1907, Hsü in team with T'ang Shao-i began to consider the best means of carrying out this program. Their answer was to organize a bank under official control to allocate funds, oversee their use, and collect the profits. They began, moreover, to think of the bank as an instrument of foreign policy as well as of internal development. Manchuria was imperilled by two powers. China's best hope of maintaining its hold on the area was to neutralize Japan's and Russia's influence by encouraging other powers to take a concrete interest. The bank could be used to create this interest by getting its operating capital from third powers. T'ang saw in the bank an instrument for creating a balance of power within Manchuria while at the same time strengthening China's hand there.⁵² In June 1907 Hsü formally presented the idea to the throne. In the following month he received permission to begin his search for the 20,000,000 to 30,000,000 taels (equivalent in 1908 to about \$13,000,000 to \$20,000,000) necessary to organize the bank.⁵³

⁵⁰ A convenient factual summary of the earlier indemnity resulting from damage done in 1856 around Canton and its remission is Hoh Yam Tong, "The Boxer Indemnity Remissions and Education in China" (unpublished Ph.D. dissertation, Columbia University, 1933), pp. 44-50. On the Yung Wing mission see Thomas LaFargue, *China's First Hundred* (State College of Washington, 1942), and Y. C. Wang, *Chinese Intellectuals and the West 1872-1942* (University of North Carolina Press, 1966), pp. 42-45, 74-75, 84-85.

⁵¹ Hsü Shih-ch'ang, *T'ui-keng-t'ang cheng-shu*

[*Collected official papers of Hsü Shih-ch'ang*] (Taipei reprint, 1968), I, 363-376.

⁵² This is the line of reasoning pursued in a memorial of June 1907 contained in Hsü Shih-ch'ang, I, 480-487, which I believe to have been written by T'ang.

⁵³ Hsü's memorial is in his collected papers, I, 471-475. The edict of approval is summarized in *Te-tsung shih-lu* [*Veritable records for the reign of the Kuang-hsü Emperor*] (Taipei reprint, 1964), 593.10-11. Hsü had begun to consider the development bank idea shortly after his return to

In October the Manchurian administration began to press the bank scheme and through the remainder of 1907 and the first half of 1908 kept the proposal alive and before the attention of the central government. In mid-October Hsü set off for Peking to discuss the bank in detail.⁵⁴ In January 1908 he memorialized again on the matter,⁵⁵ and in mid-March convened a meeting in Mukden of the Manchurian Governors to finalize the proposal. The secret conference determined that the bank loan was to be floated in the United States. The loan was to receive an Imperial guarantee and to be paid off from Manchurian revenue and the uncollected part of the American Boxer indemnity.⁵⁶ With the decision made, T'ang carried the plan to Peking for further discussions with the central government.⁵⁷

Late in 1907 Hsü and T'ang had encouraged the American consul general in Mukden, Willard Straight, to begin sounding out the opinions of his influential countrymen on the bank scheme. Straight was in an ideal position to act as intermediary between the two sides. He had established a confidential relationship with both T'ang and E. H. Harriman, the American railway magnate interested in Manchurian enterprises, and his official status permitted him to carry the Chinese proposal directly to the State Department. Straight was eager to make a reality of the bank proposal, which, if the Boxer indemnity financed it, would enhance American interests in Manchuria and strike a blow for China and the United States against Japan. In his enthusiasm Straight adopted the bank proposal and pushed it forward as if it were his own. Straight's first opportunity for advocacy came with the visit to China of Secretary of War William Howard Taft in the fall of 1907. Known to share along with Root the President's confidence, Taft would make a convert of importance. As his party, which Straight had joined in Vladivostok, sped along the Russian railway, Straight briefed the Secretary on Manchurian affairs and on the bank proposal. He played with apparent success on the theme that the United States should return the excess indemnity without strings and that the Chinese proposal for its use put within the grasp of the United States a rare opportunity to further its own and China's interests in Manchuria. When Straight got off the train in Harbin, he carried Taft's approval of the plan and his assurances that Root and Roosevelt would give it "favorable consideration."⁵⁸

Straight hoped to use Taft's approval as a lever to nudge the State Department toward consideration of the bank-indemnity proposal. "The Secretary of War, while wishing it clearly understood that the American government could not presume to dictate the purpose for which the released portion of the Indemnity should be employed, nevertheless thought that the suggestion . . . , should it emanate from China herself, might be favorably received."⁵⁹ However, Taft, instead of promoting Straight's proposal, retreated from his brief foray into the world of foreign policy

Peking from his inspection tour of Manchuria. His memo on it is in his collected works, III, 1755-1776.

⁵⁴ Hsü Shih-ch'ang, I, 550-557, for the memorial of October 21, 1907; and Willard Straight to the Assistant Secretary of State, November 9, 1907, NF 2321/16.

⁵⁵ Hsü Shih-ch'ang, II, 661-663, for the memorial of January 3, 1908.

⁵⁶ Straight to Henry Fletcher, March 11 and 12, 1908, found in Fletcher Papers, Library of Con-

gress, and NF 2413/129, respectively.

⁵⁷ Rockhill to Root, April 28, 1908, NF 2112/27.

⁵⁸ Straight, memo, November 23, 1907, NF 2413/93. See also the memo which he presented to Taft during the interview and his progress report to Taft, both dated December 2, 1907, NF 2413/98-99.

⁵⁹ Straight to the Assistant Secretary of State, December 9, 1908, NF 2413/91. See also Straight to Fletcher, March 12, 1908, NF 2413/129.

making back to the safety of administering the War Department and to the pressing obligations assumed by his quest for the presidential nomination. Straight was left isolated in his unpopular position. The chief of the consular bureau curtly informed him he was not to meddle further.⁶⁰

T'ang Shao-i, with whom Straight was to remain in contact, now took up the task of actively promoting the bank scheme on the American side. While in Peking during the summer of 1908 consulting with the central government on Manchurian affairs, T'ang paid a visit to Rockhill to explain his plan. He hoped to neutralize the well known objections of the American Minister with the assurance that the bank would promote education. Rockhill, already familiar with the plan from Straight, was not to be won to it and told his visitor so.⁶¹

T'ang at the same time continued his efforts, begun the previous year, to draw E. H. Harriman into a loan agreement. Now, however, T'ang wished to interest him in a bank rather than in a railway. He worked through Straight to break down the American financier's insistence on investing only in railways. T'ang tantalized him with the prospect that participation in the Manchurian bank would not only get Harriman his Manchurian railway but also win for him a major role in national railway enterprise. "The prospect of directing the railways of a nation," which T'ang offered, was powerful bait.⁶² Although T'ang could not have seriously meant what he said, his proposition—serious or not—won Harriman. Harriman replied that he would begin discussions as soon as the Chinese had "an immediate, clear, offer" to make on the railway, even if it were tied to the bank.⁶³

Hsü and T'ang thereupon decided that the next logical step was to confront the State Department with China's wishes on the disposal of the excess indemnity and to negotiate a loan agreement, using the indemnity as security, with Harriman in New York. They could bypass Rockhill by sending a special representative. Yüan Shih-k'ai supported the idea and accordingly slipped into a Wai-wu Pu memorial on the remission of the Boxer indemnity a seemingly innocuous request that a special minister travel to the United States to offer thanks for the generous deed. Several days later the requested imperial edict was issued naming T'ang for the job.⁶⁴

When T'ang in the spring of 1908 revealed the details of his project to use the indemnity for a Manchurian bank, Rockhill was astounded. He wrote back to Root, "I do not anticipate the T'ang memorial [on the bank loan] will be acted upon; it seems to me perfectly impracticable. I am only astonished that such an able man as T'ang could have evolved it."⁶⁵ Rockhill, however, wisely did not take the Chinese project's failure for granted. He began to press his views on the Wai-wu Pu with new

⁶⁰ Wilbur J. Carr to Straight, February 10, 1908, NF 2413/92-94.

⁶¹ Rockhill to Root, April 28, 1908, NF 2112/27.

⁶² The quote is from Straight to Harriman, October 7, 1907. See also Straight to Harriman, February 16, 1908. Both are in Straight Papers, John M. Olin Library, Cornell University. Straight to Fletcher, March 17, 1908, Fletcher Papers, describes T'ang's views on the role Harriman might play.

⁶³ Alex Millar (Harriman's secretary) to Straight, June 12, 1908, Straight Papers. See also Harriman

to Straight, June 5, 1908, Straight Papers.

⁶⁴ Wai-wu Pu, memorial, misfiled under July 23, 1908, WWP Indemnity File. The Imperial edict of July 18, 1908, appears in Wang Yen-wei and Wang Liang (compilers), *Ch'ing-chi wai-chiao shih-liao: Kuang-hsü ch'ao* [Historical materials on late Ch'ing diplomacy: the Kuang-hsü reign] (Peking, 1935), 215.14. See also Rockhill to Root, July 30, 1908, NF 2413/157.

⁶⁵ Rockhill to Root, April 28, 1908, NF 2112/27.

energy. As early as 1905 Rockhill had let the Chinese know that the American government favored using the indemnity for education. He genuinely believed that he had secured Yüan Shih-k'ai's tentative assent to the education project. Rockhill clearly preferred to discount whatever reservation Yüan might have expressed; Yüan in turn had every reason to treat the Minister's pet project agreeably if doing so would speed up the indemnity remission.⁶⁶

Rockhill began in the spring of 1908 to seek formal Chinese approval of his education scheme. He bluntly informed representatives of the Wai-wu Pu that "any action on the part of China which might indicate a disposition to ignore the assurances heretofore given us . . . might indefinitely delay final action in the matter."⁶⁷ On May 27, 1908, he received notice from Root that Congress had approved remission and that he could begin formal consultations with the Chinese foreign office.⁶⁸ On June 10 Liang Tun-yen, an envoy from Yüan Shih-k'ai, the new president of the Wai-wu Pu, obtained from Rockhill a draft note stating the American terms. Liang returned to see Rockhill on June 30 and announced that the Wai-wu Pu's senior officials had agreed to accept the note substantially as Rockhill had drafted it. It appeared that the Chinese by taking up the educational proposal on Rockhill's terms had bowed to his hard line. But in fact their formal reply did not make the link between the indemnity money and education explicit. Rockhill discovered this and again warned that having failed "clearly and formally" to accept the American proposal *in toto*, the Chinese government might for the moment lose the excess indemnity. On July 9 Rockhill threatened for the third time, once again to T'ang, that the return of the indemnity was conditional.

The persistent refusal of the Wai-wu Pu unequivocally to tie the remission to the educational mission brought to the Minister's mind a new fear, that his project might founder at the last on Chinese intransigence. When T'ang proposed that a supplementary note giving details of the educational scheme could accompany the Wai-wu Pu's note of thanks for the remission and serve as a substitute for the explicit and formal pledge that the United States had been working for, Rockhill seized on the suggestion to break the deadlock and save his hopes. The Chinese regained the indemnity without losing the appearance of autonomy on its use.

However, no sooner had Rockhill agreed to the bargain than he discovered the Chinese foreign office looking for loopholes. On July 11 Liang Tun-yen presented for Rockhill's inspection the supplementary note. In it Rockhill found omitted—quite inadvertently, Liang smoothly informed him—the number of years the educational project was to run. With that "error" corrected, Rockhill on July 14 formally informed the foreign office of the indemnity remission; the Wai-wu Pu at the same time, as prearranged, replied with its thanks and informed Rockhill of its desire to meet the wishes of the President that Chinese students come to the United States to study. In the supplementary note, crucial to the compromise, the Wai-wu Pu spelled out the details of the arrangement: the first four years China

⁶⁶ *Ibid.*, and Rockhill to Roosevelt, July 12, 1905, Rockhill Papers, contain references to these informal assurances.

⁶⁷ Rockhill thus summarized his comments to

T'ang in his despatch to Root of April 28, 1908, NF 2112/27.

⁶⁸ Root to Rockhill, May 27, 1908, NF 2413/138a.

would send one hundred students annually; thereafter, throughout the period of the remission, at least fifty students would go annually. The Wai-wu Pu nowhere acknowledged the connection between the remission and the educational project. On that fine point the agreement rested.⁶⁹

Rockhill's discovery later in the month that T'ang was to go to the United States revealed to him that the Chinese had not yet given up on the bank plan. Rockhill immediately set to work to bolster his position in Washington. He warned William Phillips that the Chinese, hard pressed for funds, were sending T'ang in search of relief and that the State Department must not allow Chinese wishes to upset a plan designed for their own good. "The carrying out of the educational mission is, in the long run, an infinitely more valuable return for the money than the wildcat schemes it would be employed in by the 'Manchurian Bank.'" ⁷⁰

Phillips prepared the defenses in Washington against marauding Chinese. He alerted his superiors to the danger and suggested that they deter T'ang by publicizing the indemnity compromise which Rockhill had just reached in Peking. "This having been done, T'ang will hesitate to request us to let China make use of the money for Manchurian purposes, which he really has a right to do, strictly speaking. . . ." ⁷¹ Rockhill also took the precaution of warning Root to be on his guard. Rockhill cautioned that T'ang, despite his incapacity ("densely ignorant on all financial questions, and of political economy I doubt if he . . . know[s] even the name"), was nevertheless "extremely ambitious and so long as his patron, Yüan Shih-k'ai, remains in power, T'ang will have to be counted with." ⁷² Duly warned, Root joined in the preparations for T'ang's arrival by approving the publicity plan. Phillips confidentially assured Rockhill that "every one here [is] absolutely in sympathy with your idea." ⁷³

T'ang left China publicly commanded to give thanks for the return of the indemnity and secretly authorized to negotiate a loan. He reached Washington on November 30, 1908, but Rockhill's warnings, freely circulated by Phillips, had had the intended effect. T'ang made no progress with the unfriendly State Department. He found it difficult even to get to see the Secretary of State to discuss the proposal to use the indemnity remission as security for a loan. ⁷⁴ Frustrated, T'ang left for Europe in January 1909.

The Roosevelt administration was not interested in creating complications in the Far East. Phillips told Rockhill as much: "I do not think the Department intends to have trouble in Manchuria, either with Russia or Japan. The Secretary

⁶⁹ The account of Rockhill's negotiations are drawn primarily from his detailed report to Root, July 16, 1908, and his letter to Phillips, August 1, 1908, NF 2413/146 and 148 respectively. Also see Rockhill to Root, telegram, July 15, 1908, NF 2413/140, and the formal notes exchanged by Rockhill and the Wai-wu Pu, WWP Indemnity File.

⁷⁰ Rockhill to Phillips, August 1, 1908, NF 2413/148.

⁷¹ Phillips to Alvey A. Adee, memo, September 9, 1908, NF 2413/148.

⁷² Rockhill to Root, July 30, 1908, NF 2413/

157.

⁷³ Phillips to Rockhill, September 19, 1908, Rockhill Papers.

⁷⁴ Huntington Wilson to Root, memo, December 5, 1908, and undated Straight memo, both in NF 2413/220. The record of T'ang's unproductive interview with Root on December 9, 1908, is in NF 2413/218.

For greater detail on the ambitious Chinese plans for Manchuria, including the unsuccessful effort to enlist American support in 1907 and 1908, see my dissertation, "Frontier Defense and the Open Door," pp. 147-218.

is especially anxious not to become embroiled in little incidents with either of those two powers. . . .⁷⁵ T'ang, who was playing for high stakes in Manchuria, had come to the United States looking for a backer but found the American government suspicious of him and unwilling to accept the risks even at second hand. The Root-Takahira agreement, concluded shortly before T'ang's arrival and guaranteeing the *status quo* in the Pacific, was a concrete expression of the administration's cautiousness.

Yet another obstacle to the success of T'ang's mission was the death of the Empress Dowager and its unsettling effect on Peking politics. T'ang had to move cautiously on the Harriman loan until certain of his own standing at home and that of Yüan Shih-k'ai, on whose support his mission depended. At the same time, Washington's open opposition to T'ang's plan for use of the indemnity in support of China's position in Manchuria and the unexpected conclusion of the Root-Takahira agreement mocked Yüan's hopes for a policy of limited cooperation with the United States. The double failure made Yüan vulnerable to attack by his political opponents, and as the attacks, justified on more grounds than one, made headway, T'ang grew even more cautious. Thus, as the setback to T'ang's mission and to misplaced hopes for American assistance provided a handy pretext for toppling Yüan, so also did Yüan's fall further diminish the prospect of T'ang's salvaging anything for Manchuria.

The State Department and Rockhill were determined to protect the indemnity's ties to education and refused to give serious consideration to this opportunity to defend American interests in Manchuria by helping China to strengthen its position there. They altogether ignored the desperate need of the Chinese for funds to carry on their program of frontier defense and their clear preference to "strengthen their country a bit before distributing dynamics and moral philosophy in prize packages."⁷⁶ They could not recognize China's determined and intelligent attempt to cope with crisis in Manchuria.

The old version of the remission does not stand up under examination. American indemnity claims were excessive, and Secretary of State John Hay knew it from the start. The administration of Theodore Roosevelt ignored Chinese claims on the surplus as long as possible and finally under pressure returned the funds—but only on the condition that they be used not as China but as the United States wished. The only reservoir of good will the remission helped to fill was in the imagination of Americans.

The decision to press the education scheme arose in part from a feeling of cultural superiority and a desire to help a backward ward along the path of progress. Americans pressed that scheme to prevent the Chinese government from squandering the money and to insure for the Chinese people some benefit from the remission. American policy makers, ever suspicious, found in China's plans for Manchuria

⁷⁵ Phillips to Rockhill, September 19, 1908, Rockhill Papers. Two recent works on Roosevelt's Far Eastern policy make quite clear that he was concerned that China questions not trouble his relations with Japan. See Charles E. Neu, *An Uncertain Friendship: Theodore Roosevelt and Japan,*

1906-1909 (Harvard University Press, 1967); and Raymond A. Esthus, *Theodore Roosevelt and Japan* (University of Washington Press, 1966).

⁷⁶ Straight (paraphrasing T'ang) to Fletcher, March 17, 1908, Fletcher Papers.

the kind of "wildcat" project they had grown to expect from the Chinese. For its part the Chinese government was quick to see the American attitude as a form of interference. The United States had unfairly taken the money and now refused to return it for the use its rightful owners considered most urgent. The conditions the United States attached to the remission violated the integrity of China's financial administration, and the Chinese foreign office, intent on maintaining at least the semblance of administrative autonomy, adamantly refused formally to accept the American demand. The Chinese had no wish to set a precedent for other conditional remissions and most of all desired to give no cause for alarm by appearing to lose to the Americans another stitch of financial independence.

Some Chinese recognized in America's education project not just interference but an even more dangerous frontal assault on Chinese values. Chang Chih-tung, whose popular formulation, "Western studies for practical affairs; Chinese studies for the essentials," guided China's educational reform in the late Ch'ing, predictably resisted this attempt to reverse priorities by putting Western values at the center of Chinese education. He began his battle, waged through the Board of Education, in late 1907 and carried it to a successful conclusion in September 1909. His stubborn opposition forced the State Department to abandon its hopes of having an American appointed by the Chinese government to superintend students in the United States. Chang insured a modicum of Chinese control by putting in the safe hands of the Board of Education the responsibility for selecting students to go to the United States. The American legation, excluded from shaping the regulations for the educational mission closer to its heart's desire, could only complain that these "conservatives" were eliminating many of the candidates well prepared in Western subjects by unreasonably severe examinations in Chinese studies.⁷⁷

Americans in their fervor to educate the Chinese acted on an ethnocentric conviction that China's salvation could only come through conversion to Western moral, economic and political values. "Education will sweep away the incrustations that hamper progress, and as each improvement in the ranks of the official class occurs, such addition will hasten the advance and spread of education. Thus the downfall of one will go hand in hand with the rise of the other."⁷⁸ Americans in dealing with China clung to familiar verities with as much ardor as the notoriously culture-bound Chinese, and the Chinese defended their values with as much determination as the zealous promoters of the education project advanced their scheme.

While the American government used the indemnity remission to promote values considered essential to China's survival, it did not forget its own self-interest. Americans argued that the indemnity education program would benefit China, but they did not try to hide the benefits they hoped to derive from a corps of American-educated Chinese leaders.

They will be studying American institutions, making American friends, and coming back here to favor America for China in its foreign relations. Talk about a Chinese

⁷⁷ Wai-wu Pu to the Board of Education, December 14, 1907, and to the Board of Revenue, December 3, 1907, both in Supplementary WWP Indemnity File; Board of Education to the Wai-wu Pu, September 13, 1908, WWP Indemnity File; and Wai-wu Pu and Board of Education, joint memorial, June 20, 1909, reproduced in Shu Hsin-

ch'eng, *Chin-tai Chung-kuo liu-hsieh shih* [*A modern history of Chinese students abroad*] (Shanghai, 1927), pp. 75-78. The relevant State Department documents are in NF 2413/243, 256, 274, and in NF 5315/349.

⁷⁸ William B. Parsons, *An American Engineer in China* (New York, 1900), pp. 311-312.

alliance! The return of that indemnity was the most profitable work Uncle Sam ever did. . . . They will form a force in our favor so strong that no other government or trade element of Europe can compete with it.⁷⁹

The education enthusiasts would have seen their self-interested hopes dissolve before their eyes if they had ever given the education-leadership proposition serious thought. Entranced by the illusion of education as an easy route to greater influence in China, they never realized the irony in the active opposition of three notable alumni of the Yung Wing mission—T'ang Shao-i, Liang Ch'eng and Liang Tun-yen—to this plan to train a generation of pro-American leaders in China. In addition, the State Department, which knew that Chinese students suffered from discrimination in American colleges, managed to smother the obvious thought that resentment over American insults might outweigh gratitude for access to American education.⁸⁰ The charge that the indemnity remission was a "cultural investment" made with the hope of economic dividends seems altogether fair and consistent with the arguments used by the American proponents of the education scheme.

In serving its self-interest the American government also found the indemnity a valuable hostage to guarantee Chinese good behavior. The Roosevelt administration did not hesitate to threaten withholding the surplus to bring the Chinese government to heel during the controversies and incidents plaguing relations during 1905. The administration of William Howard Taft proved equally adept at using it to coerce China. During the Hukuang railway controversy, which arose in the spring of 1909, the new American administration found its patience strained by Peking's opposition to Americans' sharing in the loan and instructed the Peking legation to feel free to use the unreturned money to force compliance with United States demands. "If the Government of China should now fail scrupulously to respect its engagements the President might well deem it just to recoup the injury to America involved in such a breach of faith by exercising his authority to discontinue our remission of [the] indemnity."⁸¹ Taft and Knox, like Roosevelt and Root, employed the indemnity to insure China's good behavior in trying times.

American leaders in the early twentieth century were convinced that their Chinese counterparts, relics of the discredited past, lacked the intelligence and will to protect themselves or America's vital stake in China. Even the handful of American "China experts" seldom clearly or sympathetically considered the divergences in the values and interests of the two countries. The room for confusion, misunderstanding and recrimination in this unequal and distant relationship was naturally great. The American government, which acted on assumptions it never seriously questioned and made decisions which took no serious account of China's views, gave good cause for proud and patriotic Chinese to resent its attitude and feel frustrated by its policy. Like the host who finds himself supplanted in his own home by his dinner guest, the Chinese had reason to complain, as one Chinese editor did in

⁷⁹ Frank G. Carpenter quoted in "The Awakening of China," *Daily Consular and Trade Reports*, no. 3636 (Nov. 15, 1909), pp. 8-9.

⁸⁰ Phillips to E. C. Baker, memo, September 3, 1909, NF 2413/268-270.

⁸¹ Huntington Wilson to Peking legation, telegram, June 19, 1909, NF 5315/259.

1908, "It is truly as if our country were a guest whose affairs were to be managed by these nations which make arrangements together."⁸² Those who perpetuate the old fable of magnanimity and gratitude are finding comfort in a false image of themselves and of the Chinese.

⁸² *Chung-yang ta-t'ung jih-pao* [*Central daily news*], edition in December 1908, translated in NF 16533/59.