HEARINGS
BEFORE THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
SIXTY-EIGHTH CONGRESS
FIRST SESSION
ON
H. J. Res. 201
TO PROVIDE FOR THE REMISSION OF FURTHER PAYMENTS
OF THE ANNUAL INSTALLMENTS OF THE
CHINESE INDEMNITY
MARCH 31 AND APRIL 1 AND 2, 1924

STATEMENTS OF
Prof. Lucius C. Porter, Department of Chinese, Columbia University, New York, N. Y.
Dr. A. L. Warnshuis, secretary International Missionary Council, New York, N. Y.
Dr. Edward H. Hume, president of Yale College, Chang-Sha, China.
Dr. William Hiram Foulkes, general secretary of the General Council of the Presbyterian Church, New York, N. Y.
Miss Mary Elizabeth Wood, Boone University Library, Wuchang, China.
Dr. Ralph A. Ward, secretary for eastern Asia of the Board of Foreign Missions of the Methodist Episcopal Church
Hon. John Van A. MacMurray, chief of the Division of Far Eastern Affairs, Department of State, Washington, D. C.
Mr. Robert McElroy, Princeton University, Princeton, N. J., and a director in the China Society of America.
Hon. Leonidas C. Dyer, a Representative in Congress from the State of Missouri.
Mr. Che-Chun Hsiang, graduate from Yale University and now engaged in research work in international law in the Library of Congress.

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STEPHEN G. PORTER, Pennsylvania, Chairman

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EDWARD E. BROWNE, Wisconsin.
MERRILL MOORES, Indiana.
JAMES T. BEGG, Ohio.
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R. WALTON MOORE, Virginia.
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MARTIN L. DAVEY, Ohio.
DAVID J. O'CONNELL, New York.
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EDMUND F. EHR, Clerk
CHINESE INDEMNITY

COMMITTEE ON FOREIGN AFFAIRS,
HOUSE OF REPRESENTATIVES,
Monday, March 31, 1924.

The committee this day met, Hon. Stephen G. Porter (chairman) presiding. The committee had before it for consideration House Joint Resolution 201, as follows:

[H. J. Res. 201, Sixty-eighth Congress, first session]

JOINT RESOLUTION To provide for the remission of further payments of the annual installments of the Chinese indemnity

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is hereby authorized, in his discretion, to remit to China as an act of friendship any or all further payments of the annual installments of the Chinese indemnity due under the bond received from China pursuant to the protocol of September 7, 1901, as modified by Executive order on the 28th day of December, 1908, pursuant to the authority of the joint resolution of Congress approved May 25, 1908, for indemnity against losses and expenses incurred by reason of the so-called Boxer disturbances in China during the year 1900, such remission to begin as from October 1, 1917, and to be at such times and in such manner as the President shall deem just.

The CHAIRMAN. The committee has been called to consider House Joint Resolution No. 201, to provide for the remission of further payments of the annual installments of the Chinese indemnity.

Before we proceed with the hearing, I would lie to put a statement in the record.

The bond from China to the United States is in the sum of $24,440,778.81. The bond is dated December 15, 1906, but the interest thereon begins, according to the terms of the bond, on September 7, 1901, the date of the signing of the protocol. By joint resolution of Congress of May 25, 1908, the payment to be made by China under said bond was limited to the sum of $13,655,492.69, with interest at 4 per cent and the remainder of the indemnity was remitted as an act of friendship. Of this $13,655,492.69, the further sum of $1,175,835.64, was remitted when the remaining outstanding claims of American citizens had been paid in full by China, thus making a net liquidated debt of $12,479,657.15. Of this amount China has paid $12,413,499.79, leaving a balance of $6,137,552.90. If the payments so far made are all credited to principal, China
would owe $66,158 of the principal debt, as shown by the following calculation:

<table>
<thead>
<tr>
<th>Indemnity due July 1, 1901</th>
<th>$12,479,657.05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest, 1902, 1903, and 1904</td>
<td>$1,497,558.84</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$13,977,215.89</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Receipts, 1903-4</th>
<th><strong>$1,850,674.88</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Indemnity due July 1, 1904</th>
<th>$12,026,541.01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest 1905</td>
<td>$481,061.64</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12,507,602.65</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Receipts 1905</th>
<th><strong>$1,128,200.04</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Indemnity due July 1, 1905</th>
<th>$11,379,402.61</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest 1906</td>
<td>$455,176.10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$11,834,578.71</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Receipts, 1906</th>
<th><strong>$1,493,278.74</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Indemnity due July 1, 1906</th>
<th>$10,341,299.97</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest 1907</td>
<td>$413,652.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10,754,951.97</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Receipts, 1907</th>
<th><strong>$1,438,841.36</strong></th>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Indemnity due July 1, 1907</th>
<th>$9,316,110.61</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest, 1908</td>
<td>$372,644.42</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$9,688,755.03</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Receipts, 1908</th>
<th><strong>$1,013,606.36</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Indemnity due July 1, 1908</th>
<th>$8,675,148.67</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest, 1909</td>
<td>$347,005.95</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,022,154.62</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Receipts, 1909</th>
<th><strong>$892,974.91</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Indemnity due July 1, 1909</th>
<th>$8,129,179.71</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest, 1910</td>
<td>$325,167.18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,454,346.89</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Receipts, 1910</th>
<th><strong>$533,535.52</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Indemnity due July 1, 1910</th>
<th>$7,920,811.37</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest, 1911</td>
<td>$316,892.45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,237,643.82</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Receipts, 1911</th>
<th><strong>$533,473.49</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Indemnity due July 1, 1911</th>
<th>$7,704,170.33</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest, 1912 and 1913</td>
<td>$616,335.62</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,320,505.95</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Receipts, 1912 and 1913</th>
<th><strong>$749,581.67</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Indemnity due July 1, 1913</th>
<th>$7,570,924.28</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest, 1914</td>
<td>$302,836.97</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7,873,761.25</strong></td>
</tr>
</tbody>
</table>

<p>| Receipts, 1914 | <strong>$806,083.88</strong> |</p>
<table>
<thead>
<tr>
<th>Indemnity due July 1, 1914</th>
<th>$7,067,677.37</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest, 1915</td>
<td>282,707.00</td>
</tr>
<tr>
<td></td>
<td>7,350,384.46</td>
</tr>
<tr>
<td>Receipts, 1915</td>
<td>535,260.60</td>
</tr>
<tr>
<td>Indemnity due July 1, 1915</td>
<td>6,815,123.86</td>
</tr>
<tr>
<td>Interest, 1916</td>
<td>272,604.95</td>
</tr>
<tr>
<td></td>
<td>7,087,728.81</td>
</tr>
<tr>
<td>Receipts, 1916</td>
<td>533,238.47</td>
</tr>
<tr>
<td>Indemnity due July 1, 1916</td>
<td>6,554,490.34</td>
</tr>
<tr>
<td>Interest, 1917</td>
<td>262,179.61</td>
</tr>
<tr>
<td></td>
<td>6,816,669.95</td>
</tr>
<tr>
<td>Receipts, 1917</td>
<td>535,070.09</td>
</tr>
<tr>
<td>Indemnity due July 1, 1917</td>
<td>6,281,599.86</td>
</tr>
<tr>
<td>Interest, one-half year to Dec. 31, 1917</td>
<td>125,631.99</td>
</tr>
<tr>
<td></td>
<td>6,407,231.85</td>
</tr>
<tr>
<td>Receipts, one-half year to Dec. 31, 1917</td>
<td>269,679.76</td>
</tr>
<tr>
<td>Indemnity due Jan. 1, 1918</td>
<td>6,137,552.09</td>
</tr>
</tbody>
</table>

**RECAPITULATION**

<table>
<thead>
<tr>
<th></th>
<th>12,479,657.05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indemnity</td>
<td>18,551,051.86</td>
</tr>
<tr>
<td>Interest</td>
<td>262,179.61</td>
</tr>
<tr>
<td>Total receipts</td>
<td>12,413,499.77</td>
</tr>
<tr>
<td>Balance due</td>
<td>6,137,552.09</td>
</tr>
</tbody>
</table>

Mr. Moore of Virginia. What rate of interest does the bond carry?

The CHAIRMAN. Four per cent. The account of the War Department in the sum of $7,186,310.75 and the account of the Navy Department in the sum of $2,469,181.94 were included in the bond, making the total amount on account of military operations $9,655,492.69. I have photostatic copies of these two accounts, and if there is no objection they will be made a part of the record. We will take them up for consideration after we have heard the witnesses.

(Account of the War and Navy Departments follows:)

WAR DEPARTMENT,  
Washington, June 15, 1907.

Sir: Replying to your letter of May 11, 1907, I have the honor to hand you herewith, as requested, a revised estimate of the definite amount of expenditures under the War Department incident to the Chinese relief expedition in 1900. By reference to the estimate submitted March 23, 1901, a copy of which is herewith inclosed, it will be noted that the total amount then estimated is $9,336,642.06. Among the items which went to make up this amount was a charge, pertaining to the Quartermaster's Department, of $5,426,808.22; this was an error due to the inclusion of $1,172,553.34 for supplies, services of vessels, etc., started for China but diverted to the Philippines; and of $817,660 for supplies sent to China but subsequently returned to San Francisco. De-
ducting these two amounts it will be seen that the total amount of expenditures, as estimated in 1901, should have been $7,846,428.72.

In the revised statement which accompanies this letter this amount has been still further reduced to $7,186,310.75, due to the more complete and detailed information which is now in the possession of the department.

In department letter of March 23, 1901, an estimate was made of $2,000,000 for pensions to officers and men of the expedition for disabilities incurred in the line of duty and for pensions to the widows and dependent relatives of officers and men of the expedition who were killed in action or died of wounds or disease incurred in the line of duty. It was stated that it was impossible at that time to make as correct an estimate of these charges for pensions as could be made later, and it will be observed that in the revised estimate now submitted the item of pensions is fixed at $2,650,133, which is the best estimate the department can make after full and careful consideration of all the facts in the case and the most expert advice obtainable on the subject.

Very respectfully,

ROBERT SHAW OLIVER,
Acting Secretary of War.

The SECRETARY OF STATE.

Estimated cost of China relief expedition (as submitted March 23, 1901)

War Department: Deposited at Hongkong to credit of General Chaffee for contingencies ........................................... $10,000.00
Quartermaster General's Department: Transportation, equipment, etc., of troops, animals, and supplies ........................................... 15,426,808.22
Subsistence Department: Expended by commissaries in China, Philippines, and United States ........................................... 674,147.82
Medical Department: Value of supplies and cash expended ........................................... 146,640.00
Pay department:
Pay of officers and enlisted men ........................................... $601,019.20
Mileage to officers ........................................... 15,483.30
Ordinance Department:
Value of equipment now available for use of United States ........................................... 366,035.47
Value of equipment lost, etc., and ammunition expended ........................................... 13,715.34
Estimated loss by companies not yet reported ........................................... 3,555.79

Signal Corps:
Equipment ........................................... 19,142.00
Funds disbursed ........................................... 4,500.00

Engineer Department: Equipment of Engineer troops ........................................... 480.22
Telegraphic service (this does not include dispatches which passed between Manila and China and Japan) ........................................... 55,114.70
Consequential expenses: Pensions to officers' and enlisted men's widows; pay of retired officers, wounded and disabled in service; pensions to enlisted men, wounded and disabled in service ........................................... 2,000,000.00

Total cost ........................................... 9,336,642.06

Note.—Chief of Ordnance does not include in his report the cost of ordnance supplies, etc., shipped to China but diverted to the Philippines.

1 This amount erroneously includes $1,172,553.34 for supplies, services of vessels, etc., started for China but diverted to the Philippines, and $317,660 for supplies sent to China but subsequently returned to San Francisco. The correct amount of the item for the Quartermaster's Department should therefore be $3,936,594.88, and the correct total cost should be $7,846,428.72.
Definite and final estimate of expenditures under the War Department as revised June 15, 1907

Expended by General Chaffee ........................................ $1,484.35
Quartermaster's Department .......................................... 3,756.75
Subsistence Department .............................................. 550.24
Medical Department .................................................... 36,776.36
Pay Department ......................................................... 53,564.72
Ordnance Department ................................................... 58,444.69
Signal Corps ............................................................ 23,642.00
Engineer Department ............................................... 480.22
Telegraph service .................................................... 55,114.70
Consequential expenses: Pensions to officers and enlisted men and to their widows and dependent relatives growing out of deaths and disabilities incident to the expedition ........................................ 2,650,133.00

Total .............................................................................. 7,186,310.75

NAVY DEPARTMENT,
Washington, June 11, 1907.

SIR: I beg to transmit herewith a tabulated statement of the cost to the Navy, including the United States Marine Corps, of the operations in China during the Boxer troubles of 1900. The figures are approximately exact, the final entry—estimate of pensions—is based upon figures given at a conference with experts of the Bureau of Pensions drawn from their experience.

I have the honor to be,
Very respectfully,

TRUMAN H. NEWBERRY,
Acting Secretary.

The SECRETARY OF STATE.

NAVY DEPARTMENT,
BUREAU OF SUPPLIES AND ACCOUNTS,
Washington, D. C., June 11, 1907.

Memorandum for the Secretary of the Navy.
Department's indorsement No. 6320-72, of May 14, 1907.

The following statement gives the cost to the United States Government of the Navy and Marine Corps in China incident to the Boxer troubles of 1900: Cost of commission of the following vessels of the Navy, including transports (from statement of the Paymaster General dated January 26, 1901):

While at Taku:

Brooklyn ................................................................. $151,620
Newark ................................................................. 68,350
New Orleans ......................................................... 113,200
Yorktown .............................................................. 37,120
Nashville .............................................................. 93,035
Castine ................................................................. 40,470

$503,795.00

Transports:

Buffalo ........................................................................ 14,680
Solace ......................................................................... 34,900
Zafiro .......................................................................... 16,000
Iris ........................................................................... 21,500

87,080.00

While in China:

Oregon ........................................................................ 210,460
Monterey ................................................................. 130,000
Monadnock .............................................................. 17,350
Don Juan de Austria .................................................. 44,000
Wheeling ................................................................. 9,180
Princeton ..................................................................... 57,230
Helena ...................................................................... 21,220

489,440.00
The cost of temporary repairs to Oregon, including charter of steamers, lighters, pumps, services of divers, docking expenses, and repairs ................................................................. 49,109.50
Repairs to the Oregon after her return to the United States, to put her in as good condition as when ordered to China ................................................................. 165,599.41
Cost of medical supplies furnished by the Bureau of Medicine and Surgery to vessels at Taku and in China, and to the naval hospital at Tien-Tsien, China ................................................................. 11,660.25
Cost to the Marine Corps in connection with the Chinese relief expedition, including quartermaster's stores, transportation, and extra pay to officers and enlisted men for foreign service ................................................................. 255,738.00
Cost of maintaining the naval station at Cavite properly chargeable (20 per cent of total cost for the year) ................................................................. 106,759.78
Estimated pensions due to deaths, wounds, and physical disabilities growing out of the campaign, 100 pensioners at $200 per annum each for 40 years ................................................................. 800,000.00

Total ........................................................................................................... 2,469,181.94

Casualties in China

<table>
<thead>
<tr>
<th></th>
<th>Officers</th>
<th>Enlisted men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Killed in action</td>
<td>2</td>
<td>30</td>
</tr>
<tr>
<td>Died of wounds</td>
<td>1</td>
<td>16</td>
</tr>
<tr>
<td>Died of disease</td>
<td>1</td>
<td>46</td>
</tr>
<tr>
<td>Died of accident</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Suicide</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Wounded</td>
<td>7</td>
<td>170</td>
</tr>
</tbody>
</table>

Maximum number of men on service in China at any one time

<table>
<thead>
<tr>
<th></th>
<th>Officers</th>
<th>Enlisted men</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>185</td>
<td>5,565</td>
</tr>
</tbody>
</table>

Mr. Moore of Virginia. As a preliminary question, has China admitted the claims?

The Chairman. Yes.

Mr. Moore of Virginia. They are undisputed?

The Chairman. Yes; they are undisputed. The correspondence will throw considerable light on that.

Mr. Temple. The protocol settled that?

The Chairman. Yes.

STATEMENT OF PROF. LUCIUS C. PORTER, DEPARTMENT OF CHINESE, COLUMBIA UNIVERSITY, N. Y.

The Chairman. Professor, how long have you been connected with Columbia University?

Mr. Porter. For two years, or since July 1, 1922.

The Chairman. Were you ever in China?

Mr. Porter. I was born in China, and lived there most of my life, being particularly engaged in educational work at Peking and vicinity since 1908. Since 1918 I have lived in Peking and am a member of the staff of Peking University.

The Chairman. Will you kindly give the committee a statement of your views on this House Joint Resolution 201?

Mr. Porter. It seems to me the resolution is to be supported as an act of friendship toward China, in accord with the previous
action in the remission of a section of the indemnity in 1908. The value that has come from that remission, through the use that the Chinese Government has made of those funds in sending students to America and in educational ways, has been so considerable that the British Government and Japanese Government, and some other countries, following the example of the United States, are considering the remission of their indebtedness, and in some cases have taken steps looking to such remissions. Thus the friendship that the United States showed for China in 1908 has not only had the advantages that have come directly through educational facilities which China has developed by the use of the remitted funds, that friendship has also stimulated similar acts of friendship by other countries, so that advantages of a very greatly cumulative sort will result. It seems to me that the United States could do nothing of greater importance at the present time than to show its friendship to China by making this further remission.

Mr. Moore of Virginia. What other governments have actually remitted debts due from China?

Mr. Porter. I think that a decision for such remission has been arrived at by the British Government and the Japanese Government. I believe that the negotiations between the Chinese and Japanese Governments as to the form in which that remission shall be used by China have been carried on, but I am not sure whether an agreement has yet been reached or not.

The Chairman. The bond provides for a certain number of annual payments, running over a period of approximately 39 years. The payments to the United States were suspended at the beginning of the war in 1917.

Mr. Porter. I believe the payments for educational purposes have been continued.

The Chairman. I am coming to that. That is a point I wanted to bring out. Now, while we allowed China to suspend payments in 1917, she still continued to contribute regularly toward the support and maintenance of this school.

Mr. Porter. Yes, sir.

The Chairman. Are you familiar with that college?

Mr. Porter. Yes, sir; I know generally of its work. I am well acquainted with its staff and many of its students.

The Chairman. Where is it located?

Mr. Porter. It is located just a few miles outside of Pekin, on the northwest side.

The Chairman. Is it maintained in whole or in part by money remitted by the United States?

Mr. Porter. So far as I know, it is maintained entirely by funds remitted by the United States.

Mr. Moore of Indiana. What college do you refer to?

Mr. Porter. Tsing Hua College. It is named for the old Manchu park in which it is located. The course of education there from the beginning has been planned on American models. At the present time they have classes in what we call the high-school grades with the first and second years of college work. I think the students from Tsing Hua are usually graded as having completed the sophomore work of American college courses. In general, they are very well
trained, particularly in the use of English, and in subjects that correspond to our American courses. They do not have as complete training in Chinese as some people would think desirable.

Mr. Rogers of New Hampshire. How large an institution is it?

Mr. Porter. I do not recall what the student body is at the present time, but I should say there must be in the neighborhood of 500 students.

Mr. Temple. What is the number employed in the teaching force?

Mr. Porter. I should think about 50 or 60, counting those who teach the Chinese classes as well as the staff teaching western subjects.

The Chairman. A great many of the students complete their education in the United States?

Mr. Porter. Practically all of those who finish the course of study there, come to the United States.

Mr. Cole. Has it had a perceptible influence upon the Government in China?

Mr. Porter. It is rather too early for those particular students to have much influence upon the government. The institution as a whole has a certain influence upon the government. But for the most part, the graduates are still young men. They have not arisen to the important positions in the government as may be expected of them in the future. On the other hand older men who were trained in America have a very great influence in the government. Such men occupy some of the most important posts. The influence of such men indicates what may be expected from the graduates of Tsing Hua College as they advance in experience and maturity.

Mr. Moore of Virginia. In order to link up the previous remission with this question, was that remission conditioned upon the use of the funds for the support of this college?

Mr. Porter. No, sir; there were no conditions attached to it at all. The chief significance of the act of the American Government lay in the fact that the indemnity was remitted as an act of real friendship, without any attached conditions. The Chinese Government responded in a friendly way, and made use of the funds for educational work in relation to educational facilities in the United States.

Mr. Moore of Virginia. Do you mean that the Chinese Government appropriated a corresponding amount for educational purposes?

Mr. Porter. I mean that the Chinese Government made use of the remitted funds for educational purposes with a view to sending students to the United States for further study. There were no conditions imposed by the United States when the funds were remitted.

Mr. Temple. Was there not an understanding, however, without any legal obligation, that the money would be used for that purpose?

Mr. Porter. I do not know about that. There may have been informal discussions on the point.

Mr. Temple. Prior to making the remission?

Mr. Porter. I do not know.

Mr. Temple. Are you familiar with the efforts of Mr. Arthur Smith along this line?
Mr. Porter. Yes, sir; he was for a long time a missionary in China. The original suggestion for remitting the indemnity came from Doctor Smith.

Mr. Cole. Let me ask you for a little information: Are any of these sums that are paid by China upon that bond put into the United States Treasury, or have any of the payments made by China been covered into the United States Treasury?

The Chairman. Certainly; $12,413,499.77 has been paid to the United States.

Mr. Cole. I thought that they devoted this money to educational purposes.

The Chairman. No, as you understand, when the remission under the Roosevelt administration was made in 1908, the Executive order of December 28, 1908, contained three schedules. Schedule A shows the amount which China was to pay each year, according to the original bond; schedule B shows the amount that she was to pay the United States under the executive order. All payments by China up to the present time amount to $12,413,499.77 and schedule C shows the amount remitted each year.

(The Executive order follows:)

EXECUTIVE ORDER

Pursuant to the authority of the joint resolution of Congress to provide for the remission of a portion of the Chinese indemnity, approved May 25, 1908, I hereby consent to a modification of the bond for $24,440,778.81, dated December 15, 1906, received from China pursuant to the protocol of September 7, 1901, for indemnity against losses and expenses incurred by reason of the so-called Boxer disturbances in China during the year 1900, so that the total payment to be made by China under the said bond shall be limited to the sum of $13,655,492.69 and interest at the stipulated rate of 4 per cent per annum, and that the remainder of the indemnity to which the United States is entitled under the said protocol and bond be remitted as an act of friendship, such payment and remission to be made at the time and in the manner hereinafter provided, which I deem to be just, that is to say:

In accordance with the plan of amortization annexed to the original indemnity bond the amounts payable hereafter by China to the United States would be as set forth in the schedule, annexed hereto, marked "Schedule A," and identified by the signature of the Secretary of State.

I have caused an account to be made by the Treasury Department, in which the payments already made under the original bond are credited as against a debt of $13,655,492.69, with interest at 4 per cent per annum beginning July 1, 1901, in lieu of the original sum specified in the bond; and I find that after such credits and including in such credits the sum of $85,223.04, which it is assumed will be paid on the 1st day of January, 1909, there will remain on that day to be paid and retained by the United States in satisfaction of the sum of $13,655,492.69 and interest thereon the sum of $9,644,367.60.

It also appears by the said new account that the payment to and retention by the United States of the sums specified in the paper hereeto attached, marked "Schedule B" and identified by the signature of the Secretary of State, will satisfy the principal and interest of the said sum of $9,644,367.60 by the end of the period contemplated in the original plan of amortization. And I direct that after the said 1st day of January, 1909, from the several payments made under the said bond of December 15, 1906, in accordance with "Schedule A," there be retained and paid into the Treasury of the United States only the sums specified in "Schedule B"; and that the remainder of the said several payments so made by China in accordance with "Schedule A" over and above the sums specified by "Schedule B" be returned by indorsing back the drafts therefor or otherwise, and thus remitted to the Government of China. The sums to be so returned in each year will be as stated in the paper hereto attached marked "Schedule C," identified by the signature of the Secretary of State.
The provision contained in the original bond for an adjustment of interest because payments are made monthly instead of semiannually will continue to be applicable to the payments of the sums specified in "Schedule B."

In witness whereof, I have caused the seal of the United States to be hereunto affixed.

Done at Washington, this 28th day of December, 1908.

[Seal.]

THEODORE ROOSEVELT.

By the President:

ELIHU ROOT,

Secretary of State.

[No. 999]

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Schedule A, referred to in the Executive order of the President, dated December 28, 1908.

ELIHU ROOT, Secretary of State.

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Schedule B, referred to in the Executive order of the President, dated December 28, 1908.

ELIHU ROOT, Secretary of State.
In reply to your question, Mr. Moore: Schedule C fixes the amount to be retained by China each year, and Schedule B shows the amount which she is required to pay by the resolution of Congress.

Mr. Moores of Indiana. When was this College of Tsing Hua established?

Mr. Porter. I do not recall when they first graduated students. The staff was sent out and the plant for the development of the work began, I should say, in 1910 or 1911, very shortly after the remission.

The Chairman. What is the name of the college at Nanking?

Mr. Porter. There are two; the Nanking University, which is a Christian missionary college, and the Southeastern University, which is a Chinese Government university.

The Chairman. They have a magnificent building.

Mr. Porter. I imagine you have in mind the Nanking University Building. That is a Christian missionary university. That is also a very successful college.

The Chairman. By whom was it built?

Mr. Porter. That was built by a union of missionary societies.

Mr. Moores of Indiana. Where is Yali University?

Mr. Porter. Yali University is at Chang Sha, in Hunan. That is an American educational institution.

Mr. Aldrich. If this fund is to be remitted for educational purposes, could it not be administered as effectively through American agencies as it could by the Chinese Government itself?

Mr. Porter. I should not say so. Such foreign administration would be regarded by the Chinese as an insult to the Chinese Government. It seems to me that at the present time the United States should show her confidence in China by her action. Informal discussions might be carried on with the Chinese Government regarding provision for use of the remitted funds. It would certainly be far more advantageous to China and to the United States to make it a real remission, without conditions.
Mr. Aldrich. Has that question been brought up—that this money should be remitted and used for educational purposes?

Mr. Porter. So far as I know, it has not. The Chinese with whom I have had conversation have indicated very strongly the impropriety of any Chinese proposals for the use of remitted funds prior to the decision of Congress.

Mr. Aldrich. Of course, I did not mean an insult to the Chinese, but I wondered if that would be a satisfactory way of doing it.

Mr. Porter. I do not think it would be. They would regard it as an insult to them.

Mr. Aldrich. I was referring simply to the suggestion that it be used for educational purposes, but without any suggestion that the Chinese were incapable of managing it themselves.

Mr. Porter. I did not mean it in that way.

The Chairman. Evidently the answer to that is this, that notwithstanding all the troubles that China has had during the last 10 years she has never failed to make the payments for the support of this school.

Mr. Porter. I think it is proper to state further in addition that during those very years of chaos in China the development of educational interest and of provision for more general, more modern, and more effective education in China has been astonishing. The political chaos in China is not representative of the vital forces at work in China. The administration of the remitted funds for educational purposes could be done very effectively by the Chinese themselves through Chinese organizations already at work.

Mr. Rogers of Massachusetts. Are you in favor of the United States remitting all of the debt that other countries of the world owe it?

Mr. Porter. That question is, of course, not definitely related to China. If you want my personal opinion on that subject, I would say that from what I learned of the economic and financial laws related to the question probably the best advantage to the United States commercially and financially would come from some sort of cancellation of debts.

Mr. Rogers of Massachusetts. Let me put my question in this way: I will state that I am not in favor of a general remission of the debt which the European belligerents in the late war and some other countries owe to us. Now, assuming that position, if you please, how could I justify my support of this particular resolution?

Mr. Porter. On the grounds that the Boxer indemnity was in no respect a debt. The debt of the European countries to the United States represents funds borrowed from the United States under a definite financial understanding. The sum involved in this Boxer indemnity represents a sum demanded by the foreign powers from China. A large part of it was to cover the expenses of the navy and of military expeditions in connection with the Boxer outbreak and to cover losses of American citizens incurred at that time. In very large measure, however, it involved a punitive factor, and it does not seem to be at all comparable with the debts that the European powers owe the United States.

Mr. Rogers of Massachusetts. I would like to know more about that punitive feature of it. Can you develop that point?
Mr. Porter. The information as to that you should get from the report of the negotiations conducted at that time. My impression of it—and it is a matter that I have not verified recently—is that the foreign powers in their discussions with China at that time were inclined to make a demand for a very considerably larger sum than that which was eventually agreed upon, and that the United States, through its representatives, was interested in making the indemnity as light as possible in respect of that feature. I should say that the punitive factor was a very considerable one in the fixing of the amount.

Mr. Cooper. It is my recollection that the demand of the German Government on account of the killing of their diplomatic representative there, or their minister, was distinctly punitive in its character. They added that to the claim. There really would not have been enough, in the ordinary sense of the word, that could be demanded for the killing of a man to satisfy her claim, but what Germany demanded was sufficient money to defray the expense of her military expedition and also to punish the Chinese for killing their minister.

Mr. Cole. Is it true that the payments that have been made to our Government direct cover all the expenses that we incurred on account of the Boxer uprising?

The Chairman. We can take up all those questions later in executive session. The item for the Army and Navy amounts to $9,655,492.69. The statements show that the Navy charged up $2,469,181.94 as the cost of naval operations without a reasonable reduction for the normal expenses of operation. The same may be true of the expenses of the Army.

Mr. Cole. Those expenses have all been covered?

The Chairman. If all the payments made by China ($12,413,499.77) were credited to principal, China would owe on the principal debt $66,159.

Mr. Temple. Is it quite accurate to say that we went there to put down a rebellion? Did we not go there to save our diplomatic and other representatives and missioneries?
Mr. LINTHICUM. Not only that, but to put down what goes under the name of the Boxer Rebellion or invasion. I presume we went in there to save ourselves and to put down this rebellion as well.

Mr. TEMPLE. It was not to put down a rebellion against their Government, but to put down an attack on our diplomatic representatives and missionaries who had taken refuge with them. The Chinese Government should have been able to do that themselves.

Mr. LINTHICUM. And Europe should have been able to do it herself, but she was not.

Mr. COLE. Is it not true that we really went to Europe in order to save ourselves from future attacks that we feared?

The CHAIRMAN. We have four witnesses to be heard, and the time is growing short.

Mr. Rogers of Massachusetts. Can you tell us what were the considerations that induced this Government 15 years ago to remit half of this debt and hold them to the other half of the debt?

Mr. PORTER. No, sir; I can not. If it were an act of grace to forgive one-half of the debt, it would be a greater act of grace to forgive the whole debt.

Mr. CONNALLY. Do you know anything about that, Mr. Chairman?

The CHAIRMAN. I do not.

Mr. Moore of Virginia. You spoke of the Government of China. What do you identify now as the Government of China?

Mr. PORTER. For this purpose, it is proper for us to take the Government which the western powers have recognized and to which they have sent accredited representatives, and that is the Government at Pekin.

Mr. Moore of Virginia. If it is stable.

Mr. PORTER. For every practical purpose, that is the Government, and it controls the greater part of the area of China.

Mr. Moore of Virginia. Is it stable?

Mr. PORTER. Well, fairly stable.

Mr. COOPER. What government would control this money?

Mr. PORTER. The Peking Government, which is the only one that the powers have recognized.

Mr. COOPER. Do you call that a republic?

Mr. PORTER. Yes, sir; just as we call the United States a republic.

Mr. COOPER. If this debt were remitted, would it aid in the strengthening of that republic in China?

Mr. PORTER. My impression is that if this sum were remitted, we could be assured that the Chinese of the finest type and quality would
be concerned, and that the Government at the same time would be concerned, in making such use of this fund as would be really of reconstructive value in China.

Mr. Cooper. Has the Government at Peking officially or otherwise made any representations of the purport of the statement that you have just made, that it would be used for that purpose?

Mr. Porter. So far as I know, not at all.

Mr. Cole. Could we not make that a condition of the remission—that is, that it should be so used? Would that be good policy?

Mr. Porter. It does not seem to me that it would be, any more than it was in 1908. It does not seem to me that it would be a wise policy to lay down any conditions.

Mr. Browne. Have you heard any rumor or have you received any information from over there to the effect that if this resolution passes a certain amount of this money would be used for internal improvements, such as reclaiming lands, etc.?

Mr. Porter. There are a number of schemes for reconstruction and improvement in China that are very worthy and that are being advocated by a great many people. Sometimes foreigners and sometimes Chinese suggest that this sum might well be used for this proposal or that proposal, but I have heard nothing at all from any official source. I myself am not in favor of suggesting any particular plan or scheme as a condition for the remission. It seems to me that a plain, unconditional remission is what is needed.

Mr. Cooper. I agree with you on that.

The Chairman. Mr. Browne, let me call your attention to this language in the resolution:

That the President is hereby authorized, in his discretion, to remit to China as an act of friendship—

And so forth. It leaves the matter entirely discretionary with the President.

Mr. Rogers of Massachusetts. It further provides—and to be at such times and in such manner as the President shall deem just.

Mr. Moores of Indiana. May I ask the chairman or the witness if any part of the damages were apportioned to private individuals for injuries suffered by them in this Boxer rebellion?

The Chairman. Yes; all of those claims have been paid. They amounted to approximately $4,000,000.

Mr. Moores of Indiana. This remits only claims of the Government?

The Chairman. Yes.

Mr. Cooper. In conversation with Chinese at various times I have been told—and I think there is no doubt about the truth of the statements—that the previous remission of a part of the Boxer indemnity money brought the good will generally of China for the United States, and that they felt very grateful to the United States. Is that your understanding of it?

Mr. Porter. Yes, sir.

Mr. Cooper. The friendly feeling of the Chinese for the United States would be enhanced if we remitted the other part of it?

Mr. Porter. Very decidedly.
Mr. Cooper. That would be helpful to this country and at the same time would strengthen the Republic of China which is trying to get on its feet.

Mr. Porter. I think so. It may be worth noting that other powers, such as Great Britain and Japan, have suggested a remission of their indemnities, because of the advantages that they see have accrued to the United States through the friendly feeling that has been cultivated through our remission of a part of the indemnity. Proposals for the remission of these other indemnities by other countries, with a view to the support of educational and reconstructive or commercial interests directly connected with the particular nationality concerned, have not been very much favored by the Chinese. I have met. I simply mention this, not to cast any slight on the other suggestions, but to emphasize the fact that if the United States is interested in securing relations of friendliness with the Chinese, nothing so effective could be done than to make a frank remission of the balance of this indemnity.

The Chairman. Those Chinese boys who attend American colleges and go back to China after being instilled with American ideals do a great deal of good over there, do they not?

Mr. Porter. On the whole, they certainly do.

The Chairman. One other question: Did not the action of our Government stimulate the desire for education in China very greatly?

Mr. Porter. Yes, sir; I think that question can certainly be answered in the affirmative. Of course, the establishment of Tsing Hua College was coincident with a growth of educational interest in China which had its origin in various kinds of schools established there, many of which were conducted by missionary societies. The establishment of Tsing Hua College certainly served to stimulate this educational interest. Moreover, the educational standards which have been maintained by Tsing Hua College have had a very considerable effect upon other educational institutions in China.

Mr. Lincicum. You think that the Chinese Government would resent any stipulation that this money remitted should be used for educational purposes?

Mr. Porter. Well, it seems to me that it would be more honorable and friendly to make the remission without conditions, allowing whatever conditions or arrangements may be necessary to be taken care of informally under the powers that are granted the President under the resolution.

Mr. Rogers of New Hampshire. Is the present Government of China supporting educational interests satisfactorily at the present time?

Mr. Porter. The present Government of China is not as well off as it would like to be. It is having trouble in finding funds for education just as it has trouble in finding funds for various other departments of the Government. The Government certainly wishes to support education. The board of education of China is still responsible for such institutions as the Peking National University. That is one of the leading national reconstructive agencies in China.
Mr. Rogers of New Hampshire. Are the payments being made to this Government now under this indemnity bond?

Mr. Porter. With absolute regularity.

Mr. Rogers of New Hampshire. How often are the payments made?

The Chairman. Monthly.

Mr. Rogers of New Hampshire. In what amount?

Mr. Porter. In the full amount called for.

The Chairman. The Chinese Government prior to 1917 made out two drafts, one to the United States for the amount due the United States and the other for the amount that was remitted. They drew that draft for the remitted amount, and it was indorsed by the American consul and turned over to this college. Is not that the way the thing was done?

Mr. MacMurray. I think both drafts were made to the consul general at Shanghai, and I should say that the consul general indorsed one of them back to the Chinese Government.

Mr. Rogers of Massachusetts. In other words, we have been doing indirectly what it has been suggested we should do directly. I think this resolution should specify that it is for educational purposes. It seems to me that we have compelled them to make out two drafts, one of which is to be indorsed by the United States consul and turned over to this college.

Mr. MacMurray. No, sir; it is not turned over to the college, but to the minister of foreign affairs.

Mr. Rogers of Massachusetts. To be used for the benefit of this college?

Mr. Porter. Yes, sir; but not as a matter of obligation.

Mr. Collins. You spoke about a little over $4,000,000 that was to be paid to private individuals. Do you know who paid that?

The Chairman. The Chinese Government. All of those claims have been paid. All of those claims not connected with the military activities have been paid. For instance, we have an item in there of $2,000,000 for pensions.

Mr. Cooper. Is this Tsing Hua College a Christian institution?

Mr. Porter. No, sir; not at all. It is a college that is supported by the Chinese Government out of these funds. It is entirely nonsectarian. It is not a religious institution. There is absolutely no religious requirement of any kind about it.

Mr. Cooper. It is like a public school?

Mr. Porter. Yes, sir; it is like any other public institution.

Mr. Moore of Virginia. I take it for granted that the current payments are being made by the Peking Government?

Mr. Porter. Yes, sir.

STATEMENT OF DR. A. L. WARNSHUIS, SECRETARY INTER-NATIONAL MISSIONARY COUNCIL, NEW YORK, N. Y.

The Chairman. Where do you reside, Doctor Warnshuis?

Doctor Warnshuis. New York City.

The Chairman. What is your occupation?

Doctor Warnshuis. I was in China from 1900 to 1920; for 15 years I was in South China and for 5 years in Shanghai as a secre-
tary of the national committee representing all the Protestant missionary forces in China. This gave me the opportunity of traveling extensively in China. Since 1920 I have been one of the two secretaries of the International Missionary Council, representing the missionary forces of all Protestant churches, both in America and Europe, with headquarters at London and New York. I being the American secretary am principally in New York.

The Chairman. Will you give the committee your views on this resolution?

Doctor Warnshuis. I would support very heartily the principal statement of Professor Porter in favor of the resolution as an act of generosity on the part of the American Government. I would favor the return of this money to China for the sake of China.

If you will permit me, I would like to make this statement in the beginning: I have mentioned my connection with the missionary forces, but I would like to make plain that the missionary forces have no desire to profit in any way by this action. In 1908, when the former remission was made, the matter was discussed by the representatives of such American missionary societies as were working in China, and they then definitely decided that the matter lay entirely outside of their sphere. For that reason they declined at that time to make any representations, as missionary forces, with reference to this matter. During the last few months, as I have had occasion to talk with various individual representatives of missionary societies in this country, they have indicated that that still was their attitude in reference to this matter. They consider this matter entirely outside of their sphere. While I am connected with the missionary forces I am here simply as an individual interested in the welfare of China and wishing to help them. It seems to me, as Professor Porter has said, that this is a great opportunity for America to show her friendship for China and at the same time to help China to stabilize her Government and to develop a leadership which will make the Government effective in maintaining good order. I hope the assistance may be an offer of spontaneous generosity to China, made in such a manner as to leave no doubt of its friendliness.

I am not interested in any special schemes in China. I hope we shall not try to impose any special American schemes on China. I would like to suggest to the committee that if this money is remitted it be unconditionally remitted. I think it should be left for China to make suggestions regarding its use and that it should be left to the discretion of the President as to whether the suggestions should be carried out.

Mr. Moore of Virginia. Does this resolution follow the form of the resolution adopted previously?

The Chairman. I think so, but I will have to verify that.

Mr. Moores of Indiana. It would simply be a matter of good faith.

Doctor Warnshuis. Yes, sir. I think it is important to emphasize what Professor Porter has said in regard to the good faith of China. During the five years when the payments of this indemnity by China were suspended with the consent of the American and other Governments, the Chinese Government continued to pay the share of the indemnity previously remitted by the American Government, which they had promised to use for educational purposes. That payment
on their part was never suspended. In that China showed her good faith, and I think we can expect the same thing from them again. If we treat China generously in this matter, we may expect that this money will be used faithfully for purposes helpful in the reconstruction of China.

Mr. Rogers of New Hampshire. Your reason for favoring this resolution is because it would be an act of friendship on the part of this Government to the Chinese people?

Doctor Warnshuis. Yes, sir.

Mr. Rogers of New Hampshire. But you do not question that the amount due is a just debt?

Doctor Warnshuis. I would like to concur in what Professor Porter said in that regard. These claims for damages were forced upon China, and the amounts which were asked on account of damages to individuals have been paid. Whether any part of this indemnity is punitive or not, the original amount included compensatory damages.

Mr. Rogers of New Hampshire. You would say that it should be remitted not only as an act of friendship but as an act of justice?

Doctor Warnshuis. Yes, sir.

Mr. Rogers of New Hampshire. In that way, you would differentiate it from the ordinary debts that are due the United States by the European countries?

Doctor Warnshuis. I think it is nothing less than an act of justice to China. We are asking her for something for which the people at the present time are not responsible. The situation in China to-day is very different from what it was in 1900.

The Chairman. We have here a part of the correspondence between Secretary of State Hughes and the Minister at Peking, and I intend later to read it into the record. For your information, I will call your attention to a message of April 8, 1901, as follows:

The President is anxious lest the aggregate of the claims of the different powers should exceed the ability of China to pay. You are, therefore, instructed once more to urge upon your colleagues the desirability of agreeing upon a lump sum not to exceed 40,000,000 pounds to be distributed equitably among the powers, and if an agreement is impossible to resort to the Hague arbitration; this sum to be paid in money and not in territory. The Government is ready to scale its demands in any just proportion which may be accepted by the other powers.

Now, they finally agreed on $333,000,000, which was 40 per cent more than the amount that our State Department said was equitable compensation.

Mr. Rogers of New Hampshire. That was at the time of the previous agreement in 1901?

The Chairman. Yes.

Mr. Collins. Do they make the claim that an part of this money is to be used for the relief of suffering among women and children over there?

The Chairman. No.

Doctor Warnshuis. There is another reason why I think we should make an unconditional return of the money to China. I think we should make it perfectly plain that we are not seeking any direct benefits to American interests in return. They should be made to feel that it is done out of genuine good will and friendship. The danger, it seems to me, that would lie in any conditional return of
this money would be the suggestion that we are really seeking some American benefits. If we did that, we may expect other nations will want to secure similar benefits for themselves, and we would have growing up in China various schemes by various countries, all of them using the Boxer indemnity fund for the promotion of various national benefits. There would grow up a nationalistic rivalry, and this remission of this indemnity would do more harm than good to China. If the United States should continue the policy that it started in 1908, it seems to me it would be setting a precedent that would bring pressure to bear upon other people to follow our example. If we return the indemnity without conditions, then the other nations that are proposing to do the same thing may also make the return in the same way. Our action might have the effect of stimulating them to remit their shares of the indemnity, and further in doing so to impose no conditions.

The CHAIRMAN. Can you state how far the British Government has gone in the way of releasing the balance of its claim?

Doctor WARBUSHIS. So far as I know, the present status of the question is that the Government which was in power in December, 1922, announced its policy as being in favor of releasing the British share of the indemnity for purposes of mutual benefits to China and to Great Britain.

Mr. Moore of Virginia. Have you any idea what the amount was?

Doctor WARBUSHIS. I do not recall, but it was a good deal more than the American share. They have not previously released any part of it.

The CHAIRMAN. You are referring to Great Britain?

Mr. Moore of Virginia. Yes.

Doctor WARBUSHIS. It was explained that that policy, to be made effective, would require an act of the House of Commons. There has been no act passed by the House of Commons, but I understand that in response to a question in the House of Commons within the last few weeks the present Premier reaffirmed that policy. They are still awaiting action by the House of Commons. If the United States should act within the next few weeks it might have the effect of stimulating action on the part of the British Government. One of our objects in releasing our share might be to stimulate similar action by other governments. So the results of our action that would follow would not be limited by the amount of our share that was remitted. We may hope it would stimulate action in China, too. Our remitted share would be the nucleus of funds for work that China would undertake herself. More work would be done by the Chinese themselves, and private and public funds would be added to this amount that is returned, if the matter is administered in the right way. We do not want these funds to be used in any way to relieve China's treasury of other just charges. On the contrary, we hope the result of our action will be to release additional funds for China's welfare—some released by other governments, more given by China herself.

Mr. Moore of Virginia. You make the point that while this resolution does not prescribe conditions, it leaves the President of the United States free to take under consideration such suggestions as were made by the representatives of the Chinese Government.
Doctor Warnshuis. I think so. I would expect that China would make suggestions.

Mr. Connally. On its face, we would appear to be doing a good act through generous impulses, but on the quiet we would exact certain conditions.

Doctor Warnshuis. I do not think that is a fair interpretation of it. We would be returning this money to China, and would not be making any conditions at all.

Mr. Connally. It is left to the discretion of the United States. The language is, "To be at such times and in such manner as the President shall deem just."

Doctor Warnshuis. We may as well face the facts. There are military forces in China that are creating a situation that is very unsatisfactory, and we would not be satisfied to have any of this money used in support of the military forces in China. It seems to me that it would be fair that the President of the United States should have the right to veto such use of the money if proposed at any time. I do not imagine that China would ever suggest such a use of the money, but nevertheless this bill provides a safeguard against any use of that kind.

Mr. Linticu1m. What amounts are now paid by the Chinese Government in those two drafts, or what are the current payments now?

Doctor Warnshuis. As I understand it, the monthly payments are in two checks, one for $45,000 and another for $65,000. My recollection is that the lesser amount is that which is still being given to the American Government.

Mr. Linticu1m. Do you know what part of the Territory of China is under the dominion of the Peking Government?

Doctor Warnshuis. Of course, legally, they claim all of it. The forces that are in rebellion, we might say, are those that are centered at Canton, and they would claim a certain portion of that Province. In the other Provinces you would find military forces that do not recognize the Peking Government.

Mr. Collins. How do you feel about the question that Mr. Rogers asked you in reference to the cancellation by this Government of the European debts?

Doctor Warnshuis. I do not know that my opinion would be of any particular value, but I would think that any debt owed by European or other powers to this country ought to be paid. I would differentiate those debts from this indemnity. This is not a debt, but a fine that we have imposed upon China.

Mr. Aldrich. I can not reconcile your statement that this resolution is unconditional, while it leaves it to the discretion of the President of the United States to provide the manner in which the remitted funds should be used. I should say that if it is a fine that we have exacted from those people, and one that we ought not to have exacted from them, we ought to remit it without any conditions whatsoever.

Doctor Warnshuis. I would be very glad to see that done. The resolution is drawn in such a way as to provide certain safeguards, which may or may not be necessary. I do not think that they are really necessary, but I see no objection to them. I do not think that
China would feel that this resolution in any way limits them in making their suggestions as to how the money should be used. If the suggestions are good ones the President would naturally accept them.

Mr. Temple. You speak of it as though it were a matter of course that any suggestion as to the manner in which this money was to be used by the Chinese Government must come from the Chinese Government. There is no such restriction in the language of the resolution. Under the terms of the resolution the President might make the suggestions.

Doctor Warnshuis. It is entirely within his power.

Mr. Temple. It is within his discretion, because the resolution reads that such remission is “to be at such times and in such manner as the President shall deem just.” The suggestion may come from him as well as from the Chinese Government.

Doctor Warnshuis. Yes, sir; he could make suggestions. The gracious thing, no doubt, would be to ask the Chinese Government to suggest what they would like to do with it.

Mr. Temple. Of course, there will be ways of reaching an understanding.

Mr. Cole. You do not want to be understood as contending that we levied this fine unjustly?

Doctor Warnshuis. No, sir.

Mr. Cole. It was a just demand?

Doctor Warnshuis. Yes, sir.

Mr. Cole. But the conditions have changed so that we could now remit it.

Doctor Warnshuis. Yes, sir.

Mr. Temple. The American Government, through its State Department and its minister at Peking, suggested a certain amount for indemnity, but the other powers insisted upon a higher amount. Shortly after an arrangement was made by which this Government remitted all that part of it which was in excess of the share that this Government would have received if the original suggestion of this Government had been followed.

Mr. Cole. I would not want to support this resolution upon the theory that we did wrong at that time.

The Chairman. No. I think that the misapprehension arises from the fact that this was a bond that we took, and bonds are usually in a penal sum. This bond was in the sum of $24,000,000.

Mr. Temple. We remitted $11,000,000 to start with, which was in excess of the amount of the actual claim.

Mr. Cooper. Just what is the value of the haikwan tael?

Mr. Temple. That depends upon the value of silver.

Doctor Warnshuis. The Haikwan tael is not coined money. It is really an ounce of silver, and its value fluctuates with the value of silver bullion.

Mr. Cooper. The amount was placed at 450,000,000. The Haikwan tael was about 3 marks.

Doctor Warnshuis. I think the original rate of exchange was fixed in the protocol. The market value of the Haikwan tael fluctuates with the bullion value of silver.
Mr. Cooper. How much would the 450,000,000 taels amount to in our money?

Doctor Warnshuis. I think the original protocol fixes the value in gold dollars at a stated rate of exchange.

Mr. Cooper. There is so much due to-day in gold?

Doctor Warnshuis. Yes, sir.

Mr. Cooper. What was the principal sum fixed at that time?

The Chairman. Three hundred and thirty-two million nine hundred thousand dollars.

Mr. Moore of Virginia. Going back to the college feature of it: Is it contemplated that if this resolution should be adopted the President would probably pursue the practice pursued heretofore and arrange for drafts to be drawn periodically which could be turned over for the use of this college? Do you not assume that in all probability that would be the course?

Doctor Warnshuis. I presume that practice would continue—that is, they would draw one draft for $65,000, or whatever the amount might be, and that it would be turned over to the Chinese Government for the benefit of the college and scholarships in America, while the other draft would be turned over in accordance with the new agreement.

Mr. Linthicum. If you do that by another agreement, why not specify it in the resolution itself?

Doctor Warnshuis. It seems to me that it will be necessary to determine first just how the money might best be used, and that would require an investigation. Moreover, I think there is an advantage in keeping the arrangement somewhat more flexible than it would be if the use of the money is determined by legislation. In the course of five years they might find that the conditions had changed, and that they would like to use it in some other way. The use of the money might be made to depend upon the adoption of plans that would insure the institutions functioning properly and producing good results. I think that those are questions that would need consideration and discussion, and that their consideration would only be possible after Congress had acted.

Mr. Aldrich. Then, it would really not make much difference whether we specified it was to be used for educational purposes or not. For instance, if they used this money for educational purposes, there would be that much more money in the treasury of China than could be used for other purposes; and if they used this money for other purposes, they would have that much more money in the Chinese treasury to use for educational purposes, for the support of this university.

Doctor Warnshuis. I rather think that it would be arranged so that they would not relieve the national treasury from any obligations for educational or other purposes. These funds ought to be used in such ways as to provide additional financial resources for reconstructive purposes in China. The progressive forces in China depend for leadership largely upon the men who have been educated in America. We want to encourage them and to give them this practical help.
STATEMENT OF DR. EDWARD H. HUME, PRESIDENT OF YALI COLLEGE, CHANG-SHA, CHINA (AMERICAN ADDRESS, NEW HAVEN, CONN.)

The CHAIRMAN. Doctor Hume, what is your occupation?
Doctor HUME. I am president of Yali College, in China.
The CHAIRMAN. How long have you been in the United States?
Doctor HUME. I went to China in 1905, and that has been my residence for the major part of the time since 1905; but I have been in this country at intervals quite frequently.
The CHAIRMAN. How long have you been in the United States on this last visit?
Doctor HUME. I landed on the 28th of January, last.
The CHAIRMAN. Will you give the committee the benefit of your views on this resolution?
Doctor HUME. Mr. Chairman, there are two phrases in this admirable measure before you of which I should like to speak. They have already been discussed in part, but I should like to say a word in regard to them. The first phrase is—"As an act of friendship"; and the second is—"In his discretion."

May I call attention to the tremendous results that have followed the first remission? I have been living for 19 years in an inland province, which was only opened to foreign trade in 1903; yet in that province, which was opened only after Boxer year, largely as the result of American friendship as expressed in the remission of a part of the indemnity, it has been possible to locate Yali College. The progress that has been made in this province in an educational way is due in considerable measure to the friendly interest that the United States showed to them in this great act of 1908. People are coming in constantly to make inquiries of our educators, even about business matters, and to get advice in regard to educational matters. This is unquestionably due in large measure to the friendliness which was exhibited in that first act of 1908. Look at the educational leadership that is being developed in the various colleges, and consider the fact that such leadership has grown under the influence of men who have returned to China from this country. For instance, take Southeastern University, and you will find that its president is an American-trained man; take Nan Kai University, whose president is also an American-trained man; take the National Government University at Peking, and while the president is not an American-trained man, because the school was established in the old régime, a large part of the staff is composed of American-trained men.

In a very large measure this condition has resulted from the remission of a part of this indemnity in 1908. The Chinese national educational system to-day is being modeled on the American system, largely because of the confidence that has been established through our educational relationships. Prof. Paul Monroe, of Columbia, has had great influence in shaping the Chinese educational system. They have studied our system of education, and the fact that they have adopted it so largely is due to this act of friendliness on the part of our Government in 1908. These results have followed that generous act on the part of this Government.

Tsing Hua College, about which Mr. Porter has spoken, is a direct result of this action in 1908. I was talking with the present pres-
ident of that college and with a former president not long ago, and they called my attention to what has been mentioned here this morning, and that is that while indemnity payments to the American and European Governments were allowed to be postponed during the period of the war, payments to the college, on behalf of its educational program, were not suspended. The program of that college, and the sending of students to the United States, was never discontinued during the war. The understanding regarding the use of indemnity funds has been carried out, without any turning aside, since it was reached in 1908.

Now, in regard to the stimulation of interest, which has been referred to, I would like to call attention to the action of a wealthy rubber planter in south China, who made his money in the South Sea Islands. When he came back, he set aside a considerable sum of money to be used in building a university in southeastern China. While you can not say that that was directly due to the remission of a part of the indemnity in 1908, that served to stimulate interest in giving, and it will continue to have its effect in stimulating local giving for educational purposes in China. Furthermore, the British have discovered that the prestige of America and the friendship of the Chinese for America were greatly increased by this friendly act on our part in remitting this indemnity, and that has moved them to follow our example. These are some of the results that have come to us from that act of friendship.

As to the element of justice that has been referred to, I assume, of course, that you will take this under consideration.

The second point to which I would like to call your attention is the fact that the present need in China is very much greater than it was in 1908. I do not mean that the need is educationally greater, but it is greater in the financial sense. China is under greater financial stress. I have just come back from China, in January. I went out on a special trip of inquiry, and when I reached China the thing that impressed me was that whereas politically she was in great trouble her educators had found the road. When some one asked whether the money would go to the northern or the southern government, Doctor Hume said, "Obviously, if any agreement is made it must be made with the Government at Peking." All of the interests in China that would have any relationship with the spending of this money are united. There may be a north and south politically, but her educational leadership is remarkably democratic and nationally united. As I have said, educationally China has found the road. Not only is there an educational system in operation, but money is being set aside as fast as possible for its extension. Furthermore, they are developing a plan of mass education for adults, and the great leader in this mass educational movement for the education of adults is a man named James Yen, who graduated from Yale University.

As I have said, China has launched her educational program. This further act of friendship on the part of the United States would strengthen her and aid her in a movement that she is much further along with now than she was in 1908. We have simply got to stiffen her up for a little while longer, in order that she may overthrow militarism in time. China has found the road, and her progress is sure.
In conclusion, on this matter of vesting discretion in the President, that seems to me a very admirable phase of the resolution as you have drawn it. That involves the study of a policy by the President. Something has been said about this money being used to aid militarism, and, of course, that would be unfortunate. If this money were remitted, there has been some question as to whether the President would approve some scheme for its use, or would initiate one. These are details that will have to be studied. The Chinese people must give it study and present some scheme that the President will approve. When I was at Peking I had the privilege of meeting with the members of two educational committees which have already been created.

In fact, if the American Government should pass some such resolution as this, these committees would be ready to work through their Government in meeting any suggestions submitted by the American Government, or in any other way complying with wishes that might develop here. This committee I refer to represents two of the strongest educational bodies in China, one of them the National Association for the Advancement of Education in China, and the other the United Provincial Educational Association. They have this committee to represent them, and if any such measures as this should be passed they could proceed through the right channels to present their suggestions to the President of the United States.

I earnestly hope favorable action will be taken on the resolutions, because we need to do what we can for China. We should help her in the things that are strengthening and stabilizing.

Mr. Moore of Virginia. Do you find that the Chinese are as friendly to the United States commercially as they are to other nations?

Doctor Hume. In proportion as our commercial representatives adapt themselves to the Chinese market. Sometimes, as you know, we are a little bit more inelastic than the representatives of other nations.

Mr. Moore of Virginia. Are they less friendly to the United States than to other nations?

Doctor Hume. The opposite is true.

Mr. Rogers of New Hampshire. What is the general feeling of the Chinese Government toward America?

Doctor Hume. Those two college presidents that I referred to awhile ago both said that the potential friendship of China for America was greater than for any other country, but that it was largely dependent upon how our representatives approached issues as to whether that friendship was retained.

Mr. Rogers of New Hampshire. You said "potential" friendship. Is it a fact that they actually have a friendly feeling for the United States and for American visitors?

Doctor Hume. Yes, sir. The point is that if our business men were more elastic they would have a greater advantage.

Mr. Rogers of New Hampshire. Because of the present political upheaval, it is likely to be some years before any assurance can be given that this money would be diverted into educational channels?
Doctor Hume. I do not see it that way. I think there is in essence already a committee ready to make proposals, and if this measure passes, proposals will be submitted to the President.

Mr. Rogers of New Hampshire. Is this committee of which you speak officially connected with the Government?

Doctor Hume. It is not a governmental committee. There are two committees ready to submit proposals, but they are not official Government committees. However, the men on those committees are of such national standing that their action would carry great weight.

Mr. Moore of Virginia. Have you any doubt that the Government at Peking would be willing to approve a plan under which drafts would be drawn as formerly, or that would insure the use of the money for educational purposes?

Doctor Hume. I think they would welcome that safeguard.

Mr. Moore of Indiana. Are we to understand that the Government at Peking is still contributing to the cause of education in the provinces now in rebellion?

Doctor Hume. I should think not, but it is contributing to education wherever there are national universities. There is one at Nanking.

Mr. Moore of Indiana. Are there any national educational institutions in operation in the provinces that are in rebellion?

Doctor Hume. I think there are none called so. There are only two national universities at the present moment, one of them at Nanking, near the center of China.

Mr. Rogers of Massachusetts. Is the influence of students in China as marked in political matters to-day as it has been in the past, and such as the Russian student influence was in the Czarist period?

Doctor Hume. My impression from this present trip is that it is, but that other influences have come up so that the student influence does not stand out.

Mr. Rogers of Massachusetts. What is the student view toward politics in a large way?

Doctor Hume. There are two attitudes, one quite interested in politics and the other not interested. If you look at the student representation in this country, your question is answered in part, because one of the largest groups of Chinese students consists of the students studying politics, economics, and government.

Mr. Rogers of Massachusetts. Does that go back to the period when there was an anti-Japanese movement, a boycott, etc., at which time it was said in the press that the student body of China were in favor of the “China for the Chinese” movement? What is back of the student function in political matters to-day? What is the objective at this moment?

Doctor Hume. The “China for the Chinese” movement is strong and the student is the leader in it. In Peking, Nanking, or any other city you may choose to mention, whenever there is any political issue with England or any other country, or comment on some unfriendly act, the students would be the leaders in the movement to call public attention to it.

Mr. Rogers of Massachusetts. So far as strictly domestic politics are concerned, for example, the conflict between the Peking govern-
ment and the South China government, is the student influence on one side or the other, or is it purely a geographical situation upon which side they are?

Doctor Hume. Politically the student influence is influenced by geographical divisions, but it is constructive. There is a thought constantly in my mind, as educational and other plans are brought forward. There is no north or south in education, banking, agriculture, silk development, or constructive movements generally. Students are members of national organizations rather than of geographical organizations.

Mr. Cooper. Is there a government in operation at Canton?
Doctor Hume. Yes.

Mr. Cooper. What are its officers? Who is the President?
Doctor Hume. The President is Doctor Sun, as you know.

Mr. Cooper. It has a complete governmental establishment, as far as officials are concerned, secretaries of the cabinet, etc.?
Doctor Hume. It is functioning with difficulty, as you know, because Doctor Sun’s right-hand man last year turned in rebellion against him. It is a house divided against itself in Canton.

Mr. Cooper. This Republic was somewhat divided against itself at the close of the Revolutionary War. They did not agree anywhere in any State. There was disorganization for six or eight years. There are two governments hostile to each other there?
Doctor Hume. Yes, sir.

Mr. Cooper. Does the government at Canton collect taxes?
Doctor Hume. It collects a great many taxes.

Mr. Cooper. It has well-defined boundaries in which it exercises its jurisdiction?
Doctor Hume. Varying from time to time according to whether the military chief in the southern group extends his domain or is driven back. It is not fixed at all.

Mr. Cooper. Is the boundary of the other government fixed?
Doctor Hume. I think we must feel that this present political situation in China is not simply north and south. There is a great deal of that, but there are many independent agencies functioning by themselves and trying to establish their power. Thus, Manchuria is in league with the south.

Mr. Cooper. Is the Peking government in between Manchuria and the Canton government?
Doctor Hume. Yes; geographically.

Mr. Temple. Is there any attempt on the part of the south to become a separate government, or does the government at Canton, like that at Peking, claim to be the rightful government of all China?

Doctor Hume. Doctor Sun claims that he ought to be the president for all China.

Mr. Cooper. The same thing is true of the Peking government?
Doctor Hume. The claim of the Peking government is more widely recognized.

Mr. Cooper. There is no attempt to separate China into two nations, each of them so-called central nations claiming to be the true Government for all China?
Doctor Hume. The central government of north China has far wider influence and strength.

Mr. Cooper. And is the one recognized by the foreign powers?

Doctor Hume. Yes. Speaking of Canton—

Mr. Cooper (interposing). But you would not look for boundaries between the two, because neither of them wants any boundary. Each of them wants to be the Government of all China.

Doctor Hume. Yes. It is so in these educational spheres also; even Cantonese doctors belong to the national medical association, and thus strengthen the movement.

Mr. Cooper. Their idea is not to fix the boundaries for either, but each is seeking to get control of the whole. What do you think of the idea of the United States Government remitting some of this money to one of these governments? Would that be looked upon as the United States deciding which of the two ought to be the government of China? Would it be regarded as the United States Government directly showing its friendship for one faction engaged in trouble with the others?

Doctor Hume. I do not see how the question arises so long as we recognize but one government.

Mr. Temple. Which government is it that we receive a minister from?

Doctor Hume. The Peking government.

Mr. Temple. Which government do we send a minister to?

Doctor Hume. The Peking government.

Mr. Temple. We have not recognized the other one at all?

Doctor Hume. No, sir.

Mr. Temple. Then we are already in the position that Mr. Cooper states.

Mr. Moores. Which government pays indemnity?

Doctor Hume. Peking.

Mr. Rogers of Massachusetts. Which government sent delegates to the Limitation of Armament Conference?

Doctor Hume. The Peking government.

Mr. Cooper. I want to get that all in the record that some delegates came here from the Cantonese government to attempt to ask to be admitted to the international conference here. Did some delegates from the Cantonese government seek admission?

Mr. MacMurray. A delegation which was already here before the conference was formed asked that they recognized in that connection, but they never were recognized.

Mr. Cooper. I recall that instance. They were never recognized at all.

Mr. MacMurray. No.

The Chairman. I formed the opinion while in China, especially from contact with students at Nanking, where we met upward of 2,000 of them, that they all seemed to have one idea, and that is it was their duty to secure an education and then help educate their countrymen. Is that your experience?

Doctor Hume. So constantly that just before returning from Yali, established by Yale University graduates there, I saw graduates from our own college going out into the city of Changsha and establishing schools.
The Chairman. I talked to a great many of them, and they all had that one idea.

Doctor Hume. Yes.

Mr. Cole. Is "Yali" the Chinese for Yale?

Doctor Hume. It is a name chosen for us by a very distinguished American not now living, in Peking some years ago.

Mr. Connally. This university you are connected with—is it supported in any part by the Chinese Government or is it an American missionary institution?

Doctor Hume. It was launched by a group of Yale graduates but we have the very happy distinction of having, in our medical work, formed a cooperation with the Chinese. When a college classmate of mine promised to build our hospital, costing over $200,000, and when we showed the blueprints to the Chinese governor and other leaders of that province, they said, "We must match that." To make a long story short, we now have had cooperation in our medical work in Hunan, with the cooperation and approval of the Peking government, for the last 10 years.

Mr. Connally. The academic department is maintained by private funds?

Doctor Hume. Subscription and fees. One-third of our budget is met from local sources.

Mr. Connally. Is it a religious denominational school?

Doctor Hume. It is a Christian college in a broad sense, but not under any denomination. It is under a group of university men.

Mr. Connally. That is very fine.

Mr. Linthicum. When you spoke of Yale, did you mean Yale graduates or Chinese?

Doctor Hume. American Yale graduates. Our vice president is a Chinese Yale graduate.

Mr. Rogers of New Hampshire. How are your present facilities for young men getting education? I have in mind a college in this country that turns away 1,000 or 1,500 every fall because they have not room to take them in. Is there any concerted demand for admission to your institution that you can not supply?

Doctor Hume. There are more students for every department, every grade or college in China, than can be received.

Mr. Rogers of New Hampshire. You can not take them?

Doctor Hume. We can not begin to.

The Chairman. What percentage are refused?

Doctor Hume. Last year we took in the freshman class 83, and 200 applied. Of course, many of them were not fitted, and that is the reason for turning them away, but there is a great demand.

Doctor Porter. In my own institution at Peking, the university proportion was four to one received, and my impression is that in the Chinese institution, those entirely under Chinese control, the proportion is even higher.

STATEMENT OF DR. WILLIAM HIRAM FOULKES, GENERAL SECRETARY OF THE GENERAL COUNCIL OF THE PRESbyterian CHURCH, NEW YORK CITY.

Doctor Foulkes. My present position is general secretary of the general council of the Presbyterian Church.

The Chairman. How long have you held that position?
Doctor Foulkes. I have been in a position, which is the equivalent under a different name for six years.

The Chairman. You have spent some time in China?

Doctor Foulkes. Yes, I spent several months two years ago and my interest in China was greatly accentuated by that visit, but for the last quarter of a century I have had a very definite interest in it. For a number of years I was a pastor on the Pacific coast and have had general church work in the East the last 12 years. One of the particular grounds of my interest has been the service I was able to render during the China famine under the American committee. I was one of the secretaries and went through this country securing funds for the China famine.

The Chairman. Will you give the committee your views on this resolution?

Doctor Foulkes. I desire to amplify in just a word what has been said by my colleagues who have been asked to appear and I want to call the attention of the committee to the fact that we have had an unbroken relation of friendship with China, which dates back to Burlingame and Hay and has been confirmed down through the years by every act of friendship for China.

There is one bit of information that came to my attention a couple of years ago that this committee might like to have. When we were entering the war and attempting to get together as we did a successful welfare fund for our soldiers in the camps and cantonments and when several organizations, Jewish, Roman Catholic, and Protestant got together and we were attempting to raise funds, those in charge of the campaign had the idea that it should be possible to secure a grant from the American citizens who were living in some foreign countries and after some scruples were overruled appeals were made to China for $100,000. There was no thought that the Chinese would make contributions but American business men in Pekin, Shanghai, and elsewhere might make contributions. The fact I discovered and one that is not commonly known is that at that time when the word went over, there was made a most remarkable response on the part of the people of China and I use a single illustration. The people of Tientsin had a quota of $10,000 given to them out of the total of $100,000 and a little group of American business men over there were very heavy-hearted to know how they could go into their depleted pockets. Some were suffering as a result of the war and the going down of the dollar, and to raise $10,000 seemed difficult, when the president of the Chinese merchants' guild came into the room and told them the guild had heard of the American need, that China had entered the war when we did, and had coolies at the front digging our trenches, and that his colleagues had joined together in making a contribution of $100,000, which he put at our disposal. The provincial parliament then in session made a contribution of $100,000, and before Tientsin sent in its quota, it made up over $300,000, and China contributed, out of her people largely, not out of our American constituents, nearly one and a half million dollars toward our welfare fund.

I state this that the members of the committee may know that when the opportunity arose China out of her need manifested that friendship. One who travels in China and has contact with Chinese
groups, and my contracts are purely voluntary—I am not in an official position where I have to do it but I do it because I love to do it—knows that one of the truest things that there is in the heart of the leaders of China is friendship for this country. I can not convey to you adequately the impression that came to me when I had an interview with Doctor Sun, who showed the finest evidence of appreciation of our good will.

The CHAIRMAN. You have no difficulty in understanding that when you visit them.

Doctor Foulkes. I understood it because I had talked of it with the Chinese minister here and with Sherwood Eddy as we toured the country in the interest of China famine relief.

For instance, when in China I had the pleasure of meeting a young man who was graduated from Columbia University, who is now the president of that great southeastern normal university in the city of Nanking. Think of the outreach of his influence over his 3,000 students, with the background of his American training!

The second point to which I desire to give a word of emphasis is the fact that we are not being asked to establish a new precedent. We are only being asked to reaffirm a precedent, and there is no sound evidence to the contrary, in promoting an enterprise, cementing the bonds of friendship. I also want to register my views as being fully in accord with the proposal to make this restoration of the indemnity surplus as unconditional as possible. I see no objection at all to leaving the administrative details and final decision as to the form to the executive head of our Government. I think that is a safeguard that would not be offensive to the Chinese Government at all. I believe it would be very unfair for us to pick out this or that group, or even to use the word “education.” Undoubtedly, the broad educational interests of China will be those ministered to. I assume that some commission or committee—and I am of the opinion that there would be American representation on that commission—would finally be chosen to carry out your directions.

I will add one further word, and that is with regard to the need of China and the opportunity that arises for us to be her friend. I do not want to speak of selfish interest. I frankly believe that if we had no other consideration at issue than our interest as a people, we would be moved to this proposal; but it is not on that account that I support it so warmly. China is trying to become a nation. She is following our footsteps as rapidly as she can. She has in this country to-day 2,200 of her choicest students, and, as I am informed, some 700 of them are Boxer indemnity students, about 500 more come from provincial subsidies, and about 1,000 privately and through the help of friends.

When one sees them as I do, comes in contact with them, and sees them after they have gone back, one realizes that they are messengers of good will, intelligence, and understanding. China is trying to become a nation. She has made progress in the last 20 years comparable to the progress of any nation of the West. When one recalls that in 1880, in our own tax-supported schools of America, there were less than 25,000 students—I refer to our State universities, not to the private institutions—when one realizes that to-day we have a quarter of a million, one is proud of America’s advance in education.
But, gentlemen of the committee, 21 years ago in China there were a very few thousand boys and girls studying what we call western culture in whole or in part. To-day there are 7,000,000, 5,000,000 of them in the Government schools. That means there are 5,000,000 young men and women with their attention turned toward western culture. They are not getting much; their teachers are ill trained; they are not adequately provided for. It seems to me that one of the greatest contributions we can render as a Nation, following past precedents, carrying out our traditions and friendships, establishing no new precedent, is to do this fine and creditable American thing. I do not know when I have heard of a proposition that so completely captured my judgment and heart as this proposal of the chairman of the committee in his resolution.

The CHAIRMAN. Do you believe that the Government of China, being now a Republic, that China having established a Republic and being now engaged in attempting to maintain it, we should do more for her than when she was a monarchy, and encourage her for that reason?

Doctor Foulkes. By all odds. The discriminating word of the most thoughtful men in China, educational and national leaders, is to the effect that China looked to us as the one Nation in the world to whom she might look as a big brother because we are a republic, we are a democracy, and China with all its stolidity has a democratic heart. The Chinese are a peace-loving people, a hard-working people, so are we; they are a practical people, so are we; and, as a matter of fact, while the East is not taking the West for its pure ideal—I heard it said a good many things were wrong—yet the leaders of China who have been over here look to us.

The CHAIRMAN. Many of these statements are true.

Doctor Foulkes. Yes. The interesting thing is that when you talk to an intelligent man in China and he is talking about western government he makes very free to say that his face is turned with eagerness and with evident expectation to America. That is because we have demonstrated our idealism in our treatment of China.

I am glad to be permitted purely as an individual and with no axe to grind, to bear this tribute to the people of China. It is my belief that in doing this thing we would be doing what is very commendable.

The CHAIRMAN. The fact that the United States has always been on the dead square with China and never exploited China, and has never tried to take advantage of China in any way and has tried to help her suppress the opium traffic, might account for the friendship of the Chinese people for the Americans, in view of some of the things that have occurred in the Orient.

Doctor Foulkes. I am very sure that not only this great act will tend to good will, but our unselfish missionary ministry, the fact that through all these years we have sent men and women to teach and to heal and to minister, has inculcated good will. The present proposal is national, entirely apart from any sectarian relations, and to make this contribution simply confirms in the minds of the open-minded Chinese people that America is her friend. One longs to see that relationship continued as this resolution would so splendidly continue it.
Mr. Cooper. This is a good opportunity to establish in the Orient a republic.

Doctor Foulkes. I am very clear that never before has the Orient, or, at least, China, had such an opportunity in the person of her choicest leaders. She is making every effort to establish it and such a contribution as this would be of immeasurable help in establishing in the Orient the very best that the western world has to give.

Mr. Cooper. That seems to me to be the great consideration.

Doctor Foulkes. It is to me. I know of no higher consideration.

Mr. Connally. You did not find any resentment among the Chinese on account of our exclusion laws and things of that kind?

Doctor Foulkes. I did not find it, because that matter did not come up for discussion. I imagine there is a racial resentment. On the part of the leaders, however, there is a clear understanding of some conditions which must obtain. One has this thought in mind. There is a reproach to us. Here are more than 2,200 students, the cream of the cream of China. One tragic fact is that so few of them ever get into our real American homes. They come here and study in our institutions. Some of them go back without much practical training. I believe that our chambers of commerce might do more than they do to see that they get experience in shops and factories, as well as book knowledge, and that they might get into our homes and learn some of the true American spirit. The Chinese people are a proud people and have a long and honorable history. Despite all of that the tokens of friendship are most helpful and inspiring. There is the problem of developing her resources. It is said there is enough coal in one Province in China to last the whole world a thousand years. China has iron, mineral resources in abundance, and the resources of her people in endurance and discipline, if they can only be liberated from certain bondages. It is our judgment that the liberation will come through these opportunities and ideals which have made us great.

Mr. Cole. The Chinese students are not excluded from American social relations?

Doctor Foulkes. I do not mean that they are excluded. They come, and are modest and diffident, and there has been no adequate concerted movement to bring them into normal homes. There may be some race prejudice on the part of our people.

Mr. Cole. I entertained two graduates from Cornell College on their way to Columbia College to a postgraduate course. They told me that if it was a college town they had access to all the homes and social functions the same as the white boys.

Doctor Foulkes. That is true in the college that is located in a small-sized town. It is not so true of our large universities, but our Christian associations and other associations are persistently trying to solve the problem.

Mr. Cole. Those two young men were very grateful for it.

Doctor Foulkes. They are all grateful.

Mr. Cole. They will go back to China with ideas of the American home.
Miss Wood. May I continue what Doctor Hume told you about the National Educational Association? It was founded by Dr. Paul Monroe, of Columbia University, and is the most representative association in China. I know of no educational association that equals it in power. I had the privilege last summer of spending the whole week at this conference and of hearing 400 educators from all over China, representative men, talking on the subject of education. It makes no difference what the government of China is, education is going forward, and as Doctor Pott, one of our greatest American educators, who has been in China for 35 years, said:

The Chinese as a people to-day are going forward educationally, socially, and industrially, in spite of every obstacle. The government is militaristic and unsatisfactory to the people; but we believe it is in a transition stage, as public opinion is strong against it.

As I said, I happened to have the privilege of being at the national educational conference for a whole week. There were about 10 foreigners there, and amongst them four Americans. Every morning the questions of education were debated. The two men who presided were representative men, one a graduate of Columbia and president of the Nankai University. I visited this university and one would have thought it was an American university transplanted into China: it is located in Tientsin, and is up to date, progressive, and everything that reminds one of an American institution. Shortly after, I visited Southeastern University, founded by Doctor Kno, also a graduate of Columbia, and there one can see American educational ideals set forth in every department.

To come back to the National Educational Association, I was present at all the meetings. It was divided in the afternoon into different sections, but in the morning all of these 400 men and women met together. One morning I saw a large group of Chinese gathered around a bulletin board. I said, "What is the cause of the trouble?" they said, "The news is very sad." "What is it?" "International control of railroads."

That morning Doctor Chang arose and said:

Usually this educational organization has nothing whatever to do with politics, but here is something that is very serious that we must take up and seek to remedy. The nations, on account of the Lin Cheng outrage in May, are thinking of taking control of our railroads. The railroads of a country are like the veins of a system. If they are taken from us, what will happen? But the United States is not in this. She is our friend.

America was against it, and because America did not join in they did not undertake the international control of railroads. Probably the suggestion of this National Association for the Advancement of Education, as to the best uses of the Boxer indemnity money for educational purposes, will have great weight. The organization has already unanimously indorsed two plans. One is for a school of applied science to be established in the country, and the other is for the introduction of the American public library into China.

The reason I happened to be in Peking was because I was getting signers to a petition which the Chinese had drawn up in relation to establishing public libraries in China with a portion of the Boxer
indemnity if remitted by the United States. I had the privilege of meeting some of the great leaders in China in connection with this plan: Dr. Wellington Koo (Minister of Foreign Affairs); Dr. C. T. Wong, then negotiating between Russia and China; W. W. Yen, former minister to Germany and former prime minister; and others. I also met the President, Li-Yuan-Hung, and had a most satisfactory interview with him. He spoke highly of America. As I came out from that interview I said to his secretary, “Did President Li-Yuan-Hung care for that picture of George Washington I sent him?” “Yes; he appreciated it very much. He put it up in front of his desk, and if you could go into his office where all the State papers are written you would find there the picture of George Washington in a prominent place.” You can see from these few examples the attitude of some of the highest men of China toward the United States. I found this same feeling everywhere I went. This petition had 145 names, and with the exception of about 35 I visited personally, every one of these men, the highest officials in Peking, in Shanghai, in Nanking, Hankow, Wuchang, Tai Yuhn, etc., educators, business men, prominent bankers, men in the cotton business and other industries, men of different types and from various walks of life. I came to know all of them personally. Every one of those men spoke in the highest terms of the United States and what the United States had done for China. When home on my last furlough I happened to have the privilege of meeting Doctor Thayer, author of the Life of John Hav. He said to me that the greatest stroke by the United States in her whole international history was the open-door stroke. It saved China as a nation. The Chinese realize that we saved their country. As it was expressed by John Hay: “All the nations after the China-Japan War looked upon China as a stranded whale. The nations were coming to get blubber, forgetful that the whale was still alive.” In 1900 John Hay put through the stroke that saved China from being partitioned. Following this, eight years after, we remitted one-half the Boxer indemnity. Wherever I went securing these 145 names to this petition before mentioned, I found the same sentiment toward the United States—“America is our best friend.”

I have been in library work, connected with the Boone University in Wuchang, China, for 24 years. I went out in 1899. There are no books in China so popular as the Life of Washington, the Life of Lincoln, and our other great American statesmen, and books especially that are going to help the Chinese to establish a government like the United States. The Boone University library sends out traveling libraries. We have five public reading rooms and 90,000 readers every year. When the Manchu dynasty was overthrown in 1911 and Gen. Li Yuen Hung, commander in chief of the republican armies, appointed a committee to form a temporary government these lawmakers at once borrowed from our university library Bryce’s American Commonwealth and from that drafted their first constitution, which was modeled as far as possible after that of the United States.

I would like to say, in asking for the remission of this money, that there is no stroke that the United States can possibly put forth that would do more for a sister republic—the Chinese like to call us a “sister republic”—than remitting this Boxer indemnity money. I
was in China during the Boxer uprising. There were probably not more than 100,000 out of the 400,000,000 in the uprising. We were able to continue our educational work in central China in the spring of 1900 and stayed at our station and closed our schools the first week of July. We were protected by our Chinese viceroy, who disobeyed the imperial edict. It was only the Boxers, these fanatics, and the Manchu generals, followers of the Empress dowager, who were responsible for this uprising. The Chinese generals pleaded with the Empress dowager not to rise up, and even the Emperor pleaded with her not to take the step.

The Chairman. Why was it called the Boxer uprising?

Miss Wood. It means the "Righteous Fist Society," translated. They were a lot of fanatics and believed themselves invulnerable. Even the Empress dowager believed this of them.

Mr. Linthicum. The popularity of this resolution before the Members of Congress, and particularly before this committee, is very largely due to Miss Wood's indefatigable work among the membership in its interest.

Mr. Cooper. Yes.

The Chairman. We all agree to that.

Miss Wood. I have seen 400 members of this House and only found 12 politicians. There are no politicians here. I have never mentioned oil in my interviews with the Congressmen, or spoken of subjects that relate to party lines. I have always tried to keep them looking out internationally. I have found 12 men who could not look out nationally or internationally.

Mr. Moore. You have defined the term "boxer." Please define the term "politician."

Miss Wood. A politician is a man without a statesman's vision, either nationally or internationally.

Mr. Connally. I think, in view of the present attitude of the public toward Congress in general, it is well to have that definition in the record.

Miss Wood. I repeat, out of 400 Members I found only 12 politicians.

Mr. Connally. That is, 388 statesmen and 12 politicians.

Mr. Linthicum. If Miss Wood has additional information for the committee, we could give her leave to extend her statement in the hearings.

The Chairman. Certainly, and if the other witnesses have additional statements they may be inserted in the record.

Mr. Rogers of Massachusetts. I suggest we print the various documents which are referred to in the resolution itself, because they ought to be available to all of us.

The Chairman. I will print also the correspondence between the Secretary of State and Mr. Conger in relation to the indemnity.
(And on pages 5 and 6:) “As regards the third point of the negotiations, the equitable indemnification of the various States for the losses and expenses incurred by them in China and in sending expeditory forces to relieve the legations and foreign residents at Peking and restore order, and also the securing of indemnities to societies, companies, and individuals for their private losses through the antiforeign riots, the Government of the United States advocated that the sum total of these indemnities should not exceed a reasonable amount, well within the power of China to pay. After careful inquiry you reached the conclusion that with her present resources and liabilities China could not pay as indemnities to the powers more than $200,000,000, and that the exacting of any larger amount would not only entail permanent financial embarrassment on the country but might possibly result in either international financial control or even loss of territory. The representative of the United States was instructed accordingly, and he was further told that in the opinion of our Government the amount should be asked of China by the powers jointly, without detail or explanation, and afterwards divided among them according to their losses and disbursements. You also stated that every facility of payment should be accorded China, and that the debt should be paid by bonds issued at par and bearing 3 per cent interest and running for 30 or 40 years.

“Though it became necessary, after protracted discussion in the conference, to accept the proposition of the other powers to demand of China the sum total of their losses and disbursements, reaching the enormous sum of $333,000,000, our insistence in pressing for a much lower sum, and the weight of the arguments adduced in favor of such a policy, resulted in closing the indemnities at the above lump sum, when they bid fair to go on swelling indefinitely. This, and the acceptance of your suggestion that the indemnities be paid in bonds issued at par and running for 40 years, resulted in saving a vast sum to China, hastened the evacuation of the country by the expeditory forces and the restoration of order and of normal relations with the Chinese Government.”

(Page 359:) On January 29, 1901, Hay cabled Conger, American minister at Peking:

“First, to have a lump sum agreed upon as indemnity by the ministers; second, to have this sum made as reasonable as possible. According to the best information obtainable here the Chinese Government can not possibly pay more than $150,000,000. This will probably necessitate a scaling down of the demands of the different powers; third, Mr. Conger will insist, when the lump sum is agreed upon and granted, that a fair proportionate share of it be allotted to the United States, its equitable distribution to the claimants to be undertaken by the United States Government; fourth, he will propose, in case of protracted disagreement over the indemnity, that the matter be submitted to arbitration, as provided by The Hague rules.”

(Page 362:) On February 19, 1901, Hay again instructed the American minister by cable to endeavor “to make the indemnity as moderate as possible.”

(Page 366:) On March 21, 1901, Hay instructed the American commissioner by cable: First, to have the total kept within the limit of 40,000,000 pounds, and, secondly, that the sum be demanded in a lump of China without either the grounds of the claims or the proportion claimed by each power being itemized, leaving the proportionate distribution to be settled among the powers.

(Pages 367 and 368:) On April 8, 1901, Mr. Hay to Mr. Rockhill (telegram):

“The President is anxious lest the aggregate of the claims of the different powers should exceed the ability of China to pay. You are therefore instructed once more to urge upon your colleagues the desirability of agreeing upon a lump sum not to exceed 40,000,000 pounds, to be distributed equitably among the powers, and if the agreement is impossible resort to Hague arbitration. This sum to be paid in money and not in territory. This Government is ready to scale its demand in any just proportion which may be accepted by other powers.”

(Page 370:) On April 29, 1901, Hay again cabled the American commissioner “to favor moderation both in amount and terms of payment.”

(Page 371:) United States expert also gave his opinion that the aggregate of the indemnity should not exceed $200,000,000. A larger amount would threaten bankruptcy or promote discontent and disorder in the country.

(Page 370:) On May 7, 1901, Rockhill reported that the diplomatic body decided to inform the Chinese Government that the total disbursement of the powers amounted to about 67,500,000 pounds.

(Page 371:) To this report Hay replied on May 10, 1901:

“The aggregate sum mentioned appears exorbitant, and repeats that this Government is willing to reduce by one-half its already reasonable claim if
the other powers will make similar reduction. There are grave objections to joint guaranty, but the President would agree to it, subject to the action of Congress, rather than submit China to the necessity of paying so enormous a commission. Mr. Rockhill's suggestion in regard to reducing the total amount, with compensating commercial advantages, is strongly approved.

The President wishes Mr. Rockhill to propose that each power accept bonds of China without international guaranty. Such bonds should be accepted by this Government at 3 per cent, without commission, for its share of indemnity."

(Page 371:) United States proposed the indemnity should be 200,000,000 taels. Great Britain proposed it to be 400,000,000 taels at 4 per cent.

(Page 372:) May 22, 1901, Hay instructs Rockhill accept 400,000,000 at 3 per cent interest if nothing better can be obtained.

(Pages 372 and 373:) Rockhill reports on May 25, 1901, "Diplomatic body in Peking would soon agree to limit indemnity to 450,000,000 taels.

(Page 373:) Hay replied instructing Rockhill to urge arbitration by The Hague Tribunal.

(Page 225:) The amount of the indemnity is excessive, as shown by the following quotation taken from a letter from the German minister to the other foreign representatives in Peking in his capacity as a member of the committee on payments of indemnities:

"Since, according to unofficial information, the sum of 4,000,000 taels figures on the list of two legations, and since the claims of societies and private individuals are put down with any account being taken of probable or even certain reductions, the commission on indemnities is of opinion that the sum of 450,000,000 hai kwun taels will not be exceeded up to the 1st of July of the present year."

Mr. Cole. Is there a universal language in China?
Miss Wood. No; there are many dialects. Doctor Porter can tell you about that phase.

Mr. Cole. Is there a recognized national language?
Miss Wood. The written language is the same all over China, but there are many dialects in various parts. The written language is always the same.

(Thereupon, at 12.45 o'clock p. m., the committee adjourned to meet again at 10 o'clock a. m., Tuesday, April 1, 1924.)

COMMITTEE ON FOREIGN AFFAIRS,
HOUSE OF REPRESENTATIVES.

April 1, 1924.

The committee met at 10.45 o'clock a. m., Hon. Stephen G. Porter (chairman) presiding.

Mr. LINTHICUM. Mr. Chairman, on yesterday I wired to Dr. Frank J. Goodenow, now the president of the Johns Hopkins University in Baltimore, who was formerly the advisor to the President of China for a great many years. I asked him to come over here and say something to us on this resolution, but he was unable to come and sent this telegram addressed to me:

Regret impossible to be at hearing to-morrow. Hope, however, that your committee will approve resolution to remit to China the balance of the Boxer indemnity fund.

FRANK J. GOODENOW.

The Chairman. I have also a telegram from Representative J. M. Magee, which reads:

PITTSBURGH, PA., April 1, 1924.

FOREIGN AFFAIRS COMMITTEE,
House of Representatives, Washington, D. C.: Unavoidably detained in Pittsburgh, so will be unable to appear before adjourned meeting your committee tomorrow morning with reference to Boxer indemnity bill. I desire the committee to have before it my indorse-
ment of this bill, which I believe of great significance and importance. My information is that all other countries concerned are now considering cancellation payment of balance of indemnity owing them. The attitude of this country to China and of China to us has been one of such extreme friendliness that for us not to act favorably in this matter and do this graceful and, as I believe, deserved thing would be a mistake. I earnestly urge you to report the bill with favorable recommendation.

J. M. Magee, M. C.

STATEMENT OF MR. DWIGHT W. EDWARDS, EXECUTIVE SECRETARY OF THE PRINCETON-IN-PEKING WORK

The Chairman. Mr. Edwards, kindly give your full name and address and occupation to the reporter.

Mr. Edwards. Dwight W. Edwards, 18 East Forty-first Street, New York City; Peking address, care of the Y. M. C. A., Peking, China.

The Chairman. And what is your occupation?

Mr. Edwards. I am executive secretary of the Princeton-in-Peking work.

The Chairman. And is your office in New York?

Mr. Edwards. The home office is in New York, yes; at 18 East Forty-first Street.

The Chairman. Have you spent any considerable time in China during the last 15 or 20 years?

Mr. Edwards. I just arrived from China this month. I have been there a total of altogether 17 years.

The Chairman. Will you kindly give the committee your views on this resolution?

Mr. Edwards. Well, I want to heartily indorse the resolution in its two viewpoints. In the first place, I think that it is needed in order to complete the good work that was started and carried out in connection with the Tsing Hua College and the sending of students to this country. The effect of that movement has been to produce untold advantages from the American viewpoint. I have very striking examples of what this is meaning in that so many of the leading Chinese now are graduates of our institutions, and in our dealings with China it is a very much simpler problem to deal with men who sympathize with our institutions, have our ideals, and are friendly to us. And we are just beginning now to have the men going back who came over on this Boxer indemnity fund, and they have been going back now long enough to begin to rise into prominent positions, and it is unquestionably, in my judgment, one of the greatest things that has happened to cement the friendship between the American and Chinese peoples.

I would like to speak also to the part of the resolution which is in a sense a restriction in that it should be used at the discretion
of the President. I think those who are the friends of China at this particular time realize the danger from the viewpoint of the internal situation in China of an indiscriminate return, which would probably mean simply more funds to continue the unfortunate internecine strife that is going on there between the different military groups. It would simply tend to increase the disintegration and lack of stability of the Chinese Government at the present time, and that any use of it which would strengthen and help develop the Chinese people, give them stability, give them opportunities for progress and development, would not only be tremendously appreciated but would help to stabilize the conditions in China.

It has been my own judgment on the matter of this use, growing very largely out of experience of the famine work, in which there was, of course, a predominantly American participation, during the last two or three years through the committees of administration there have been international in character, in which there has been an administration of about $25,000,000 in Chinese currency, that fully 40 per cent has come from American sources. There has been 44 per cent—practically 44 per cent from Chinese sources, raised in China in one way or another, and the balance of 16 per cent has come from other nationalities. And that fund, which was used, of course, to help the poor people, has also greatly strengthened the pleasant relationships of the common people to America.

Anything that would help to prevent those conditions in the future, prevent this recurring famine, and put the people of China on a stronger economic basis, where they would be able to have a larger purchasing power and increase the economic opportunity and business opportunity of our Nation there in the increased economic standard of the people, would be in my judgment a very good use to make of such a fund.

I place that as possibly a secondary issue. The main issue is whether the fund should be returned, and I bring that out simply to emphasize in my own judgment in that matter that there should not be an indiscriminate return, which I think would be harmful.

Mr. Rogers of Massachusetts. Are you familiar with the pamphlet by Frederick W. Stevens entitled "The Chinese Boxer Indemnity"?

Mr. Edwards. I have read it several times.

Mr. Rogers of Massachusetts. This pamphlet was handed me by one of the friends of the resolution, and I suppose is presumed really to be a brief in behalf of the resolution.

Mr. Stevens is said on the title page to be the representative in Peking of the American group of the China consortium from 1920 to 1923. The pamphlet is published by the China Society of America, and in the foreword Mr. Robert McElroy, the managing director of the China Society of America, says this:

This pamphlet is a plea for action by the next Congress, but action taken only after careful investigation to determine the uses that shall be made of the money.

And Mr. Stevens himself in the course of his argument, on page 13, says:

It would be a great mistake to release more indemnity money except for specific purposes under wise American control, with more following much to the same effect.
The feeling of the committee—the one mooted point was likely to be the extent to which the resolution should by its terms limit the use which should be made of the remittance. Now, you have been addressing yourself to that point somewhat this morning. If you were drafting this resolution, would you change the language so as to make more certain and more specific the route which the remission should take?

Mr. Edwards. Well, in my personal judgment, leaving to the discretion of the President would be satisfactory.

Mr. Rogers of Massachusetts. But that is not apparently the viewpoint of that pamphlet.

Mr. Edwards. Of course, in the pamphlet as to what Doctor McElroy means exactly by that statement he can well answer for himself, as he is present here to-day. I think that what Mr. Stevens—I know Mr. Stevens very well and worked with him in Peking with this famine work out there—would mean is to prevent the return to China's Government the indiscriminate use of this fund in their ordinary treasury, his viewpoint being that that would very largely then just be used for military purposes to promote civil strife.

Mr. Browne. Has this fund ever been used for anything except education and library work? Has it ever been used for internal improvement or military work?

Mr. Edwards. I think not.

Mr. Browne. Are you in favor, if you had the distribution of this fund, of using it for anything outside of education and library work?

Mr. Edwards. My personal attitude on the matter and the point on which I would stand would be the use of this fund as a revolving fund for carrying through conservancy projects in China which would prevent the floods which are occurring and recurring, and with each recurrence there is a large demand on the American public for famine relief work. I was in that famine relief work for two years as the general secretary of the work.

Mr. Browne. Is there any project that you have in mind; any one project?

Mr. Edwards. The project which we are considering first and have been working on has been the Hwai River conservancy project. It is a project that has been surveyed once or twice by the American agencies, like the Red Cross, and other American engineers. It is one of the rivers that floods and refloods every few years, and is one of the things which causes this constant recurrence of appeals to the American public for funds.

Mr. Browne. Is not that a private undertaking? Is not that a reclamation project and really one that concerns the private owners, and would not that increase the rent the owners of this land would charge the tenants if it was improved?

Mr. Edwards. I want just in that particular to emphasize the word revolving fund. The whole experience in the development of our famine work has been that it is possible in China by having a certain sum of money to loan for a project to produce the rest of the money needed to carry it through, the money that has been loaned being returned for use in other projects.

In other words, you can have a revolving fund which can serve project after project, which is so important in the economic status.
of the Chinese people. And we believe very thoroughly that the Chinese people should ultimately pay for these improvements of that nature. For instance, in the Hwai scheme there will be enough reclaimed land to return whatever is put into it and the money could be used in another place.

Mr. Browne. Just one question. Is that land owned by individuals or by the Government of China?

Mr. Edwards. It is Government land. The Government so controls it that the money could be returned.

Mr. Browne. Is not the possession of it held by private parties who rent it out?

Mr. Edwards. I think it is public land, sir. It is now submerged, under water.

Mr. Temple. Mr. Edwards, you spoke of surveys by American engineers. Do you mean a complete working survey or a preliminary examination upon which they have pronounced the scheme feasible?

Mr. Edwards. They have pronounced the scheme feasible. There is nothing definite worked out yet where you could immediately start work.

Mr. Linticum. As I understand it, under this resolution we would only remit to the extent of about $45,000 a month in addition to what we are already remitting, to wit, $65,000?

Mr. Edwards. Yes, sir.

Mr. Linticum. Now, you could not do much reclamation work with that sum of money.

Mr. Edwards. In our judgment there we could do a great deal with it. This is possibly an example of it: We had a dike on the Hwai River near Hupei which cost about $200,000. We went to the government authorities of Hupei and said we had $100,000 that we could put into this as a loan if they would provide the other $100,000 and give us the supervision of this work, and the control and direction of it. And they immediately responded to that appeal and the money has come back. Now that money is planned to be used at other places.

It may be interesting to note that as a result of that in the year following the oil companies, the Standard Oil Co. and the Asiatic Petroleum Co., sold twice as much oil in that district as they had sold before. That just shows the increased buying capacity of the people, and they were perfectly able to pay back that money.

Now, the idea would be that unless you have a revolving fund you would not secure the initiative of the local people. These projects would be neglected, economic conditions would grow steadily worse, and the stabilizing of conditions would be increasingly difficult.

Mr. Fairchild. Doctor Temple in his question used the expression "probably feasible." Does the report of the engineers limit it in that way, or does it say it is certainly feasible to control these floods?

Mr. Edwards. I think engineering judgment would be that it is certainly feasible to do that, although I think in this particular project they are not yet agreed as to just the scheme to follow out.

Mr. Temple. In making use of that term I did not mean to express any doubt, but an engineer would be unlikely to express a positive opinion until he had made a complete study.
Mr. Collins. What do you think of the policy of this Government mixing in the domestic affairs of a foreign country?

Mr. Edwards. I think this Government mixing in the domestic affairs of a foreign country, where it relates to a movement which they can not carry through themselves unaided, and in which there is a great benefit to the country, would be welcomed by them.

I speak out of this experience of the famine work. There was an $8,000,000 famine fund raised by a surcharge on the maritime customs for relief, and the problem arose whether that should be administered through a private agency or a directed Government agency. The insistence, of course, of the diplomatic body was that it should not be through the regular Government agency but through private agencies. This was done. The result of that administration has been that the Chinese Government of its own accord has since turned to our agencies to help out in similar situations.

Mr. Collins. Do you not know if we ever begin that kind of a policy in China or in any other country it is going to be just a beginning and will ultimately get us into trouble and possibly into war?

Mr. Edwards. I would say in a work of this sort I do not quite see where it would more and more involve us. The previous experience in education in the Tsing Hua College, which is under the Ministry of Foreign Affairs in the Chinese Government, has resulted in very happy relationships.

Mr. Collins. I am not speaking of that, but I mean the general policy of involving ourselves in the governmental affairs of other nations; and that is what we are undertaking if we start in a policy of reclamation in China, as I understand it.

Mr. Moores. You and all other witnesses have spoken of this Chinese indemnity as a fund, and it seems to me it is a very inaccurate way of putting it. Your evidence is to the effect that that is simply a debt which is paid by China from the proceeds of taxation, and the remission of it would consist of paying or remitting the fund, and would be precisely as if I were to remit a debt some man owed me of $10,000 on condition that he send his son to college, a debt which he had not paid, or that he would build a comfortable house for his wife and family out of his earnings. Is not that more nearly the situation? Is not all this money which we remit simply a debt which must be raised by taxation in China?

Mr. Edwards. It of course is money which is to be met out of the taxation through the customs as a part of the maritime customs.

Mr. Moores. Well, it is taxation whichever way you get it.

Mr. Edwards. Yes; but this is a debt only in this sense, that the actual debt part of it, I believe, has long ago been paid—that is, the actual indemnity charges for lost property, etc.—and the balance is in the nature of a punitive charge on the Chinese Government.

Mr. Moores. Well, if you give your promissory note agreeing to pay $1,000, it does not make any difference what the consideration is, if it is negotiable.

Mr. Edwards. Well, of course, technically that is true.

Mr. Moores. It is a debt.

Mr. Edwards. That is true.

Mr. Moores. If you agree to pay it your word ought to be good.

Mr. Edwards. That is quite true.
Mr. Rogers of New Hampshire. Somebody may have held a gun at your head when you signed it.

Mr. Moores. There is a moral problem there, as I understand it, but this is a debt, and no money in China to meet it except as it comes through the customs.

Mr. Edwards. Quite so.

Mr. Rogers of New Hampshire. It is your idea that the President, under this resolution, should make it a condition precedent to the remission of this fund or debt that it should be used for purposes of flood control in China?

Mr. Edwards. That is my own personal view of the best use of this fund, and I think before it is remitted by the President that he should designate in which way it should be used.

Mr. Rogers of New Hampshire. And in your opinion it should be designated to be used for flood control?

Mr. Edwards. Yes; these conservancy projects.

Mr. Rogers of New Hampshire. Flood control.

Mr. Linthicum. Mr. Edwards, you speak of these funds being paid out of customs receipts.

Mr. Edwards. Yes.

Mr. Linthicum. By whom are those customs receipts collected, the Chinese Government or an agency of the allied governments?

Mr. Edwards. They are collected by an agency formed by the allied nations, which is under the Chinese Government, but over which the Chinese Government does not have absolute control. It is understood that the inspector general of customs shall be an Englishman, Sir Francis Aglen.

Mr. Linthicum. Does he set aside a certain proportion of the customs that he collects to pay the "Boxer" indemnity, so much to America?

Mr. Edwards. Yes; the first receipts of the customs are set aside for this indemnity.

Mr. Linthicum. Then it does not enter the national treasury at all?

Mr. Edwards. It does not enter the national treasury at all.

Mr. Rogers of New Hampshire. In advocating this particular form of remission, do you speak for the Y. M. C. A.?

Mr. Edwards. No; the Y. M. C. A. has no connection with this matter. I speak officially for the China International Famine Relief Commission, the organization for administration of famine relief which has been made permanent and is working on these projects. We have an American as general secretary of this international famine relief commission and the American influence is dominant in it; then there is a large Chinese cooperation and some cooperation of other nationalities. I can speak officially for that organization.

Mr. Rogers of Massachusetts. Can you give us the names of the officers of that organization?

Mr. Edwards. I can give you the names unless there has been a change within the last month or so. The chairman is a Chinese named Mr. M. T. Liang; the executive secretary is an American, Mr. W. H. Mallory; the head engineer is an American, Mr. O. J. Todd, the treasurers are two, an Englishman, Dr. Douglas Gray, and a Chinese graduate of schools in this country, Admiral Tsai Ting Kang. Those are the main officers. They are the commissioners
that represent the different societies—the head committee is composed of about 30 members, 15 foreigners and 15 Chinese. Of the foreigners seven are Americans at the present time and the rest are distributed through other nationalities.

Mr. Rogers of Massachusetts. How long has this organization been in existence?

Mr. Edwards. It was started on the initiative of the Hon. Charles R. Crane, the American minister to China, in 1920, when they were facing the north China famine situation. He took the initiative to bring together the Chinese and foreign organizations of foreign relief into one committee and then that has grown into a permanent organization that has been functioning now for a period of four years and has administered this sum of money, approximately $25,000,000 of Chinese currency, and which is now developing the prevention side of famine.

Mr. Rogers of Massachusetts. Is Mr. Crane still connected with it?

Mr. Edwards. Mr. Crane is helping us in this country, being on a committee that represents our interest in this country, but he has no active connection there.

Mr. Rogers of Massachusetts. Did you say you are an officer of this?

Mr. Edwards. For a period of three years I was the general secretary of this committee. Mr. Mallory has since taken my place, I having had to go back into my regular work.

Mr. Rogers of Massachusetts. Do you know whether other organizations besides the one you have just discussed favor the flood-control method of utilizing this remission money?

Mr. Edwards. I know that there are other organizations that are advocating other uses for education and different ways for this fund. I think a very large number of people do advocate this point of view and that there is a very wide interest in doing something to prevent this constant recurrence of flood and famine in China, which means these appeals to America and other countries for funds.

Mr. Rogers of Massachusetts. You prefer the method of disposition of the funds to which you have alluded. Would your second choice be some educational outlet such as has been discussed by the other witnesses?

Mr. Edwards. Personally I have not gone into that matter.

The Chairman. Mr. Edwards, if you were placed in charge of this fund would you consider the matter very seriously before you would abandon the present educational system in favor of a conservancy project which would only help a very small portion of China?

Mr. Edwards. I just want to make clear that I am not advocating in any way the abandoning of the present educational project at
Tsing Hua College, which I believe and understand has already been permanently arranged for. My experience during the last four years in the conservancy type of work leads me to feel that this sort of thing is the very best use that could be made of the balance of this money.

Mr. Browne. Do you know what the China Society of America's attitude is in regard to the reclamation project?

Mr. Edwards. Doctor McElroy is here, representing them, and I prefer that he speak for himself.

Mr. Cooper. I would like to ask the witness a question. What was it you said about a reclamation project accomplished or contemplated, or other conservancy project entered upon, which had resulted in increased sales by the Standard Oil Co.?

Mr. Edwards. I showed that on the report of these two oil companies who are selling oil in that region, this dike, the repair of which insured a crop to the people in that district, increased their buying capacity to such an extent that the only foreign business working in there reported double sales the next year.

Mr. Cooper. Of course, you would not think that the increased sales by any American corporation in that territory would be a primary consideration for us?

Mr. Edwards. Certainly not.

Mr. Cooper. Well, would it be any consideration at all?

Mr. Edwards. Yes; I think it would from this viewpoint, that it indicates that the people are being economically benefited, and I think that one of the crying needs in China is to do something to make the people get on a higher economic basis.

Mr. Cooper. That is a very limited area indeed where this project is being carried on, or would be a limited area in the event of more dikes being put in. China is an enormous country, hundreds of millions of people. If the money were used for educational purposes it might be used so that these educated people could go out into other parts of China and in that way help the whole country and all the people in it indirectly. Do you not think that the building of dikes had better be left for other money to accomplish and that our money ought to be used, if used at all there, for purposes more generally beneficent?

Mr. Edwards. Well, that is a question that we have talked a good deal about in China in the last four years and I think I certainly represent a good section of American judgment over there.

The Chairman. But the American judgment in China is the judgment of the American business man, is it not?

Mr. Cooper. That is the point exactly.

Mr. Edwards. Not entirely. It represents the judgment more of missionaries, foreign employees of the Chinese Government and men connected with the diplomatic service.

The Chairman. I confess I can not see how there is any comparison between the benefits derived from this system of education and those to be derived from a conservancy system on one river in China.

Mr. Edwards. I should emphasize here also the revolving characteristic of this fund, that it could after its use on one project be used on another. I emphasize that again.
The Chairman. But sometimes the fund fails to revolve, and then it is all over.

Mr. Edwards. We have had some experience on that, and the funds have come back in three instances.

Mr. Cooper. Mr. Chairman, I would like to have the witness explain how he would take the $45,000 a month, or whatever it is, and constitute a revolving fund. Just what do you mean by that and how would you do it?

Mr. Edwards. What I mean is I think there should be in the first instance a small American committee which is either appointed by the American minister or in some other way as exercising general supervision and control, working through the China famine relief commission, in which there is a leading American influence and control, with the Chinese and with limited numbers of other nationalities, and would have them go to the Chinese authorities and say:

"Now, we have this sum of money, which we can loan for this project provided the balance of the funds can be raised locally, and after it is through this money returned to be used elsewhere in China on similar projects." And experience would lead me to believe that there would be in that way a ready response from the Chinese Government and people, and it would meet with and give general approval to the Chinese public and would do a great deal in that way to bring to the masses of the people the knowledge of American interest in their welfare.

Mr. Cooper. Well, now, just let me ask you one more question. Mr. Moores has raised a point here which seems to me to be quite relevant and forceful. Is not the exact situation this: Take the present situation and the situation as contemplated by this joint resolution. You, China, are obligated to pay us so many thousand dollars a month out of your customs revenue; you have paid all the damages compensatory, now there remains so many thousand dollars a month out of the customs revenue in the way of punitive damages. You are trying to establish a republic over there. We simply say to you hereafter you need not pay us any more money. That is what it amounts to. We do not have the money in hand to return to them at all. They are obligated to pay us at intervals so much money. We say hereafter you need not pay us any more money.

Mr. Moores. Still we have a lien on the customs?

Mr. Cooper. I understand that, but it has paid us $5,000,000 and we hand back the money.

Mr. Moores. We discharge it.

Mr. Cooper. We just say you are going to pay so much money for punitive damages.

The Chairman. Just like a church burns the mortgage.

Mr. Cooper. Exactly, but the church usually destroys the mortgage after they have paid it. That is not this case as I look at it at all. If you analyze it closely, I think it amounts to this, a case of assault and battery. You have paid the doctor’s bill, you have paid for my broken leg, you have paid absolutely compensatory damages in full, and you are also obligated to pay me $500 more by way of punishment. Well, it was a time of great excitement and you and I were both angry and we want to be friends hereafter. You need not pay me the other $500. I do not want to say to that man, if I want him
to be my friend, you need not pay me that $500 if you will take the $500 and put it into the building of a dike somewhere. Simply, we want to be friends and you need not pay me that $500. That is the exact situation here.

The Chairman. In that connection may I call the attention of the committee to the resolution of May 25, 1908, which provides that the President is authorized to consent to a modification of the bond of $24,000,000 without any condition at all. And while that resolution did not leave the matter to the discretion of the President, still I am informed that Mr. Roosevelt had some understanding in regard to the matter, either before or shortly after the resolution was passed. But there are no conditions as to the first one. But in drafting this resolution I left the matter to the discretion of the President on account of the disturbed conditions in China.

Mr. Cooper. Now, is not that the situation exactly as I stated it?

Mr. Edwards. The situation is from just purely a technical, possibly theoretical viewpoint, the reason that we advocate restriction, discrimination in the use of the fund, is that we feel that this money returned without restriction would only harm China.

Mr. Cooper. We do not return the money to them. We simply say any money to be paid hereafter you need not pay to us; you have paid all damages and we do not want to punish you, we want to be friends.

Mr. Edwards. It does mean that we are paying China, because instead of being held by the American customs there it is turned over to the Chinese treasury and goes under the general direction of the Chinese Government, and we feel that under the conditions there in China this would be harmful to the stabilization of the country.

Mr. Cooper. Now let me ask you another question, Mr. Edwards. Our Constitution does not permit the appropriation of any money for sectarian purposes. Of course, there is no question that the discretion would be abused, but do you think that unlimited discretion should be left to the President to turn this over to any college he might select, or might be advised to select, or should there be a restriction that he can use it in his discretion, but in accordance with the provisions of the first amendment of the Constitution?

Mr. Edwards. Well, a general question of that sort—I have just returned from China and I am not so conversant with the conditions here in our country. It seems to me that is a question that is really a local question. From the China viewpoint I am satisfied with the form—I am personally satisfied with the form of the resolution.

Mr. Collins. You just do not think those people are capable of self-government?

Mr. Edwards. That is a sweeping statement; that looks forward a long time. I think at the present time it would help to prevent the development of real self-government to have this sum turned back, because it would, in my judgment, simply be used for military purposes and military strength.

Mr. Aldrich. Why do you say it would stir up strife? It would go to the government in power, would it not, and would not they use it to suppress the present uprising?

Mr. Edwards. It would go, of course, to the present government in power. Now, I take no stand whatever on the political situation
in China, either for or against any particular military clique or group, but it would strengthen one particular military group which happens to be in control of the central government at the present time and would help to antagonize the interests of other parts of China, feeling that unfair advantages was given to the clique that benefited, and would make it possible to have strife, possibly to carry on fighting between different groups.

Mr. Temple. Mr. Chairman, I would like to ask Mr. Edwards a question. The phrase has been used, or the statement has been made several times, that the benefits would go to the present government in Peking; that the money would go to them. Is it not true that whatever government may be in power in China at any time will be under obligation to make this payment to the United States unless we do remit it?

Mr. Edwards. Quite so.

Mr. Temple. It happens now to be the Republican Government of Peking. Prior to the time this Government came into power it was the imperial government of Peking. Whatever government of China exists is the government that will be under obligation to pay this fund to the United States; and if we remit it, the benefit will accrue to whatever government China may have in the future.

Mr. Edwards. That is true.

Mr. Temple. Not particularly to one faction, but to the whole people of China as controlled by their own government. Is not that a correct statement?

Mr. Edwards. As far as the authority of the central government reaches.

Mr. Temple. Foreign obligations continue no matter what changes there may be in the internal government.

Mr. Edwards. The danger, of course, is the use of it to maintain and increase military strength.

The Chairman. I would like to follow up that question, because it seems to me we are magnifying the situation here very much. These payments are made by the Chinese Government monthly by check to the American consul and he turns the check over to the college.

The Chairman. He indorses it over to the minister of foreign affairs. Now, assuming this resolution is adopted and that China goes on from month to month making payments and using the money for educational purposes, the President, under this resolution, in case the fund is diverted, would have power to immediately reinstate the bond as far as the balance of the fund is concerned. In other words, he has a check on it every 30 days, is not that a fact?

Mr. Edwards. Yes; he would if he made it a condition that the Chinese Government should be rendering statements right along.

The Chairman. The Chinese Government has made these payments continuously ever since the passage of the Roosevelt resolution.

Mr. Cole. Through all the revolutions.

The Chairman. Yes; through all the revolutions and everything else, even when we allowed China to suspend payments at the beginning of the World War, China continued to pay this fund to the
maintenance of the college, regardless of the suspension of the amount due the United States.

Now, suppose the Chinese Government should be overthrown and this fund misapplied, under this resolution not over a month’s fund could be diverted, because the President would have power to stop it. At least, that is the thought I had in mind in drafting the resolution.

Mr. Temple. The check is made out to the American counsel, and he indorses it and turns it back. If he does not indorse it and turn it back, they do not get it.

Mr. Edwards. That is quite true; but what use is made of it after it is turned in?

Mr. Temple. If the trust is abused, he does not need to turn the next month’s check back.

Mr. Edwards. Then, of course, you would have to have constant reports of that monthly check and its use by the Chinese Government. That, of course, could be done, but nevertheless it would remain the fact that the Chinese Government has that much more money, whether they used this money or other money.

Mr. Temple. But if they should fail for any length of time to use the money for Tsing Hua College, it would quite soon be known.

Mr. Rogers of Massachusetts. The President could at the outset completely end the obligation of China, if he so desires, under the resolution in the present form.

Mr. Temple. We are taking it for granted that he would probably follow the precedent already set, and the remainder of this fund would be under the same restrictions as the part already remitted.

Mr. Rogers of Massachusetts. I think we ought to contemplate that the resolution in its present form permits a complete severance on the part of China, if the President shall agree.

Mr. Temple. And the resolution passed in 1908, being in the same language, would permit the President now to make some other arrangement if he wanted to about the fund. This resolution would give the President no more power over that portion that we propose to remit than he has had always and continues to have now over the payments now being remitted. Under the terms of the existing law he could change the arrangement at any time.

Mr. Rogers of Massachusetts. I do not agree with you.

Mr. Linticum. Doctor, you say that if this money is given to China without any restriction as to its expenditure that it might be used by the present recognized government for military purposes. It occurs to me, did we not do that over in Mexico? Did we not sell arms, etc., to the present recognized government, so that they could carry on war with the revolutionists?

Mr. Edwards. I have not studied the Mexican question.

Mr. Linticum. The situation would not be very different, would it?

Mr. Edwards. I am not conversant with that situation at all.

Mr. Fairchild. Doctor Edwards, the drift of that question is this: In connection with the Mexican situation, our Government announced it as a policy to support all existing governments against any uprising or revolution.

Mr. Temple. Not necessarily.
Mr. COLE. Not that far, Doctor.

Mr. FAIRCHILD. Yes; they made it that broadly.

The CHAIRMAN. Mr. Edwards, just one more question. It seems agreed by everyone that this college (Tsing Hua) has been very helpful to the Chinese people. It has resulted in hundreds of Chinese being educated in the United States, and on returning to China assuming the duty which they feel they owe their countrymen of helping in the education of the Chinese people. Is it at all likely that the President of the United States would disturb the present satisfactory arrangement? Isn’t it very likely he would allow it to continue, knowing that every 30 days he has a check on the fund?

And another suggestion to you: It is the duty of our consul—at least I think it is—to see to the proper application of this money. He signs the checks. If it is not his duty, he could be instructed to do so.

Mr. EDWARDS. Of course, in answer to the first question, I think it would be very unwise to in any way alter the present arrangement in connection with Tsing Hua college, because I am very heartily in favor of that. In regard to the second point in issue, it would, of course, be very easy for the Chinese Government to make a perfectly clear report on the use of this particular fund. Those, however, in close touch with the situation of the Chinese Government would know that the very fact that you have so much more money going into the central government would just make it possible for the military factions to increase their military power, and no matter just how that report was made on the use of this particular $45,000 a month that was turned in by the American Government to the general treasury. I think in advocating this viewpoint that I would have the backing of practically everyone who is in close touch with the Chinese situation.

Mr. COLE. Those are the business men more particularly?

Mr. EDWARDS. I think the business men agree with that, and all classes of people would agree with it.

Mr. COLE. Is it not possible, Doctor, that those business men are taking a very narrow and material view of the situation?

Mr. EDWARDS. I do not think it is in this case. Of course, their position might be strengthened in a business way in certain ways by the central government having more money. It would mean more orders for certain lines of things in different ways, but at the same time I think even the business group in China would be against turning this back to be used, directly or indirectly, in an indiscriminate way.

The CHAIRMAN. They have a number of schemes—I have had several of them presented to me—all tending to help business more than to help China.

Mr. COLE. Do you not think that we would better devote ourselves to the subject of education than to the advancement of any particular business project? If Standard Oil finds it a profitable thing, why does it not develop it itself? It has more money than the United States Government at the present time.

The CHAIRMAN. Is there anything further of the witness? If not, we will hear Doctor Ward.
STATEMENT OF DR. RALPH A. WARD, SECRETARY FOR EASTERN ASIA OF THE BOARD OF FOREIGN MISSIONS OF THE METHODIST EPISCOPAL CHURCH

The CHAIRMAN. Kindly state your name and address.
Doctor Ward. Ralph A. Ward. My address is 150 Fifth Avenue, New York.

The CHAIRMAN. Your occupation?
Doctor Ward. I am the secretary for Eastern Asia, including China, Japan, Korea, and Manchuria, of the Board of Foreign Missions of the Methodist Episcopal Church.

The CHAIRMAN. How long have you had charge of that?
Doctor Ward. I have had charge of that work for China for four years; for all of Eastern Asia for something over a year. I also am a member of the board of directors of the China Society of America. There are two or three other members present.

The CHAIRMAN. Will you kindly give the committee the benefit of your views on the pending resolution, Doctor Ward?

Doctor Ward. So much ground has already been covered that it seems somewhat out of place to attempt to cover all of the ground which appeals to me as it has appealed to others.

There are four or five reasons which, rather briefly, I would like to cite as being those which appeal to me in part as reasons for supporting this proposed legislation.

In the first place, it will complete a task which our Government undertook in 1908 and which has been of very large service to China and of service to America, not only through the good will of our Chinese people, but through the presence in this country and in China of many men who were sympathetic to our American institutions and our American educational viewpoint. What was done in 1908 set a new standard for international dealings.

In the second place, I am heartily in favor of the proposed legislation because it will increase very evidently the spirit of friendship on the part of the Chinese people toward America, and that is an asset for the future as it has been in the past.

In the next place, it seems to me that the bill as drafted in its present form is about as wise as it could be drafted, and in saying that I am minded of my own personal position in reference to the question which has been discussed here during the last 15 or 20 minutes. I feel that this money should be used, if possible, for purposes of modern education, nonsectarian, and used as the money during the last 15 years has been used, at the discretion of the Chinese Government; with proper safeguards that the program be in keeping with our purposes. I feel that the bill in its present form opens the way for all the safeguards necessary, and I think safeguards are necessary.

I am minded of the legislation of 1908, under which parts of this indemnity fund have been remitted. I have read that legislation rather carefully and all of the official correspondence that was available to the public in connection with it; I have read it in the last few days, and I have noted that the bill of 1908 gave discretionary powers—by implication, at least—to the President, and I think no one will criticize the way in which the money has been handled in general during these years.
But there is a certain courtesy due to another nation, a friendly nation, and for us to leave much of method and schedule in the hands of the President and the processes of the State Department for negotiation as to detail means that China is left the type of initiative—formally, at least—which is largely due to a friendly nation, and which has cost us nothing by way of liability during these 15 years.

In the next place, I feel that this bill is wise because——

The CHAIRMAN. Before you leave that other point——

Doctor Ward. Yes, Mr. Chairman.

The CHAIRMAN. Is it your viewpoint that so far as the disposition of this fund is concerned the United States has no option in regard to the matter, that it is a matter for the Chinese Government to submit its wishes, and then if they are acceptable to our Government the President can approve of them?

Doctor Ward. I think that when one gives something to someone else he has a perfect right to give it for a specific purpose.

The CHAIRMAN. Yes.

Doctor Ward. I think that it is not quite in keeping with what I have understood to be the procedure of diplomatic courtesy for a nation itself to write emphatically into its legislation restrictions as to just exactly what the other country should do in a matter of this sort.

I do feel, however, that the procedure of the past and the obligations that would easily be observed by China under this proposal are such that we need not worry. Personally, I do not feel concerned about this bill in its present form.

Mr. Cooper. I would like to ask a question right there. This provides that the President, in his discretion, is authorized to remit to China as an act of friendship any and all further payments. Now the payments have been made heretofore by draft and then signed over. The payments have been actually made.

Doctor Ward. Yes.

Mr. Cooper. Is it contemplated that they shall continue to pay them and remit them in that way, or is it contemplated that there shall be a release of the present obligation to pay punitive damages?

Doctor Ward. As I see it, the President is given the option there to release any and all.

Mr. Cooper. No; not any release at all. It is remit——

Doctor Ward. Remit is the word I should have used.

Mr. Cooper. It is to remit all the payments.

Doctor Ward. Yes; I should not have said release.

Mr. Cooper. Now, the payments have been made heretofore actually in cash, gold, or gold draft.

Doctor Ward. Yes.

Mr. Cooper. Is that to go on? Is China to hand us regularly so much money and then we to remit the payments? That is what has been done heretofore. Or is there to be a release of the obligation to pay punitive damages, released as an act of friendship, and not hand us the money to be remitted?

Now, there is the point that to me, in view of what has been said here, is a very vital point. Remission may mean the giving up of an obligation to be paid in the future; that is true. But when I say to
Tailor, "Here, you send me a suit of clothes and I will remit in payment." That means I will send him a check. But when you say remit further payments, do you mean to remit payments in gold made all along, and do as we have been remitting them, or are we to release China from the paying in the future of punitive damages?

Doctor Ward. Well, of course, I do not know what would be the purpose of your committee in that matter.

Mr. Cooper. How do you interpret this resolution?

Doctor Ward. You might strengthen the resolution at that point; but it would seem to me that the proposed resolution is so drafted and it is enough in keeping with the earlier legislation now effective that the President would interpret and others would regard that he should interpret that word "remit" to mean a continuance of the practice that is now in vogue, and has been for 15 years.

Mr. Cooper. Exactly. Then along hereafter China would continue to pay us so much a month in gold, and the President would send that back on such conditions as he might impose. That is exactly what this resolution means.

Doctor Ward. Yes; until the year 1940.

Mr. Cooper. Yes; for whatever time. Now, there is a very distinct difference between that act of friendship having a debtor continue to pay punitive damages for a number of years and you handing the money back to him and telling him what to do with it. That is an act of friendship. We say, "Here, you paid the compensatory damages; now let us be friends. We release you from paying us any more."

Doctor Ward. Yes; I see the point.

Mr. Cooper. And there is a very wide difference.

Mr. Temple. Mr. Chairman, I would like just at this point to have the record show that it is not universally admitted that the only payments to be made in the future would be of the nature of punitive damages.

Mr. Cooper. Well, substantially so.

Mr. Temple. I would not even admit that. I do not want to argue it now; but I just want the record to show that a different opinion exists.

Mr. Collins. We are going to have a table showing that, I understand.

Mr. Temple. Yes. Now, another thing is the last sentence of the resolution. After authorizing the President, in his discretion, to remit further payments, in the last three lines on the second page, "such remission to begin as from October 1, 1917, and to be at such times and in such manner as the President shall deem just." The language of the proposed resolution is exactly the language that was adopted in 1908.

Mr. Cooper. Doctor Temple, pardon me, with all respect to you, that does not meet the point, it seems to me.

Mr. Temple. It authorizes the President to select the manner in which payments——

Mr. Cooper. No; it has already been construed. It releases payment of money. It does not release the obligation to pay hereafter, but it remits the payments. How has that been construed?
Mr. Temple. If we enact certain language in 1908, and in 1924 we enact the same language my understanding would be that it means the same thing.

Mr. Cooper. Exactly. It has been construed, then, to mean this: That China shall pay so much in gold every month, and then we send it back on such conditions as the President has a mind to impose. Or, are we now to say "hereafter you need not pay us anything at all; we release you from paying"?

This language has been construed. They remit payments; they do not release you from the obligation to pay hereafter, but you remit payments of gold. Payments have been made and you remit in payment. That has already been construed. I know there are two definitions of "remission," but this has been construed by the President, by the executive department of this Government, and acquiesced in by Congress so far to mean that that gold shall be paid by China each month and we will send it back, on condition that practice is to continue, as an act of friendship.

Mr. Cole. Mr. Chairman—

Mr. Cooper. Just a moment. I want to answer the doctor's point. He remits in such manner and in such time the payments. That is what it means. The President says:

Here, you can pay us at this time of the month, or you can send it in drafts on this bank or by such methods as we say, but we have the right to say how you shall make this monthly payment in gold.

That is all that means.

The Chairman. Let me ask you this question: Assume that China should ask that that method be used, would not that remove your objection to it? Because, as a matter of fact, under the resolution of 1908 President Roosevelt did exactly what China asked him to do.

Mr. Linthicum. What evidence is there? The witnesses have testified—

Mr. Rogers of Massachusetts. I would like to ask, is the witness testifying?

Mr. Browne. You stated you were a director of the China Society of America?

Doctor Ward. Yes.

Mr. Browne. Are you familiar with the pamphlet they have issued?

Doctor Ward. I am.

Mr. Browne. I notice in the last paragraph it says:

Moreover, the popular understanding in this country as to the practical effect on the so-called "returned students" and on China of the relinquishment of 1908 is not based on a clear knowledge of the facts, and the terms and conditions of a further relinquishment for educational purposes, if that should be proposed, should not be determined without a careful investigation of the entire subject. What are wise conditions is an important and delicate subject upon which Americans not acquainted with the facts may easily draw unwarranted conclusions. I would particularly emphasize that statement. Perhaps the money should be used in whole or in part for educational purposes, on newly defined lines; perhaps in part for libraries in China; perhaps for paying some of China's Government debts to Americans; perhaps for carrying on some great engineering project that would rescue some starving portion of China's millions—there are many opportunities for such rescue, and perhaps in other lines.
Now, what is meant there by the statement that perhaps the money should be used in whole or in part for educational purposes on newly defined lines? Has it not been a success the way it has been administered on former educational lines?

Doctor Ward. Well, in the first place, that document is published, as many other documents are published, by the China society, in the nature of a study of the present question, and the China society does not always regard a study of that sort which it publishes as the expression of the position of the society.

Now, in the second place, on the question you have raised, I feel that Mr. Stevens is entirely right in saying that any expenditure of this remaining amount which totals several millions of dollars should be made only after a very careful study of the processes that have been used to date, for 15 years of experience is bound to call for modifications in anything of that sort. They have been feeling their way along, and now, as Mr. Stevens suggests, doubtless there are certain additional projects in the light of 15 years' experience which might be undertaken by those who have the use of this money.

Mr. Browne. Would you, personally, or your society be in favor of this, for instance, it says "perhaps for paying some of China's Government debts to Americans." Would you be in favor of that?

Doctor Ward. Personally, I would be very much opposed to it. Mr. Cooper. As an act of friendship?

Doctor Ward. I think that would be turning the money back to a certain group within the United States.

Mr. Browne. This society, though, is putting out this propaganda where it puts that out as a feeler or suggestion that that might be perfectly legitimate.

Doctor Ward. Unquestionably, for an open and frank discussion of the problems that affect China our society has always stood, but we are in no sense propagandists for the peculiar notions of any one member of the society or any particular group in the society.

To come to the question you raised a moment ago, as to the possible use of the money in making payments on obligations, I might say that 6,000,000 or 12,000,000, or whatever the amount may be, is relatively a very small sum when it is allowed to drop in any nation's budget. Six million dollars will disappear as quickly as a snowflake in the summer sun when it is used for current obligations of any national budget.

In the second place, this fund of $6,000,000 should be so used as to emphasize the act of friendship involved. If it is a thing that is to be dignified in international relationships, as it ought to be dignified, coming to this committee and coming through our Congress, it ought to be dignified by being put out there where it can be seen very clearly against the horizon, just exactly as the funds which are in process of being remitted since the arrangements of 1908.

You let $6,000,000 drop into any national treasury and it disappears. You put $6,000,000 out where it can be seen against the horizon of the nations and apply that to some specific task and the thing becomes a monument to the friendship which you are saying here is really the basis of what you are doing. It is possible to waste $6,000,000 or to let it disappear like sand in a rat hole. It is possible to take $6,000,000 and put it where it makes a real con-
tribution to interracial and international understanding, and those, in substance, are some of the reasons which lead me to feel that the suggestion for using it in paying “China’s government debts to Americans” is quite beside the purpose for which we are proposing that this money should be used.

Mr. Rogers of New Hampshire. Mr. Chairman, I would like to ask the witness a question right there, if I may. From your familiarity with this subject and your knowledge of the facts, is it your opinion that the balance now due under this indemnity fund is a just and honorable debt due this country or this Government from China, or that the balance due is in the nature of punitive damages, and therefore, under the best modern thought, not a just obligation at all, but one which should be remitted without any limitation or without any conditions attached to it?

Doctor Ward. Mr. Chairman, I must answer that question as frankly as I want to answer it and as you men want me to answer it. I have not yet discovered, nor have I found others who have discovered, a satisfactory identity of every dollar that is involved in the fund under consideration, or every thousand dollars, but my understanding of the situation is that in the course of these 23 years, or 24 years, since the Boxer trouble, there has been settled in full practically every just claim, and some claims that were put to the very full of their possibilities—every just claim that could be brought either by individuals or by others for actual damage in the Boxer trouble. That means, in substance, that these $6,000,000—or the sum in question—is not required for the settlement of any just claims for actual damages either of the United States or of her citizens. Therefore, in substance, it is a punitive matter.

Mr. Rogers of New Hampshire. Why, then, should it not be wiped out of existence altogether without any conditions attached to it?

Doctor Ward. It is perfectly proper to wipe them out altogether of that seems wise. On the other hand, it is an act of friendship, and as an act of friendship it would probably be just as well to treat it in such manner that the Chinese themselves, catching the ball at the other side of the Pacific, may handle it in such a way as to let it stand out as something more than just a casual balancing of accounts in bookkeeping.

I think that, quite aside from whether you can identify all of these dollars as punitive or not, it is also pertinent to remark that in the eyes of the public in China, this indemnity or this balance is regarded as punitive. Furthermore, in the eyes of the public in other countries, for America to hold now even the small sum of $6,000,000, when she has been advertised throughout the world as having remitted practically all of that money, simply means that we have not properly cleared up our books.

In the next place, I think that the rank and file of our American people think that the account was all cleared, yet we still have on our books, several million dollars which is in violation of the spirit at least of the earlier legislation, and the attitude of our people in thinking that we had done away with all punitive features of the indemnity.

Mr. Temple. May I ask a question there? I notice, Doctor Ward, that you say it has been advertised throughout the world that the
United States had remitted the whole of the indemnity. Has the
United States Government ever made such an announcement?
Doctor Ward. No, I was referring simply to the popular im-
pression, and I was thinking of that in connection with the very
thing which has been such a tremendous assistance to us in China.
Mr. Temple. Inaccurate newspaper statements ought not to bind
the United States Government.
Doctor Ward. That is very true, and we are not contending that
it should, but at the same time you are discussing here what is one
of the soundest reasons for taking this action, namely, the attitude
of the Chinese people at the present time in contrast to what it was
in 1900, when the Boxer trouble caused so much anxiety to the
whole world. One reason for taking the proposed action here is
that unquestionably the Chinese people have an unbounded friend­
ship for the United States, and that friendship has grown in no
small part out of what was done in 1908 in remitting the share of
the Boxer indemnity which was remitted at that time. Whether
it be founded on newspaper reports or what not, you are dealing
with a widespread popular notion that the United States did intend
to remit the punitive features of the damages and that the account
is cleared.
Mr. Temple. When we remit payments as an act of friendship,
it is intended to be an evidence of our friendship for China, not of
China's friendship for us.
Doctor Ward. Quite so.
Mr. Temple. And it would have the effect of encouraging China's
good will toward us. I am frank to say I am in favor of the reso­
lution, but not for exactly the same reasons that others have men­
tioned.

The Chairman. Gentlemen, we only have two more witnesses,
both important, and I trust we can hold over for half or three­
quarters of an hour longer.

Mr. Linthicum. I want to ask the doctor a question before we take
the next witness.

The Chairman. Just a moment, Mr. Linthicum. For your infor­
mation, Mr. Rogers, and for the information of other members of
the committee who were not here yesterday——

Mr. Rogers of New Hampshire (interposing). I was here yester­
day.

The Chairman. Perhaps you did not hear it. All the claims
against China on the part of American citizens for damages to per­
sonal property have been paid in full. The argument over the ques­
ton of whether the balance of the debt is compensatory or punitive
arises from this fact: The Army and Navy presented a bill of $9,655,-
492. I have those bills for the consideration of the committee in
executive session. I have looked them over, and my own viewpoint
is that they are somewhat thrifty at least. But the question whether
it is punitive or whether it is compensatory is the perplexing problem
in this whole situation.

Mr. Cooper. Mr. Chairman, is it not a fact that in modern times
no successful belligerent, civilized belligerent, compels the vanquished
foe to pay for the expense of the army and navy?
The Chairman. Well, on that I am safe in saying that that was the position of our Government in this matter, as shown by the correspondence between Secretary Hay and Minister Conger. This correspondence is in the record for the benefit of the committee.

Mr. Collins. Why is the arbitrary date of October 1, 1917, taken as the beginning?

The Chairman. That is when China suspended payment, the beginning of the war.

Mr. Moores. May I ask the witness a few questions?

The Chairman. Pardon me, Mr. Linthicum had a question which he did not finish.

Mr. Linthicum. Doctor, you speak of remitting these payments, and the chairman speaks of remitting about $9,000,000—is that correct, $9,000,000?

The Chairman. The first remission?

Mr. Linthicum. From the beginning there, we have remitted about how much?

The Chairman. About $11,000,000.

Mr. Temple. In round numbers there was $24,000,000 covered by the bond, and it has all been remitted except $13,000,000.

Mr. Linthicum. Now, the truth is that while we have remitted the payments due us we have done it with the distinct understanding that it shall be used for certain purposes which we have designated; is that not true?

Doctor Ward. The Chinese Government, as I notice in official correspondence, took the initiative in making the suggestions as to its use. We were not put in the position of taking the initiative ourselves. That is an additional reason why it is just as well to leave out of our legislation any suggestion that we are taking that position now.

Mr. Linthicum. Now, you say the general impression is that we have remitted the entire fund?

Doctor Ward. Yes, sir.

Mr. Linthicum. Do you not think, if we are going to remit the balance of this fund, we ought to say so in the legislation, just how we are doing it, and let the proper impression go out to the world, instead of the present situation?

Doctor Ward. I am not quite sure that I am correct in my observation, but if I am not mistaken the proposed legislation now covers anything that may still come under this head, and therefore it is perfectly clear that this does wipe the slate clean.

Mr. Linthicum. Oh, no; not at all.

Doctor Ward. I mean to say on the payments that have not already been covered by your previous legislation.

Mr. Linthicum. The President can designate how it is to be used, and the President can designate that it shall be used for the building of dikes for the river that was mentioned, or any other purpose he might think proper.

Doctor Ward. I may have misunderstood your question in making my answer.

Mr. Linthicum. So I am in favor of the resolution; but I feel that whatever we are going to do we ought to do in this legislation and not put it up to the President or anyone else to decide.
Mr. Cole. Do you think it is necessary for us to admit that any part of this sum was unjustly assessed against China? You conveyed the impression, to me at least, that we did this rather unjustly. Now, we were at that time right in assessing punitive damages against China, and I do not think we ought to humiliate ourselves by admitting that we did something which was unjust, or that we should now regard it as unjust. If we are going to remit something that we did unjustly, then there is no virtue in it at all.

Mr. Temple. We ought not to say it is an act of friendship if it is merely an act of justice.

Mr. Lintott. Our Secretary of State recommended only $200,000,000, but the commissioner, whoever it was that fixed these damages, fixed the amount at about $330,000,000.

Mr. Temple. And we almost immediately remitted $11,000,000 of our share. The Army and Navy accounts amounted to approximately $9,000,000; the claims of private citizens amounted to approximately $4,000,000, making $13,000,000, exclusive of any punitive damages whatever, and we remitted all the rest. Now, the question arises whether the claims of the Army and Navy for $9,000,000 were too high. But it was not assessed on the basis and theory that we were exacting punitive damages.

Mr. Moores. Doctor Ward, you are familiar with conditions in China, I believe you testified?

Doctor Ward. I think I have not said anything on that particular point. I have been in China at four different periods during the last 15 years. I spent my first year in China exclusively in the study of the language and customs, so that thereafter for a period of years my work was done entirely through the Chinese language as a medium. I was in China before the revolution and caught something of the spirit of that movement, and I have also been in China at other times when there have been strong gusts of feeling against one nation or another throughout the world, and I have those experiences also as a background to what I have been saying this morning.

Mr. Moores. Well, this is pertinent: You are familiar in a general way with the terms of the will of Stephen Girard?

Doctor Ward. Only in a very general way.

Mr. Moores. In a general way—well, what I wanted to ask was this: If we impose conditions in this legislation, are we or are we not in danger of imposing conditions which may seem as disgraceful to the Chinese people as were the conditions imposed in Stephen Girard's will to the majority of people in Philadelphia and in Pennsylvania and in the United States at the time that will was made known, or as are conditions in restraint of marriage distasteful to the courts?

Doctor Ward. It would seem to me, Mr. Moores, any attempt to impose detailed limitations on the use of this money would be in danger of being distasteful to the Chinese. I would not say that every attempt would be distasteful, but I think there would be danger of it.

Mr. Moores. What I wanted to ask was, is there any danger of our imposing conditions which may be extremely distasteful to the people of China?

Doctor Ward. Yes; there is that danger.
Mr. Cooper. Do you think it ought to be left to the discretion of the President of the United States to dispose of money taken, we will say, from the Treasury of the United States?

Doctor Ward. That involves a good many questions on matters of Government on which I do not profess to have an expert opinion, but it seems to me that the procedure of past years would warrant that much of confidence in the President.

Mr. Cooper. If that is true, and an absolute despotism has been rendering good service to the people, then an absolute despotism is all right. But that is not the point. There is a matter of principle in this, not whether a despot is a beneficent despot, a good man or good woman, but whether that kind of Government or that kind of thing has the principle in it that we approve. Now, do you believe in the taking of money from the Treasury of the United States and letting the President of the United States hand it out to anybody or any government to do with it as they please, letting him fix the limitations in his discretion? There might be a President there who would do things that we might not like.

Mr. Cole. But not hardly, Mr. Cooper.

Mr. Cooper. But that is not the point. There have been such Presidents.

Mr. Temple. But I would be perfectly willing to trust the next one. [Laughter.]

Mr. Cooper. It is not the matter of trusting an individual; it is the matter of maintaining a principle which is the very foundation of our Government. We had a President once that said that he construed the Constitution of the United States and abided by it, not as the Supreme Court of the United States construed it, but as he understood it.

Mr. Cole. Name him.

Mr. Cooper. Andrew Jackson.

The Chairman. Let us proceed, gentlemen.

Mr. Linthicum. I think Doctor Temple made a very wise remark in saying he is perfectly willing to trust the next President. The next President will be a Democrat and he can be trusted, I am sure of that. [Laughter.]

Mr. Temple. Ever since the days of Thomas Jefferson—maybe John Adams; I am not sure which—we have appropriated a fund known as the emergency fund of the State Department, and the warrants are drawn by the President against that fund. It is never audited, and I have voted for as much as $800,000 in that fund for one year. I would do it whether the man in office was a man of my choice or not, whether I approved of all of his policies. We have got to have confidence in the man at the head of the Nation, or act as if we had confidence if we had not.

The Chairman. If that is all, Mr. Ward, we thank you.

I would like to call Mr. MacMurray, of the State Department, next, if there is no objection.

STATEMENT OF JOHN V. A. MacMurray, CHIEF OF DIVISION OF FAR EASTERN AFFAIRS, DEPARTMENT OF STATE

The Chairman. Mr. MacMurray, there may be questions in your testimony which you do not desire to go into the record. If you will kindly indicate them, we will have them omitted.
Mr. BROWNE. I would like to hear all of this testimony, but I do not think we will have time this morning.

Mr. ROGERS of Massachusetts. Mr. Chairman, it is manifest that with Mr. MacMurray's expert knowledge on this subject, and also Mr. McElroy's testimony, we can not complete the hearing before the lunch hour.

The CHAIRMAN. I understand they will not be very long.

Mr. MacMurray, you testified on this matter before. Will you give the attitude of the State Department, so far as you know it, on this resolution?

Mr. MACMURRAY. The Secretary of State is entirely favorable to this resolution as now drawn. You may recall that somewhat over two years ago, when a practically identical resolution was introduced in the Senate by Senator Lodge, the Secretary wrote him a letter in which he expressed his full concurrence in the proposal, and declared his belief that it was an advisable and desirable thing in the interest of our relations with China. That is the Secretary's opinion of the bill now before this committee. In order that there should be no possible doubt or question about the fact that it does in its present form meet with his views, I took occasion, when asked by your chairman to come here to testify, to ask Mr. Hughes if the bill in its present form, and under all the circumstances which have developed since his original letter on the subject, would meet with his approval; and he told me that I might give you his entire assurance that it does.

That is the principal point that I have to testify to, that the Secretary, in his judgment of our foreign relations, is heartily in favor of this bill. There are certain points connected with it, some of which have been raised by the discussion in the committee, which perhaps it would be proper for me to touch upon and try to make clear in so far as concerns the viewpoint of the State Department, which, in this matter, would naturally be the adviser to the President in the exercise of the discretion which the bill proposes to intrust to him.

The question at once arises whether the situation has in any way changed or whether any occasion has been given for feeling that there should be a modification of the views that the Secretary expressed in his original letter to Senator Lodge. Perhaps the whole question is most vitally affected by the progress that has been made on this subject by other nations during that time. When the Secretary wrote, there was a rather vague prospect that some of the other governments might consider the question of a remission of a sort similar to that which we had initiated in 1908. Since that time the British Government—the previous British Government, not the one now in office—has announced in Parliament its intention to cancel or to remit the balance of the indemnity due to Great Britain. The question was for some time in doubt whether the British under their constitution could do that without an act of Parliament. Apparently the decision has been that an act of Parliament is required. We understand that an act for that purpose is now pending in the British Parliament, and that to the best of our information—of course it can only be a matter of opinion—that bill is entirely likely to pass.
Japan has likewise taken action, we understand. Though our information about that is not so full as I should wish it were, in order that I might give you positive details, we have received from our embassy in Tokyo a report that it is unofficially stated that the Japanese cabinet has decided that the whole of the Japanese share of the Boxer indemnity now outstanding shall be remitted to China for cultural purposes of mutual benefit to China and Japan.

The French Government has taken the most definite action of any nation thus far. They, almost two years ago, entered into an agreement with the Chinese Government by which the entire balance of the French share of the indemnity is to be devoted to certain specified objects. The primary object is the rehabilitation of the Industrial Bank of China, a French institution which went bankrupt and caused very heavy financial losses and great damage to French prestige a few years ago. Such sums as are necessary, of the French indemnity, are to be devoted to the rehabilitation of that bank and the payment of creditors who lost through its failure. It is, of course, entirely a matter of speculation whether there will be anything left over, but the arrangement with the Chinese Government and the bill as passed by the French Chambers provide that any contingent balance that there may be shall be used for what the French call "œuvres." That term is rather difficult to explain in English. I suppose "cultural institutions" is the nearest one can come to giving an idea of what is implied by it. In other words, it is primarily for the purpose of the rehabilitation of that bank, whose failure was very considerable, and secondarily for cultural purposes.

The Governments of Italy and Belgium have made no definite indication of the purposes to which they would devote their indemnity if they remitted it. They have not, in fact, taken any positive action toward remitting; but it is rather generally understood (certainly as a matter of gossip in the diplomatic body in Peking) that the Italian and Belgian Governments are contemplating an early remission and are probably waiting to see what is done by the powers who are more greatly interested, such as the United States, Great Britain, and Japan.

That creates a situation in which, if not exactly forced to action, we find ourselves confronted with a psychological situation in which it would be more difficult for us to hold back now—in which the failure to go on with the present remission would be more likely to create a misunderstanding than if the same thing had happened when the bill was first introduced. We, as you of course all realize, took the initiative in this matter in the first place. We had attempted throughout the negotiations for the settlement of the Boxer difficulties to protect the just interests of China and to try to bring about a settlement which should involve a little foresighted generosity as well as strict justice. We were, as you know, not altogether successful in that.

In 1908 we corrected China's bond to us in order to relinquish everything that we felt it had been an actual injustice to take. There nevertheless remains this balance in which we still have, of course, an unquestionably valid legal right, but as to which it may very well be contended that the claim is at any rate a somewhat harsh one.
The proposal now is that we shall relinquish this. In the meanwhile we have established by means of the 1908 remission a precedent that has been very far-reaching. The effect that that has had in China, as many of those who have testified have told you, has been altogether inestimable. It has placed the United States, in the minds of the Chinese, in a category entirely different from that of any other nationality.

The positive results from the educational plan to which China devoted the remitted funds are now beginning to accrue. It is only fair to say in passing that there is some ground for criticism that there has been a degree of disappointment in the way the educational scheme has thus far worked out. But, at any rate, I profoundly believe myself, and I think it is the view of all in our department, including the Secretary, who have to deal with these matters, that it is only on a very short view that we could feel disappointed. The educational plan is in its beginning; it has not yet had time to produce results.

In the long run it is bound to produce results of the most hopeful sort for the regeneration of China; but meanwhile there can not be any question of the extraordinary result it has produced upon our relations with China, or perhaps I should put it upon China’s relations toward us. That has been so much the case that other nations have regarded our action with a certain degree of what might almost be termed jealousy, a feeling that we had rather stolen a march on them—that our action had been so much more farsighted and so much wiser than theirs. There has been this feeling almost of resentment in the past toward the action that we took in 1908. But that feeling has given way to a desire to emulate the example that we set, and hence the efforts of the other powers that I have sketched out to you to try and place themselves in the same position. It would, of course, be a rather anomalous situation if, having initiated the more advanced and enlightened policy with regard to the disposition of these somewhat harsh indemnities, we were now to stop while all the others went on following our example and trying to take advantage of the initiative that we had taken.

For that reason it seems to me that to-day even more than when the first bill was introduced it is a matter of obvious expediency for us to go ahead with this proposal.

In the course of the discussion that has taken place yesterday and to-day before the committee there have come up a number of questions which possibly I might clear up for you by a perfectly frank statement of how the matter is regarded in our department. Most of those questions have concerned the use to which the money is to be put if remitted. Before going on with that let me answer a question that Mr. Cooper—I think it was he—asked, or at any rate suggested—and I am not sure that he received an answer that was altogether definite—as to what “remitting” means. Let me say that the State Department in its consideration of this matter has never considered that “remitting” could mean anything for our present purposes except to follow the practice we have followed hitherto in regard to the portion remitted in 1908—that is, that we would hold the Chinese Government to the payment into our hands of the installments as they come due and would thereupon give them back.
There are a number of reasons for that, quite apart from the question of the legal interpretation of the meaning of the word "remit" in the original bill. For one thing, I might just say in passing, we should not disinterest ourselves in this matter while other powers retain an interest. We want to be in a position no less favorable than theirs if it comes to any question such as arises very often in China—though it does not generally arise in other countries—as to the rights of the powers interested in the customs revenues of China and in the disposition of those revenues. If only for that reason, it would be, from the viewpoint of our dealings with current questions as they come up with China, an unfortunate thing if we were to lose our standing as one of the actual creditors who are to be paid month by month out of the customs revenues.

But to go on with the question of the uses to which this fund might be devoted. As soon as this proposal for the additional and final remission of the indemnity came up, the subject was quite fully discussed in the department, and the conclusion was reached that we could only act on the assumption that the money is to be given back to China; that it therefore does not befit our Government, or the State Department, acting for the Government, to tell China, "You must use this money for this purpose or for that purpose." It would very markedly detract from any graciousness and from any good will involved in that action, if we were to assume a right of dictating the disposal which should be made of those funds that we gave over. On the other hand, it is very clearly recognized that simply giving funds to the Chinese Government outright, giving that money (whether it were by release, if such a thing should be decided on, or whether it were by remission), so as simply to turn it over into the hands of the Chinese Government—would not serve the purposes that we have in view, either in the sense of improving our international relations or enabling China to better its own condition.

We foresee that the process which will probably be followed—and I think that we can anticipate it with a good deal of confidence, from our experience of the way in which the Chinese generally conduct such matters, and from the intimations that have been gleaned by us—what will happen if this money is remitted is that the Chinese, doubtless through their Minister here, will approach us with a statement that they have such and such uses in mind. We feel that it is essential, that we should leave the initiative to be taken by the Chinese. It is, of course, conceivable that some unacceptable purpose might be suggested. I do not think it is within the range of actual possibilities, but (simply to illustrate my point) if they were to suggest that that money be used to help the Chinese Government in meeting its budget deficit, I should feel that this Government should refuse to have anything to do with it; that the President in the exercise of the discretion which the bill gives him might well say that it did not interest us at all, simply to patch up a hole in the budget of the Peking Government. What they are likely to do—I think I may almost say what they seem sure to do—is to make to us some proposal for a concrete work, whether cultural, industrial, or whatever it may be, of a sort that the Chinese Government could not undertake and that the Chinese people perhaps
would not be in a position to undertake, which this would enable them to accomplish. It would then be simply a matter of an arrangement with the Chinese Minister, or with any board or commission that might be designated for the purpose, to adjust the details by which the funds could be put into such hands that none of us need have any worry about their dissipation, that we would know that they were being devoted to the cultural or other objects that the Chinese had selected, and that this money, month by month accruing to us as a debt from the Chinese Government, would thereafter be spent honestly and efficiently for some object approved by the Chinese people and in the interests of the Chinese people.

Mr. Browne. Has any of this money so far ever been used for anything except for educational purposes or something akin to education?

Mr. MacMurray. No, sir.

Mr. Browne. Are you in favor of departing from the custom that we have had in regard to spending this money, and putting it into anything outside of education or libraries or something of that kind—library work?

Mr. MacMurray. Mr. Browne, I have personally no opinion of my own—certainly as representing the State Department I have no opinion. I have possibly some little personal preference for the idea of using this for industrial work, because so much is now being undertaken in education, and possibly there is room in the field of industrial development. But I have said that only to be entirely frank with you, since you are asking my personal point of view. I think that I am really not entitled to a personal point of view, because I feel quite strongly that it is up to the Chinese to decide what they want to do with the money. Now the Chinese, various groups of Chinese, have proposed various schemes—some of them industrial, for instance, plans covering the Hwai River conservancy which you have heard advocated by Mr. Dwight Edwards. There are various other schemes. For my part should not feel unhappy if, for instance, they wanted to double-track a railroad or improve a harbor, or use the funds for some concrete industrial purpose like that. But I feel that this is essentially a matter for the Chinese themselves to determine. What they are going to determine I can not tell. My forecast, or my best guess is, that they are going to propose some education project, and there are several such projects which they have considered rather fully, and which I think none of us should feel sorry if they adopt.

Mr. Linthicum. Mr. MacMurray, you can state for the record or otherwise—you spoke as though the present educational situation under the remission we now make is not quite satisfactory.

Mr. MacMurray. I did not mean quite that, Mr. Linthicum.

Mr. Linthicum. It has not worked out as you anticipated?

Mr. MacMurray. You refer to what I said at the beginning of my remarks?

Mr. Linthicum. Yes.

Mr. MacMurray. What I meant was merely that the education of Chinese students in this country by means of the funds provided by the 1908 remission has not had such a profound effect as the more optimistic had hoped. To begin with, the plan has not been long
enough in operation. More fundamentally there has been an altogether natural tendency on the part of the "returned students" to regard themselves as a chosen group set apart from their own people, so that on going back to China they did not fit into the scheme of things, more particularly as they had perhaps acquired tastes and standards of living out of keeping with their environment in China. This tendency has been the more strong, because too often these students had been uprooted before they had been really formed to the traditions of their own country, and never became fully rooted in ours, so that they were neither good Chinese nor good Americans. But these defects in the system are such as, I believe, will tend to remedy themselves as foreign training becomes more general and less exceptional. As I said, it seems to me that we should feel disappointed only as to immediate results. I think we can fairly expect that the future will give increasingly satisfactory results.

Mr. Cooper. I think there will be enough of building of railroads without this fund—or dikes. If the building of dikes will help the Standard Oil Co. to sell oil, they can put a little money into that. There are millions and hundreds of millions of foreign capital invested over there. Why, Shanghai is going to be the New York of the Orient. It is an amazing city, and there are millions of money that will go out and build these industrial projects. There is no question about that, but many of the men interested in industrial projects are interested in the cheapest kind of labor, and they do not want any education among the masses at all. That is how that stands.

Mr. Linthicum. Mr. Cooper, I quite agree with you, and my interest in the resolution is for educational purposes and the establishment of libraries. Now, can you see any objection to specifying in the resolution that that is what this fund shall be used for? This does not apply to the present administration or to the next, but it may apply for a great many years.

Mr. MacMurray. Well, if it should be specified that the money must be used for education, I think it might somewhat cramp the freedom of the executive in making what are perhaps the somewhat delicate arrangements by which the uses that we have in mind will be assured, and by which we will simultaneously be assured that there will be no mismanagement of the fund.

The Chairman. Have you anything further, Mr. MacMurray?

Mr. MacMurray. No; I have nothing more.

The Chairman. I would like before you leave to put into the record a letter from the Secretary of State, dated June 15, 1917, to the Chinese minister, and also the reply of the Chinese minister, dated June 17 of the same year.

(The letters referred to are inserted in the hearings of October 24, 1921, at the conclusion of the document.)

Mr. Rogers of Massachusetts. My recollection is that when Mr. MacMurray was up here before on this he discussed rather more fully the underlying facts in the negotiations than they have been developed in consecutive order at these hearings. Those hearings of some years ago have never been printed, and it seems to me it would be very wise to print them now, because I doubt if there would be very much repetition.
Suppose we turn this over to Mr. MacMurray and have him delete what he thinks is immaterial and we will print the balance. If there is no objection we will do that.

Mr. Temple. Would you like to revise it before it is printed?

Mr. MacMurray. I would like to; yes.

The Chairman. Kindly eliminate all that discussion about the amount due, because that only tends to confuse.

Mr. MacMurray. Yes; I will do that.

Mr. Collins. Well, we are going to have some figures on the amounts due, are we not?

The Chairman. They were put in the other day.

Mr. Collins. I meant particularly the figures for the Army.

The Chairman. Yes; they are in.

Now we will hear you, Mr. McElroy. Kindly state your full name and address.

STATEMENT OF MR. ROBERT M’ELROY, PRINCETON UNIVERSITY, PRINCETON, N. J.

Mr. McElroy. My name is Robert McElroy, Princeton University.

The Chairman. I believe you are a director in the China Society of America?

Mr. McElroy. Yes; I have an office at 19 West Forty-fourth Street, New York City.

The Chairman. How long have you been connected with the China Society?

Mr. McElroy. About 1 year and 10 months; that is, officially. I was a member of its before that.

The Chairman. Have you been in China?

Mr. McElroy. Yes; I was there first as an American exchange professor in 1916 and 1917, and on the Boxer indemnity fund. I lectured in, I think, about 20 universities and about 26 cities, particularly on education and the problems of representative government.

The Chairman. Will you kindly give the committee the benefit of your views on the pending resolution?

Mr. McElroy. Well, Mr. Chairman, the thing has been very fully covered, and I realize that in bringing Mr. Edwards here I provided a substitute who knows a great deal more about the general aspects than I do. Every citizen of the United States, and perhaps every representative also, in the present organization of world conditions, is under obligation to think of every question primarily from the point of view of his own country, and it is not inconsistent with idealism to think from the point of view of the interest of ones own country.

As I see the situation, if we are to be guided by the interest in a nation that needs our help, we ought to associate ourselves in every way with aiding China’s development and the success of that first great experiment in Asia in our particular type of government, which is representative institutions.

In the second place, if we are to consider the interest and the potential interest of the people of the United States, which we must consider, it is vitally important that we should preserve our unique position of leadership in China, and by every legitimate, proper means
increase it, in view of the vast potential meaning of the undeveloped Chinese market. The statement of the Division of Foreign and Domestic Commerce of the Department of Commerce, I understand, is that China's foreign commerce to-day is about $1,000,000,000, but that the moment they are in a position to purchase American goods as much as the Australians do, the Chinese market will be worth $65,000,000,000. Now, with a European debt of eight or nine billions, which they are not able to pay, with the vast expansion of American industry——

Mr. Browne (interposing). I did not just catch that. Did you say $65,000,000?

Mr. McElroy. No; $65,000,000,000. That will be approximately five to six times the whole European market when it is developed. By "developed" I do not mean the creation of a desire on the part of the Chinese for American goods. That already exists. They are not a decadent people; they are not an uncivilized people. They are as fond of American luxuries and manufactured goods as the people of Europe. The difficulty is that they are not economically in a position to indulge their desires. As Li Hung-change used to say, if you could add 1 inch to the shirt tails of all the Chinese in the world, you would absolutely wreck every cotton factory on earth, and that is true with reference to every phase of this industry.

Now, when you speak of education: Confucius taught 2,500 years ago, "First enrich your people, then educate them," because it is the experience of educators throughout the world that if you educate people on an empty stomach you produce nothing but pessimists.

I think the question of the American training of Chinese students has been referred to, and as an educator concerned and interested in the problems of education in this country and in the great world problems that are upon us—and we dare not think now insularly or in a mere sectional way—I think that in one way we have not succeeded ideally in the training of 2,500 Chinese students training each year in this country. We have of necessity trained them as though they were going to live in America, instead of training them as though they were going to live in China. I believe that if we had trained the students, perhaps four or five thousand of them since 1908, so that everyone going back would be able to say, "I have an intellectual culture," and also, "I have the definite capacity to do something that is actually of value to the people," it would have been better. In other words, if we had given them an education with reference to the problems of China instead of with reference merely to the problems of the United States and to general culture, we would have been vastly better off, and they would have been vastly better off.

I do not believe that there is any real difference between China's greatest problems and the greatest problems of the United States. I think it is short sighted to believe that we can concern ourselves with American problems alone and not concern ourselves also with those great dawning problems which are the very essence of the relations among the nations of the world. Therefore, I think in approaching this question of the training of Chinese students, we are entitled to think from the point of view of what is going to make China in the quickest possible way economically capable of taking advantage of a situation which is unique in its potentialities, and of
developing those vast undeveloped resources which when they are developed are going inevitably to make life easier, not alone for 400,000,000 Chinese, but for the other 1,200,000,000 people in the world.

I do not think that to-day with our methods of communication it is permissible to think merely in terms of any one section. What the world is looking for is peace, and what the world is looking at is war; and if you are going to get real peace you are going to get it on the basis of some sort of a satisfactory solution of the great questions which are basic, not alone to one nation, but to all nations.

I have been in correspondence with the chambers of commerce throughout this country for the last two years, and I find that the point of view of a great many of them is, "For our generation the American market is adequate, and what comes after us does not concern us." China represents potentiality, and her future greatly concerns us.

The development of industry in China, despite the absolute chaos of politics, is proceeding with very astonishing rapidity. The figures from the Department of Commerce are to the effect that within the last, I think it is 10 years, the number of American firms doing business in China have jumped from 48 to about 412, and yet, of course, our foreign trade with China now is probably not sufficient to pay the bills of the altruistic work, educational, medical, and missionary, that is going on.

But with this particular bill for remitting the remaining Boxer indemnity—and this is what we have in mind only—we can maintain the point of view, as someone expressed a moment ago, that after all, America believes that her great contributions are idealistic.

The greatest thing we have ever done in the colonial policy of this country was to take the island of Cuba, which was down and out; to reconstitute it, give it a system of education, give it an economic standing in the world and a substantial basis in economic values, and then say to it, "Now you exist for the people of Cuba." Incidentally, that has been of vast value to this country.

What we did in 1908 is the third incident of that kind in our international altruism, was to say to the people of China, "We have taken too much. We give back the excess to you." And what they said is, "We believe in the American idealism, and we propose to take the money which you have given back to us and use it for teaching the Chinese to understand what makes America a great nation." They have given us the highest compliment which can be given by one people to another, frankly attempting to imitate the institutions which have made this Nation a magnificent composite nation out of all the blood of the world, and I believe that for us to sit quiet now, after giving the example to the nations of the world of a disinterested action—and I think it was disinterested, although I think its value has been enormous—and allow Great Britain with her pending bill remitting to China £11,000,000 sterling to take our lead away, Japan with her 65,000,000 yen to come next, and others following by actions more generous than our own—all these nations going beyond us would be inexcusable. In the interest of America, the safety of our institutions, and the confidence which we enjoy among the people of China; in
fairness to the right to idealistic leadership among the nations of the world, which we have earned, we must not allow those nations to take the lead and go beyond us in this matter. Instead, we should say to China: "You owe us a certain amount of money. We can collect it to the last cent, but we believe in the brotherhood of man and in the idealism of nations, and we believe that remission is the wisest course for us to follow, both for us and for China."

Mr. Browne. I would like to ask the doctor a question. Have these other countries that have remitted their amounts, or intend to remit, do they remit unconditionally, or do they specify what shall be done with the money?

Mr. McElroy. Well, I have attempted to find out, Mr. Browne. Of course, the British bill is not yet through, but I understand that the idea is to use it to educate Chinese students in institutions which will be generously either American or British, or any that will give them effective training.

Mr. Browne. Do you believe in the unconditional remission of this amount?

Mr. McElroy. No, I believe in the bill exactly as it stands. It seems to me absolutely ideal.

Mr. Browne. I notice in this pamphlet which you sent out, or which was sent under your auspices—you are the managing director?

Mr. McElroy. Yes.

Mr. Browne. You state in this pamphlet as follows:

No well informed friend of China would advocate unconditional remission of the remaining indemnity payments nor their unconditional application to educational purposes.

Do you take a different view now? I can not reconcile the statements you make now with this statement in this pamphlet.

Mr. McElroy. What Mr. MacMurray said is exactly what I believe, Mr. Browne, on that subject. I agree with him, absolutely.

Mr. Browne. Then you do not agree with this pamphlet?

Mr. McElroy. No; I have no preference as between a number of possible uses. I do not think that it is what Mr. Stevens meant. He was merely mentioning a number of suggestions—this among others. This was said in the course of an address, and I said, "Would you let me print that?" And he said, "Yes."

Mr. Browne. Then you do not sponsor that?

Mr. McElroy. No; what I think he meant there, and what I certainly meant when the pamphlet was published, was that there had been four or five groups, each of which has been advocating a special use of this money, providing it is sent back. We have heard all of them, and I simply want to say to the committee that, so far as we are concerned, it makes not the slightest difference whether you take
one of those, or take two of them, of what is the division; all we want
is that the Chinese people shall feel that the spiritual leadership which
the United States has taken among the nations is not abrogated, and
that we do not step aside and allow some other nation to take our
place of leadership.

Mr. Browne. Is this China Society of America, which you are
managing director of, supported by voluntary contributions?

Mr. McElroy. By memberships and a few small contributions.
We have never applied—we would not accept, I think I can say
frankly, any subsidy from the Chinese Government, because that
would make us of necessity an organization committed to the interests
of the Chinese Government. It is a patriotic organization looking
at the great problems of the United States from the point of view of
our big future among the nations of the world.

Mr. Browne. Edward C. Delafield, the treasurer of the Chinese
society, is a large banker and ammunition man, is he not?

Mr. McElroy. Mr. Delafield was one of my students at Prince­
ton; is an intimate friend of mine. The organization was very
poor and they could not find anyone to take the position of treas­
urer. I asked him to take it as a personal favor. He said, “I am
perfectly willing to take it provided I do not have any responsibility
for anything except the ordinary routine of receiving fees and
gifts.” He is president of the Bank of America.

Mr. Browne. And this Mr. Stevens, whose speech appears in
the pamphlet you put out, Frederick W. Stevens, who is he?

Mr. McElroy. As given on the outside, he was for three years
the representative of the American branch of the China Consortium,
resident in Pekin, and this speech was made after his return.

Mr. Browne. About that time he was attorney for J. Pierpont
Morgan & Co., was he not?

Mr. McElroy. I think he is connected with the Morgan firm.

Mr. Browne. Is he now?

Mr. McElroy. I imagine so, yes. I do not know whether he is
actively so, but I think he is.

Mr. Browne. What is the purpose of this society, the China
Society of America?

Mr. McElroy. Well, I have sometimes expressed it in this way:
We would like to try to think that in the future we could bring
about an intellectual condition in which an educated American
could look at a Chinese idigraph and not think of a Chinese laun­
dry. We aim to spread, as far as a private society can spread, a
knowledge of the fact that our interests are identical in many re­
spects with that of the Chinese, and that the Chinese are not an
inferior people, that they have a great, magnificent culture ante­
dating any of our own.

Mr. Browne. And that society wants to change the policy of
educating the students that come over to America? You want to
make a radical change in the ideas that have existed heretofore,
in the education of the Chinese students who come to America,
do you not?

Mr. McElroy. I do not quite see what that is based on; certainly
nothing in that pamphlet—certainly, I am not conscious of it.
Mr. Browne. It says in the pamphlet that we should not contribute any more to education "unless we make a thorough investigation." It says—I am reading from the pamphlet:

And the terms and conditions of a further relinquishment for educational purposes, if that should be proposed, should not be determined without a careful investigation of the entire subject.

Mr. McElroy. Of course, I do not think myself, Mr. Browne, that six million and a half of any Government money ought ever to be released without very careful investigation as to how it should be used.

Mr. Browne. Well, what is the plan of education contemplated by the pamphlet you send out?

Mr. McElroy. I was going to say at the beginning—I will say it now perfectly definitely—that if this bill involved the abandonment of the system of educating Chinese students in this country, in vogue since 1908, I should feel differently about the desirability of passing it. I think this, like all American education, can be improved by having the student educated specifically with reference to the problems of China, where he is to live, instead of with reference to the problems of America, where he is not to live.

Mr. Browne. Are you still a professor at Princeton?

Mr. McElroy. Yes, sir.

Mr. Browne. But you are secretary of this society also?

Mr. McElroy. Yes, sir. I am down there a good deal, but I am doing my full work at Princeton.

Mr. Browne. And you are the paid secretary of this society?

Mr. McElroy. Yes, sir. I am both ready and willing, if the committee is interested in the affairs of the China Society, to submit the whole budget of the society and all the publications. I do not know whether you want me to go into that.

Mr. Browne. You were formerly secretary of the National Security League, were you not?

Mr. McElroy. I was educational director of the National Security League for a little over two years.

Mr. Browne. You received a large salary from the ammunition people of the country who were large contributors to the National Security League, did you not?

Mr. McElroy. Mr. Chairman, I do not feel that that question is quite relevant. So far as I am conscious, I have never had one cent from any ammunition maker on earth.

Mr. Browne. From that Security League you received a $10,000 or $12,000 salary, did you not?

Mr. McElroy. I had $10,000 from the National Security League, but I attended for some months an investigation, and nothing has ever connected, as far as I know, the National Security League with the munition makers of this country. We had two months of that, Mr. Browne, together, and I can submit to the committee the majority and minority reports, if that is relevant to this situation. So far as I know at the present time, the National Security League has never had any connection with the munition makers of this country. It was a preparedness organization, exactly as this is a preparedness organization.
Mr. Browne. The committee that made a report on the National Security League stated in their findings that it was supported by the ammunition makers of the country.

Mr. McElroy. If that is relevant, I am perfectly willing to submit 15 volumes of evidence in which Mr. Browne was one of the investigators.

Mr. Temple. I do not see the relevancy of this line of questioning, Mr. Chairman.

Mr. Cooper. I think it is relevant as going to show who this witness is and who his associates are—what he represents in making these statements. That is all.

Mr. Temple. Would Mr. Browne be willing to say that he intends to discredit the testimony of the witness?

Mr. Cooper. Well, he has a right to find out all about where a witness comes from. It is the most customary thing in court, always allowed in court, to identify a witness.

Mr. McElroy. I do not object, Mr. Chairman, to answering any questions Mr. Browne or Mr. Cooper may care to ask.

Mr. Browne. My only aim was to find out about this China Society of America that is sending propaganda to this committee and seems to be in favor of this proposition, with certain radical modifications regarding the use of the money for other purposes than education. That was my purpose, and to ascertain who the officers and supporters of the Chinese society are and their interests in China.

That is all. I have finished my examination of the witness.

The Chairman. So far as the National Security League is concerned, its affairs are not relevant; we all have our opinions in regard to that organization; personally I have a very bad opinion of it.

Mr. Cooper. A Committee of this House of Representatives unanimously found that the security league had deliberately violated the laws of this country and ought to be prosecuted criminally by the Attorney General of the United States; but he did not do it; and that report is on file, the unanimous report of the committee of this House.

Mr. Browne. Approved by the House of Representatives.

Mr. Cooper. Yes; approved of by the House. And this gentleman was very prominent in that organization a few years ago, and now he is equally prominent in this.

Has this organization that you call the China Society, or whatever it is—has it any Chinese officials?

Mr. McElroy. Yes; Mr. K. C. Li, president of, I suppose, the largest Chinese house in this country, is vice president of it. Mr. H. F. Un, who is the president of the American branch of the Canton Bank, is one of the directors.

Mr. Cooper. They are all capitalists interested in big enterprises, etc.?

Mr. McElroy. If you call Dr. Jeremiah Jenks a capitalist, they are.

Mr. Cooper. Maybe not a capitalist, but he is generally interested in big enterprises?

Mr. Cooper. He left the War Department and went into the employ of the Radio Corporation, which is one of the biggest things in the world. He is now drawing two salaries, one his retired pay from the Government and the other a big salary from that corporation. I know that is entirely legitimate, but we want to get the bearings of this thing and why it is suggested that we use some of this money to double-track railroads, etc.

Mr. McElroy. Well, so far as I am concerned, as I said a while ago, Mr. Cooper, I have no preference with the exception of the fact that I think we ought not to disturb the funds that are at present being used for the education of Chinese students. I think in many respects that system can be improved. I think that on the whole it has been a very valuable thing psychologically and economically for the people of this country and the people of China, and I should not be willing to advocate any measure that I thought would destroy the usefulness of that fund.

The Chairman. Is there anything further from the witness? If not, we thank you very much, Mr. McElroy. Mr. Dyer, do you want to be heard now, or would you rather wait till to-morrow?

Mr. Dyer, of Missouri. I prefer, Mr. Chairman, to abide by the convenience of the committee. If you wish to adjourn now, I certainly do not wish to delay you.

The Chairman. I think we had better adjourn now and take this up again to-morrow morning.

(Whereupon, at 1.30 o'clock p. m. the committee adjourned until 10 o'clock a. m. Wednesday, April 2, 1924.)

Committee on Foreign Affairs, House of Representatives, Wednesday, April 2, 1924.

The committee met at 10 o'clock a. m., Hon. Stephen G. Porter (chairman) presiding.

Statement of Hon. Leonidas C. Dyer, a Representative in Congress from the State of Missouri.

The Chairman. Mr. Dyer is present and wishes to be heard on House Joint Resolution No. 201, to provide for the remission of further payments of the annual installments of the Chinese indemnity. We will be glad to hear you now, Mr. Dyer.

Mr. Dyer. I desire to say a few words on House Joint Resolution No. 201. My interest in the relations between the United States and China, from the standpoint of a legislator, is largely to improve trade between the two countries. I have given some attention to that, and the Committee on the Judiciary has reported legislation that had for its purpose the enabling of Americans to really enjoy the open door in China so far as trade is concerned. During the last Congress we enacted into law a bill known as the "China trade act," and we have in this Congress favorably reported upon some changes to improve this law.

My interest, therefore, is that we may improve our trade in China along broad national lines. We have in China a great many Ameri-
and they have been practically driven out of business through the failure of our Government to give them opportunities that the British and other governments give to their nationals. That is my interest in the matter. I made a trip to China last winter and studied the effects of the China trade act of 1922. I made some extensive investigations, holding meetings or conferences with American chambers of commerce in various cities in China, as well as talking with the diplomatic and consular officers of the United States in China as to business conditions there, and how we could improve it, etc. During that trip, this question of the return of the balance of the so-called Boxer indemnity was brought to my attention by Americans over there—that is, by those in business as well as those representing our Government officially. I also talked with a number of Chinese officials regarding the matter, and due to the judgment which I formed by reason of that investigation, I asked to bring it directly to the attention of your committee. I feel that the Boxer indemnity should be returned. I do not differ upon that point with anyone who is in favor of it. I think our former act along that line enhanced our business with China very considerably, and if we should continue that policy, by remitting the balance of the indemnity, it would help us still more, as well as assist China.

One thing to be considered is that this amount—and, of course, you are acquainted with it—is a considerable amount of money. I think originally it was about $300,000,000 in gold.

Mr. Temple. Only $24,000,000 of that was to be the share of the United States.

Mr. Dyer. I mean the whole amount that the Chinese people were called upon to pay.

The Chairman. The total amount was $333,000,000.

Mr. Dyer. It was something over $300,000,000 in gold. This country received only a small part of it in comparison with other countries. The Chinese have been paying it, they have been paying it to us monthly, and we are getting two checks each month. One of the checks is for $65,000 and the other is for $45,000. The check for $45,000 we retain and the check for $65,000 is turned back to them for educational work. Now, I do not know how far this committee would care to go in this matter, but I think it would be a splendid thing, if you found it consistent with the rules of diplomacy and tact, such as exist among the different sovereign nations, to ask the President to take up this question of the Boxer Indemnity with all the other nations that have received such indemnity, or that are to receive more of it, and see if there could not be some scheme worked out through an international committee by which this whole amount of money might be remitted and used for the benefit of the Chinese people. The money would then be expended under the supervision of that committee representing the United States Government, the British Government, and such others as have received money from this source or to whom the money is due.

Mr. Cole. May I ask you a question right there?

Mr. Dyer. Certainly.

Mr. Cole. Would not that be a rather bad precedent to establish at the present time? If we should interfere and get them to forgive
debts owing to them, might they not apply the same principle to all of the interallied debts of France and Italy, and England would be glad to have us forgive some of her debt to us? If we should start out by suggesting that these foreign nations arrange a plan for forgiving the debts due them by China, would it not be a bad precedent?

Mr. Dyer. No; I do not think so. When I was in China last winter I heard it suggested a number of times by Americans that this country should go to the other nations that have money coming to them from China and say to them that we would remit their portions of the Chinese indemnity from the amounts that they owed the United States, due to the war loans, and then we in return remit it all to China.

The Chairman. You were not present at our hearings, and, perhaps, you do not know that practically all of the countries holding claims against China are following in the footsteps of the United States in regard to the matter. Very likely many of them have gone too far in that direction to enter into an arrangement like the one you suggest. A point was raised here yesterday by Mr. MacMurray which struck me with great force, and that was that the United States initiated this policy of remitting the indemnity, or a portion of it, and that it was so beneficial to America that it had in a sense compelled the other nations to follow a like policy. Now, do you not think that we should continue in our leadership without any arrangement with the other countries of the world?

Mr. Dyer. Yes, I do; but we could also seek the same action from other countries and then form an international committee upon which the Chinese nation should be a member to expend the money for the best interest of China, and not leave it to the Chinese Government entirely.

The Chairman. May I interrupt you at that point? The testimony shows that this money is paid, as you say, by two checks every month, and the checks are delivered to the American consul general at Shanghai. One check is forwarded to the Treasurer of the United States, and the other check is indorsed over to the Chinese Government, and by the Chinese Government indorsed over to a college. Now, under that system, it would be impossible to dissipate more than one month’s payment. By leaving the matter in the discretion of the President, as this resolution does, he could refuse to allow the consul general to indorse any check over to the Chinese Government the moment he found that they were misapplying the money.

Mr. Dyer. That is true, and I think that that arrangement works satisfactorily.

Mr. Cooper. Let me suggest that Mr. Dyer has raised what strikes me as an important point, but, to agree with it, requires a concession which is not based upon facts, I think. In my judgment, there is no analogy between the debt that France owes us on account of money borrowed under a contract, as a friend, and the obligation of China to the United States to pay us this indemnity. This indemnity was coerced. It was forced as a result of what was in effect war. A part of the damages were compensatory, and those damages have all been paid, it was testified yesterday, and what we are now claiming is on account of punitive damages. Therefore, there is not any real analogy or similarity between the two things.
Mr. Cole. Whatever might be the origin of this debt, if we were to interfere, or if we made the suggestion to those powers, the result I have indicated might follow.

Mr. Dyer. I do not think there is any question about the justice of omitting the amount owing to us because, as stated by Mr. Cooper, substantially one-half of it was collected as punitive damages.

Mr. Temple. I would like to have the record show that we do not all agree to that statement. There is not any part of this claim, except the part that was remitted in 1908, that ought to be considered as punitive damages.

Mr. Dyer. I am talking about the total amount that was assessed against China by the powers, mounting to some 450,000,000 taels. Of the 450,000,000 taels, at least 200,000,000 was assessed as punitive damages. America is a friend of China. It was the diplomacy of Pohn Hay that brought forth what was known as the "open door," in China. Additional good work along that line was done by President Harding, in bringing the powers here in a conference to help settle difficulties in the Pacific. We do not have an open door in China: we have not had it, and we are not doing anything practical to get it. The Chinese people have practically nothing to say as a people with reference to their Government. They were not responsible, of course, for the Boxer uprising, except as they were a part of the Chinese nation. The Boxer trouble was brought on by a few Chinese.

There were only about 40,000 Chinese who were to blame for that, but the whole Chinese people have been made to suffer by reason of the indemnity that was exacted. Because of the condition of their Government they are not able to pay their obligations. They owe to-day many millions of dollars to different nationals. They owe our own nationals for supplies that were furnished for their railroads and things that are controlled by the Chinese Government. The railroads are owned by the Chinese Government, and they owe our nationals to-day millions of dollars for supplies furnished for those railroads. When I was in Peking last February, representatives of American corporations and other business concerns were maintaining offices there purely for the purpose of trying to collect their money that was due them.

Now, the Chinese people are a splendid people. They are industrious, and are a very fine class of people. Those who have not seen them as they are in China do not appreciate this, but they are a very wonderful people. They have a good country and a great opportunity for going ahead. They are intensely interested in having an opportunity to work, and they make good workmen. I have seen them in the mills and in different kinds of factories and industries, and they are a wonderful people in industry. The whole question is one of opportunity. That is something that they have not had to any extent because of the Government they have had in China. The United States ought to take the lead there, gentlemen. The United States ought to take the lead in this matter by providing in this resolution that the President may take up this question of the remission of the Boxer indemnity with the other nations, with a view to organizing a committee to supervise the expenditure of the money that is remitted.
This committee should see that the money is expended for the benefit of the Chinese people. It should be understood that the money that is remitted is to be used for the benefit of the Chinese people. The money that we have remitted is being used for educational purposes. It is being expended there for a college near Peking. That is a preparatory school, and they are sending students from that college to America. They spend three, four, or five years over here, and then go back to China. They learn professions largely, but they should be instructed more in the mechanical trades and engineering works so that they can establish mills and factories and be of some force in China. This money ought to be expended in China itself. The children in China have no school facilities that are at all adequate. There is no such thing as a public school in China, as we know it.

Mr. Cooper. Is it not true that some of the students that come to this country graduate from the engineering departments of the universities, and that they go back after they graduate?

Mr. Dyer. Yes, sir; some of them have done so, but the majority of them have gone into other professions.

Mr. Connally. Do you not think that they need professional men in China, and is it not desirable that the men who rule that country should be educated?

Mr. Dyer. The trouble is that so many Chinese come over here and study law and other like professions, and when they go back they want to get jobs under the Government in the foreign office, or something of that kind, instead of going out and developing the country industrially.

Mr. Connally. Suppose they do; should not the people in the Government service be educated?

Mr. Dyer. But they have 100 people working in the Government service where one should be employed. That is the trouble. The money that they receive from taxes is used practically for the benefit of a few people, or the militarists, and because of their influence none of it goes for the benefit of the Chinese people, or practically none of it.

Mr. Browne. Has any of the money that we have remitted so far gone to anything except educational purposes?

Mr. Dyer. I think not. I think that money is expended properly, as it was intended by the President, from the point of view of taking care of this preliminary school at Pekin. They send students over here, also.

Mr. Connally. Suppose you tell us what you want done with this money. If you want to change it from the present course, tell us how you would spend it? It does not amount to much, and $65,000 per month would not, of course, educate the people of China. How would you expend it?

Mr. Dyer. I would expend it for the education of Chinese in China, by the establishment of some schools there.

Mr. Connally. That is what the $65,000 per month is used for now. It goes to this college.

Mr. Dyer. The people who go to that school are selected from different Provinces, as I am informed, through the influence of military leaders. Then send so many from this Province and from that Prov-
Mr. Connally. How far would the $65,000 per month go in all China in the education of children?

Mr. Dyer. I am not dwelling upon the amount that this country would remit especially. It is my suggestion that a commission be created, or, if the committee feel it was wise, and if Congress would approve it, to request the President to take up this question with the other nations and thereby get this total amount remitted. In other words, have those nations to not only remit what is now due, but see if they will not remit what they have already received, and in that way, through an international commission, take up this question of using this money in the education of the Chinese people. They should be given that opportunity—an opportunity that they do not have now. They do not have an opportunity to get an education. They are anxious, as you know, to come over here, and they are in various schools and colleges here. They have been in classes with children of my own, and there are several Chinese girls now in the class with my daughter at Ann Arbor. They are diligent students and like to study, but they lack the opportunity as a whole to go ahead. I hope I am not worrying the committee, and I will not take up much of your time; but the point I am trying to make is that an effort should be made to have a movement started for the creation of this great committee representing the foreign powers. By taking this action, or by taking this step, which is a proper step in dealing with this great Chinese question, we will be doing something of great benefit to the Chinese people. We will be helping them to educate their children. While it is our duty, I think, to do that for those people, because of our pronounced friendship and interest in them, beginning with the administration of Washington, it is also our duty because of our own interest from the business standpoint.

Mr. Connally. You do not want to put it upon that ground, do you? You started out by saying that your interest was on account of our business relations, but you do not want to place this action upon that ground alone, do you?

Mr. Dyer. I say we should help them.

Mr. Connally. You do not mean to say that you would only give this money back to China in order that individual Americans could have a good market and make more money out of the Chinese, do you?

Mr. Dyer. No; I am thinking about this matter as a whole. If we help the Chinese, that promotes a friendly feeling. We ought to help them to learn trades, so that they would go into shops, factories, and engage in industrial pursuits. If we had all of that Boxer indemnity of $333,000,000 together, we could go ahead and build China up and give here people an opportunity. That would result in greater good to our own country; it would help others, because China would increase immensely in trade and business, and we would get our portion of it as well as the other nations. China is larger than continental United States, and it is a very rich country in mines, agriculture, and everything else. We have a great opportunity here in taking the lead in going over there and helping the Chinese people.
That would redound to the benefit of the whole world. I feel that it is our duty as an old-time friend of China to maintain the open door, and to take the lead in that. This is a good chance to take that lead.

What I have tried to impress upon the committee, if I have been able to do it, is not to interfere with any disposition of this money as heretofore made, because the amount is not great enough. There are only about $15,000,000 involved, so far as we are concerned. I am not making any suggestions as to that except that it should be remitted and remitted under such conditions that the Department of State can handle it under the direction of the President as heretofore. I am trying to impress upon you the thought that this great Committee on Foreign Affairs should add to this resolution, if it is possible, a provision under which the President would bring this matter to the attention of the other nations that were involved in this indemnity, so that we could get an international commission to expend the money.

Mr. Temple. Before we get too far along, you inadvertently stated that the balance due is $15,000,000. As a matter of fact, it is only about $6,000,000.

Mr. Dyer. I meant the balance between what they were to pay and what we remitted. We remitted something like $11,000,000, did we not?

Mr. Temple. Yes.

Mr. Dyer. I meant the difference between that and the total amount of our portion, including interest. The balance we have not remitted is about $15,000,000, as I understand it.

Mr. Temple. It is about $6,000,000.

Mr. Dyer. You do not include that which we have collected?

Mr. Temple. No; we propose now to remit the whole of it.

Mr. Dyer. The whole of it is how much?

Mr. Temple. $6,000,000.

Mr. Connally. After deducting what they have paid.

Mr. Dyer. We are not proposing to give them back what they have paid us?

Mr. Temple. No; that is not the purpose here.

Mr. Dyer. In other words, we will keep what they have already paid us?

Mr. Temple. There is nothing in this resolution proposing to turn back anything that has been received.

Mr. Dyer. I think that should be done.

Mr. Temple. This resolution would remit the balance now due.

Mr. Dyer. I think we should remit all of it to them. That is my belief.

Mr. Cole. Would you be in favor of remitting to England what she has paid to us on account of her debt?

Mr. Dyer. No, sir; that is an entirely different matter. The Chinese people are in a deplorable situation. England has about 2,000,000 people out of employment, and she is in need of help.

Mr. Dyer. There is no nation in as bad shape as China. We should do it not only for that reason, but it would bring to us in return manyfold what we may remit in foreign trade which this country ought to be working for, so far as the Pacific is concerned,
because that is where the foreign trade will be. If we do not take our part or our proper part in it, we will be left out, and other nations will take it from us.

Mr. Collins. Do you think that we are getting our share of the trade with China now?

Mr. Dyer. No; we are not.

Mr. Collins. Are you losing that trade?

Mr. Dyer. Yes. So far as trade within China is concerned we have practically no trade in China itself, due to the fact that the British and Japanese have their preference legislation to enable their nationals to do business in China.

The Chairman. What do you mean by preference legislation?

Mr. Dyer. Great Britain, Japan, and other nations have provided through special acts or special laws that their nationals in conjunction with Chinese may organize corporations in China for doing business in China, under the protection of the British law. In addition to that, they exempt them from all taxes on business done within China.

Mr. Connally. We have done that, too, have we not?

Mr. Dyer. We intended to do it in the last Congress, and we did it fairly well, so far as the House was concerned, but in the Senate they changed it so that it did not accomplish the purpose.

Mr. Collins. So that, if we remitted that original $11,000,000 from the standpoint of trade, it has not helped us at all.

Mr. Dyer. It has made them friendly to Americans. They want to do business with America; they want to buy American goods and they want to trade with America; but we know that when it comes to doing business, very naturally a concern is going to buy where it can buy to the best advantage or where it can get the best prices. That is perfectly natural. If they do not do that, they will be frozen out by their competitors. Anything that they can buy cheaper from the British, they will buy. Through these organizations or through these corporations the British went into all kinds of business, and they got the Chinese to go in with them, because these corporations are protected by national law of the British Government. That Government is standing back of them, and when they open up mills, etc., the machinery comes from Great Britain. When they get supplies and additions and replacements, all of it comes from Great Britain.

Mr. Moore. Have you not forgotten one thing, that the British have subsidies of their merchant marine and we have no subsidies?

Mr. Dyer. We have had plenty of ships since the war, and we have gotten a very large proportion of the trade on account of the war, but were not able to hold it.

Mr. Temple. The Statesmen's Year Book for 1923 in an article on China relating to commerce gives the trade between China and the principal countries in 1920 and 1921 in haikwan taels. The imports from Great Britain were 131,000,000; from the United States, 143,000,000, 12,000,000 more than from Great Britain; and in 1921 the imports from Great Britain were 149,000,000 and from the United States 175,000,000 haikwan taels.

The only country, according to these tables, from which China imported more than from the United States was Japan, her near-by neighbor; so our trade is very considerable with China. Exports to
Great Britain in 1920 were 45,000,000 and to the United States 67,000,000 haikwan taels; in 1921 to Great Britain 30,000,000 and to the United States 89,000,000.

Mr. Cooper. Have you been able to get those figures for 1922 and 1923?

Mr. Dyer. I do not know what the later figures are. But in our foreign trade Great Britain is several times ahead of us.

Mr. Temple. There must have been a very remarkable change since 1921.

Mr. Dyer. I do not know about that. The Chinese people prefer to do business with us if we can provide the facilities and give them an equal chance with us, and they will come to us and bring us untold business, because that is the future of foreign trade with China.

Mr. Connally. We meet this difficulty. If we can not compete with Great Britain in the United States, how can we in China? Will not the British undersell us all the time?

Mr. Dyer. I do not get your point.

Mr. Connally. You say the Chinese will buy where they can buy the cheapest?

Mr. Dyer. Naturally.

Mr. Connally. To protect the market at home we provide a tariff so we can compete with Great Britain, but we have no tariff with China, and if we can not compete with Great Britain at home, how can we ship to China and compete with her successfully unless you subsidize the American merchant marine?

Mr. Dyer. I do not want to get into an argument on the protective tariff.

Mr. Connally. You are talking about foreign trade.

The Chairman. You have said that we are not enjoying the open door in China. I would like to call your attention to the treaty, January 6, 1922, known as the nine-power pact.

With a view to providing revenue to meet the needs of the Chinese Government, the powers represented at this conference, namely, the United States of America, Belgium, Great Britain, the British Empire, France, Italy, Japan, the Netherlands, and Portugal agreed—

That the customs schedule of duties on imports into China adopted by the tariff revision commission at Shanghai on December 19, 1918, shall forthwith be revised so that the rates of duty shall be equivalent to 5 per cent, effective as provided for in the several commercial treaties to which China is a party.

A revision shall meet at Shanghai at the earliest practicable date, to effect this revision forthwith and on the general lines of the last revision.

So far as import duties are concerned there is an absolute open door, according to this treaty. So far as tariffs are concerned we have the open door.

In this connection, if there is no objection I desire to insert a report on the Chinese tariff restrictions.

(The report follows:)

**Tariff Restrictions on China**

[By Stephen G. Porter, chairman]

In 1842 Great Britain terminated the opium war with China by the treaty of Nanking.

Article X provided as follows:

“A fair and reasonable tariff on export and import customs and other duties, which tariff shall be publicly notified and promulgated for general information.”
In 1858 China agreed by treaty with the powers that the maximum import duties levied by China thereafter should not exceed 5 per cent, ad valorem, and on this basis a tariff of specific duties was adopted on many of the important articles of trade. This treaty prevented China from protecting her home industries by an import tariff of more than 5 per cent. During the Taiping rebellion, which occurred in the years 1857-1860, Chinese authority in the Yang-tse Valley was destroyed, and the foreign merchants doing business at Shanghai paid the duties upon the goods they imported to their consular offices at that city to be held for the Chinese Government. This temporary arrangement resulted in the organization of the Chinese Maritime Customs Administration, which is presided over by a British citizen and administered by a number of foreigners. This organization has been collecting the duties for upwards of half a century. The collections are deposited in foreign banks, and foreign loans have a first lien on the fund. In case there is a balance remaining after payment of the foreign loans a practice has grown up whereby it is not released to the Chinese Government without the unanimous consent of the ministers representing the great powers. The foreign ministers in Peking are therefore able to control the finances of China. Occasionally a minister refuses his consent to release the proceeds until after the year has yielded a certain extraneous matter.

In 1901, after the Boxer rebellion, it was agreed in a protocol signed in Peking between the powers that the Chinese import tariff should be revised and made effective upon a 5 per cent ad valorem basis. This revision was duly made and annexed to the American treaty which was signed in 1903. There was no further revision of the Chinese tariff until 1918, when a commission called to sit at Shanghai revised the import tariff made in 1901, this revision being necessary because of the increase in value since the 1901 revision. This revision was ratified by a treaty with the United States in 1920. These treaties between China and the powers, which fix a maximum amount of the Chinese import tariff, lack mutuality, as they deny China the similar right to fix the duties on Chinese goods imported by the powers. China, therefore, can not fix a protective tariff in excess of 5 per cent on foreign goods, while all the parties to these treaties have the right to fix any tariff on the goods of China imported by their respective countries that in their judgment is necessary to the protection of their home markets.

Furthermore, the lack of elasticity in the 5 per cent basis prevents China from materially increasing her revenues by increasing the tax on tobacco, liquors, and other luxuries above the 5 per cent. In all progressive countries the power of taxation is vested in the most popular branch of the legislature, but in China this necessary function, so far as import duties are concerned, is vested in the representatives of foreign nations. Since the first tariff law was adopted in the United States in 1816 there have been many radical revisions due to changed conditions. It has been a paramount issue in many of our presidential campaigns. The Chinese tariff has been practically the same since the treaty of Nanking, made in 1842. The unanimous consent of the treaty powers must be secured before a tariff can be revised. China is financially impotent with her import tariffs controlled by aliens, likewise the collection thereof and the revenues derived therefrom, on which foreign loans have a first lien, deposited in foreign banks, and the balance released to the Chinese Government only on the unanimous consent of the diplomats in Peking. Common justice demands that China should have tariff autonomy. If this is not presently feasible, the maximum of the import duties should be raised to not less than 15 per cent.

The Chinese Government permits the levy of taxes on merchandise passing from one province to another. It is known as the “Likin” tax. This tax is fundamentally wrong, as it interferes with that freedom of intercourse between the provinces of China so essential to commercial success. The better opinion in China favors its establishment, and your committee respectfully represents that following the Mackay treaty between China and Great Britain in 1902 that a provision be inserted in the new tariff regulations, providing that when China abolishes this internal taxation on trade the maximum import tariff would be increased to the effective basis of 20 per cent.

It also appears that many years ago, when Russia’s only means of transportation of her exports to China were by camel and other crude and expensive methods, China agreed to reduce the import duties one-third on all goods transported by land. France, Great Britain, and Japan, who owned portions of the mainland of Asia adjacent to China, availed themselves of the
privileges that Russia had obtained and negotiated similar treaties with China which enabled them to enjoy the same advantages in the overland trade. This trade is quite large and the special privileges which it enjoys materially reduces the effectiveness of the "open-door" policy long since advocated by the United States. This discount should be abolished and the same tariff levied on all goods imported by China without regard to the means of transportation.

The CHAIRMAN. Is not the fundamental trouble with Chinese finances due to two things, the first one the control which foreign powers exercise over the Chinese tariffs, and the other due to the fact that the military governors of the provinces collect taxes in large amounts which they do not account for to the central government? I assume you are familiar with the "Likin" tax, whereby they charge tariffs on goods passing from one province to another?

Mr. DYER. That is true.

The CHAIRMAN. Is not that the fundamental trouble with the finances of China?

Mr. DYER. Yes.

The CHAIRMAN. Assuming that our sovereign right to levy import duties which would promote the welfare of the people of the United States was denied us by foreign powers, and that a commission of aliens fixed the amount of those duties and collected them and deposited the funds in foreign owned banks, and treated foreign obligations as a first lien thereon, and before releasing the balance of the funds to our Government required the unanimous consent of foreign diplomats in Washington, would our finances be in any better shape than China's?

Mr. DYER. I think not. That is a situation, Mr. Chairman, that can not be improved until the people themselves are improved and understand what government is and what their rights are, and take a part in government. The Chinese people have been taught from the beginning and all the way through in thousands of years of history that they had no concern with government as a people, that that was left to the ruling class, which is a very small class, and they have not gotten to it yet. The business men and bankers and industrial concerns are beginning to take an interest in these things, and as that grows and the people become educated and are given some advancement along that line, they will finally work out through this transfusion and transmission of conditions that exists there now a great government, but at the present time they need help so badly from the powers that something ought to be done, and this country is the one that ought to take the lead. It is its duty to take the lead, otherwise the open door policy proclaimed does not mean anything or amount to anything so far as giving everybody an equal chance to do business in China as well as protecting the Chinese in their rights.

I sincerely hope, Mr. Chairman and gentlemen of the committee, that you will at least give thought to the suggestion; whether it is a proper one or not I do not undertake to say, because I am not a diplomat and have not any knowledge of that subject as you gentlemen, of course, have; but if we have the power and authority and it is not detrimental to our standing as a Nation, we ought to take up the question and see if we can not get the nations together through this scheme. This is the only way in which we can get them together and get them interested and use this money. I think we
could use it all for the benefit of the Chinese people and help them as a whole nation to get some benefit out of this money collected, a large part of it through punitive damages and punishment, for which the people as a whole are not to blame, only the few at Pekin who started this affair.

Mr. Fairchild. Do you suggest that we postpone our remittance, awaiting the result of such conference?

Mr. Dyer. No; I think this resolution ought to be passed.

Mr. Fairchild. Then your suggestion is that we remit now and after we have remitted we then call a conference at which we shall be parties as to what the other nations shall do?

Mr. Dyer. I think this committee should act promptly, and then that question can be taken up. The money will not be paid out.

Mr. Collins. Everybody that has testified here before this committee says that the most unfortunate thing that could happen to China would be the unconditional remittance of this debt, and if that is so it seems to me it is going to be the most unfortunate thing that can happen to China when this debt is finally paid. What about getting up another indemnity proposition in order to save China?

Mr. Dyer. This amount that we propose to remit is so small I do not think that could be considered. Whatever we remit will be used as the former amount remitted was used, for the benefit of the Chinese people along the lines of education just as that was, and there will be no trouble about that. If it was for that proposition, I would not trouble you gentlemen with coming before you, but it was only the point that we could in this way get together the other nations that have this money, some of them in larger amounts than others, to see if it can not be worked out through a commission for the benefit of China.

Mr. Moore. Are we not excluding Chinese eggs from our market?

Mr. Dyer. There is a big tariff on eggs.

Mr. Cole. Of the $65,000 that we remit at the present time, is not that all used for education in China or is some of it used for the education of Chinese boys in the United States?

The Chairman. As I understand the matter, it is used to maintain this college outside of Peking.

Mr. Cole. Not to maintain Chinese students in the United States?

Mr. Connally. I always understood part of it was used for that purpose, to send Chinese students to America.

Mr. Brown. Chinese students are going to schools here now out of that fund.

Mr. Cole. Is this $65,000 that we now remit all used for the education of boys and girls in China in Chinese colleges, and no part of it used to educate Chinese boys and girls in the United States?

Miss Wood. I am not able to answer that.

Mr. Temple. Does not the Chinese Government expend any other money except what it draws from this fund for the education of young men in America?

Mr. Brown. I understand that there are about 1,800 Chinese students in this country, and that part of them are supported by the Government, and part of them wealthy people are sending here, while some are here in the colleges from this indemnity money.
Mr. Rogers of Massachusetts. Let me read one sentence from the Stevens pamphlet referred to yesterday:

During the last 15 years out of the monthly payments returned to China, Chinese students in large numbers have been sent to this country for education, and there has been built and is now being supported a preparatory school for such students, the Tsing-Hua College or American Indemnity College located a few miles from Peking?

Mr. Temple. I may be able to give you information on that. I was formerly connected with a college, and for several years before I became a Member of Congress there were four young Chinese supported by the Chinese Government, and we used to send their term reports to the Chinese Embassy here in Washington. Their expenses were paid out of the indemnity fund. That is my last personal contact with it.

Mr. O'Connell. How long ago?

Mr. Temple. In 1911 and 1912. I was elected first in 1912, and three or four years prior to that I was in touch with these three or four young Chinese. I should like to say that one of these men became a mining engineer and went back for the purpose. He had knowledge of a particular coal field that he was training for before he went back. This money is not all spent to make lawyers and professional men. I have not had contact with a great many of them, but enough to give me a knowledge of the facts at that time.

Mr. Cole. What portion of the $65,000 is applied to education in this country?

Mr. Temple. I am not able to give the figures. I simply know the fact that these men I was in touch with were supported out of that fund.

STATEMENT OF MR. CHE-CHUN HSIAng, WASHINGTON, D. C.

Mr. Che-Chun Hsiang. I am a student doing some research work in international law in the Library of Congress. I was graduated from Yale University in 1920. After my graduation I studied at Yale Law School for nearly three years.

The Chairman. Can you inform the committee in regard to whether or not any of this money is used to pay the expenses of the Chinese students during the time they attend college in the United States?

Mr. Che-Chun Hsiang. Yes; I can. But first of all, I beg to express my appreciation for the opportunity to appear before your committee. The return to China of the so-called indemnity fund, is a conclusive evidence and distinct manifestation of your friendship to my country, for which the Chinese people feel profoundly grateful. It is generally agreed that whatever just claim the Government and citizens of the United States had in connection with the Boxer trouble has been satisfied. It is consequently agreed that the outstanding balance of the Boxer indemnity fund, while clearly a legal obligation on the part of China, merely represents punitive damages and in no way constitutes compensatory damages.

The Chairman. Can you tell us if any of this fund is used to maintain students in this country?
Mr. CHE-CHUN HSIANG. Yes; a substantial part of this fund has been used ever since 1910 or 1911 for the support of students in this country.

Mr. O'CONNELL. Has the major part of that money been used for that purpose or a smaller part of it?

Mr. CHE-CHUN HSIANG. The entire fund is used for educational purposes. But I am not in a position to tell as to the exact proportion of the fund used in support of students here. The fund has been used for the maintenance of Tsing Hua College, popularly known in this country as the indemnity college, and for the support of students here. Tsing Hua College is entirely maintained by the funds returned through your generosity. That school prepares students chosen especially for advanced training in this country. It sends annually a number of students to this country ever since 1910 or 1911. In response to a question raised by a member of your committee a moment ago, I would say that I myself feel personally very grateful to you because I have been greatly benefited by that fund. I was chosen by competitive examination in China and was sent over here for further education. I enjoyed that privilege for five years. In my first five years' stay in this country a part of my support was from the indemnity fund and a part of it was from my father. Since my scholarship expired last year my father supports me entirely.

Mr. ALDRICH. Do you know how many Chinese students have come over in that way to this country each year?

Mr. CHE-CHUN HSIANG. There is no definite number. It varies each year, I should say, somewhere around forty.

Mr. BROWNE. In all how many Chinese students are there in the United States?

Mr. CHE-CHUN HSIANG. Approximately, about 2,000 boys and girls distributed in colleges and universities in different parts of the country. Out of this number, I should say, about 600 are Government students, namely students supported by the central Government at Peking or provincial governments. The remaining two-thirds of the total number are supported by their parents or other private sources. Of the round number of 600 Government students, about one-third are supported by the indemnity fund.

The CHAIRMAN. What preparatory college did you attend before coming to the United States?

Mr. CHE-CHUN HSIANG. Tsing Hua College. Before that, I attended two other schools, one entirely maintained by the Chinese Government and the other by endowment fund from the Chinese people.

The CHAIRMAN. You were chosen by a competitive examination?

Mr. CHE-CHUN HSIANG. Yes; I was. The system is this: Tsing Hua College, which I attended before I came over to the United States, was established chiefly for the purpose of preparing students for further education in this country. We have two schools there. They are known as the middle school and the high school, each having a four-year course. Students graduated from the middle school are promoted to the high school. Students graduated from the high school are sent over here.
The Chairman. How many young men compete in each examination?

Mr. Che-Chun Hsiang. The number varies year after year.

Mr. O'Connell. How many in the school that competed with you?

Mr. Che-Chun Hsiang. About 50 boys. The percentage that succeeds in the final examination varies every year.

Mr. Moores. How many of the boys in college that come from China take technical courses, and how many take courses simply of liberal education? What proportion of them take technical courses?

Mr. Che-Chun Hsiang. I could only answer the question from the impression I have gathered on the subject, because I have no data in my possession.

Mr. Moores. Approximately?

Mr. Che-Chun Hsiang. Approximately, I think, at present students taking engineering or technical courses are in the majority.

Mr. Rogers of Massachusetts. Do you know any that go to the Lowell, Mass., Textile School?

Mr. Che-Chun Hsiang. Yes.

Mr. Rogers of Massachusetts. I have been vice president of that institution for years and I attended the last commencement. There were about 20 Chinese students who were taking technical and engineering courses, especially along textile lines, who graduated last June from that school. Incidentally, I may say that they won all the prizes to the tremendous detriment of their American associates. I wondered if you happened to know whether the students at Lowell Textile School are beneficiaries of the indemnity fund?

Mr. Che-Chun Hsiang. I know a few who studied there at different times. At one time, there were two boys in Lowell who were beneficiaries of the indemnity fund while others were supported by different men in the textile industry in China.

Mr. Connally. You studied law?

Mr. Che-Chun Hsiang. Yes.

Mr. Connally. You intend to enter government service when you go back to China?

Mr. Che-Chun Hsiang. I have no definite idea about it myself, sir. Mr. Chairman and gentlemen, before leaving you I beg to state that as a private citizen of China I feel perfectly confident that whatever additional indemnity fund that may be remitted or returned to China will be used to the best advantage of the Chinese people.

Miss Wood. I will add that when I was home in 1912 on furlough there was a Chinese student graduated from Williams College, and there were 125 students of other eastern colleges. At that time there were more students in the Massachusetts Institute of Technology taking engineering courses than in other colleges, and a great many students attending the eastern colleges and universities.

Mr. Cooper. Chinese students?

Miss Wood. Chinese students.

Mr. Cole. Mr. Cooper raised the point that there was a difference between these debts. There is not any difference as to the origin of these debts. If we invite other nations into a conference, the purpose of which is mutual forgiveness of debts, I insist that we open
up a very wide avenue. They may say, “All right, we will forgive the Chinese debts; let us have another and larger conference and see if we can not forgive the debts of the world.”

Mr. O'CONNELL. I think we have forgiven them; we are not getting much of them.

(Act of February 22, 1883, cancelling the Japanese indemnity bonds:)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the President be, and he is hereby, authorized and directed to pay to the Government of Japan the sum of $785,000.87 in legal coin, through the United States minister, out of any money in the Treasury not otherwise appropriated, to Japan, and all bonds now under the control of the Department of State and known and designated in the accounts and reports of said department as the Japanese indemnity fund, shall be canceled and destroyed.

Sec. 2. That the Secretary of the Treasury be, and he is hereby, authorized and directed to cause the sum of $140,000 to be paid out of any money in the Treasury not otherwise appropriated to the officers and crew of the United States ship Wyoming, or to their legal representatives, for extraordinary, valuable, and specially meritorious and perilous services in the destruction of hostile vessels in the straits of Shimonoseki on the 16th day of July, 1863, and to the officers and crew of the steamer Takiang, who were detached from the United States ship Jamestown, or to their legal representatives, for similar services on the 4th, 5th, 6th, 7th, and 8th days of September, 1864; said sum to be distributed to the said officers and crews according to the laws of the United States governing the distribution of prize money: Provided, That for the purpose of such distribution the officers and crew detached as aforesaid who manned the Takiang shall be regarded as a part of the forces of the Wyoming on the 16th day of July, 1863, and according to their rank and position on the 8th day of September, 1864: And provided further, That in such distribution no payment shall be made to the assignee of any mariner, but to the mariner himself only or to his duly authorized attorney, or, in case of his decease, to his legal representatives or their duly authorized attorney.

Approved, February 22, 1883.

October 24, 1923.


My Dear Mr. Portal: I am very happy to inclose a memorandum prepared by my colleague and associate Prof. Paul Monroe, whose professional work brings him into peculiarly intimate relations with scholars and students in other lands, as to the desirability of the reintroduction at the forthcoming sessions of the Congress of Senate Joint Resolution No. 85, which was passed by the Senate on August 11, 1921, and subsequently recommended for passage by the House of Representatives by its Committee on Foreign Affairs.

The same considerations which made the resolution seem timely then appear to prevail now, and I take this opportunity to associate myself earnestly with those who are pressing for the reintroduction and repassage of this resolution.

I am, with high regard,

Faithfully yours,

Nicholas Murray Butler.

MEMORANDUM REGARDING THE PROPOSED RELINQUISHMENT OF THE REMAINDER OF THE BOXER INDEMNITY FUND

On July 21, 1921, Senator Lodge introduced to the United States Senate the Senate Joint Resolution No. 85, which was passed by that body on August 11, 1921. The resolution was considered by the Committee on Foreign Affairs of the House of Representatives and recommended for favorable report to the House.
However, because of various considerations the resolution was never presented to the House. The chief reason for withholding it from consideration by the House of Representatives was the fact that the question of the cancellation of the war loans to various European countries was apt to be involved in any discussion of the indemnity funds. It is possible also that the fact that there were unsettled claims of the American Government on the Chinese Government with reference to acts of violence against American citizens had something to do with the final consideration of the joint resolution.

I believe that the outstanding questions of the disagreement between the American and Chinese Governments have now been settled, at least so there are no major questions of controversy. Consequently the time may soon be opportune for the reconsideration of the remission of the indemnity fund. Senator Lodge in introducing the joint resolution said:

"It is an act of friendship and kindness to China. They have not asked for it, but it is carrying out the policy we followed before of not exacting from them an annual payment for something which has already been all paid and settled and cost this Government nothing."

These words are true now as they were in 1921. Furthermore, I think it is generally understood by those who have been familiar with this question from the first that Secretary John Hay stated that it was his belief that the entire fund should be remitted and that it was his purpose to bring this about.

The fact that all losses have now been paid and that the remainder of the fund due is now a matter of punitive assessment. This is an additional reason for the accomplishment of the purposes of the joint resolution.

The argument that the present unsettled political conditions in China makes it unwise to relinquish this fund at the present time is now valid provided provision is taken to safeguard the fund from being squandered by government officials. This can be done and it is a part of the plan of the Chinese leaders to see that it is done if the fund is remitted. Unsettled political conditions and inadequate support of governmental institutions make it the more desirable that some outside funds be secured to develop and stabilize educational institutions and practices.

Leaders among the Chinese officials, together with American educators and social and religious workers in China, agree in the opinion that the best use of these funds would be in the formation of an endowment fund similar to the Carnegie Foundation, the General Education Board, the Sage Foundation, and similar American organizations. There is common agreement also that the major part of the fund could best be used for the development of an institution of applied science but rather under the direction of and with a subsidy from such a foundation than from a grant of the entire fund directly to the institutions, as was done in the case of the Indemnity College at Tsing Hua. It is proposed that the board of trustees of such a fund should include both Americans and Chinese, but that Chinese members should constitute the large majority. However, the Senate joint resolution properly provides that these funds are to be relinquished only after a plan for their use, acceptable to the President of the United States or to the Secretary of State, has been submitted to them.

The above plan of an educational endowment is presented not to indicate that no other plans for the use of the fund can be considered, but to indicate that the Chinese authorities are ready to submit a plan which will safeguard its preservation from any encroachment upon or dissipation by unreliable political authorities.

It is respectfully petitioned that Senator Lodge and Representative Porter be asked to reintroduce the joint resolution referred to, or a similar one, as a means to assist a people now sorely pressed in their struggle for a democratic government and as an additional step toward better international relations throughout the world.

Respectfully submitted.

Paul Monroe,
Director International Institute,
Teachers College, Columbia University.
CHINESE INDEMNITY

[Excerpts from hearings of the Committee on Foreign Affairs, House of Representatives, Sixty-seventh Congress, first session, on Senate Joint Resolution 85 to provide for the remission of further payments of the annual installments of the Chinese indemnity.]

COMMITTEE ON FOREIGN AFFAIRS,
HOUSE OF REPRESENTATIVES,
Monday, October 23, 1921.

The committee met at 10.30 o'clock a. m., Hon. Stephen G. Porter (chairman) presiding.

The CHAIRMAN. Gentlemen, if there is no objection, we will take up Senate Joint Resolution 85, to provide for the remission of further payment of the annual installments of the Chinese indemnities.

I think we should make a complete record of this matter so that the justification for our action will be fully shown by the hearing.

STATEMENT OF MR. JOHN V. A. MACMURRAY, CHIEF OF THE DIVISION OF FAR EASTERN AFFAIRS, DEPARTMENT OF STATE

The CHAIRMAN. Mr. MacMurray, what position do you hold in the State Department?

Mr. MACMURRAY. Chief of the Division of Far Eastern Affairs.

The CHAIRMAN. Are you familiar with the Chinese indemnity due to the Boxer uprising?

Mr. MACMURRAY. Yes, sir.

The CHAIRMAN. I think we can perhaps shorten this somewhat by some direct questions if the committee will permit.

The original agreement between China and the United States, or rather between China and the powers that entered China, provided for the payment of $24,440,778.81 to the United States, the indebtedness being evidenced by a bond dated December 15, 1906, and delivered by China in pursuance of the protocol of September 7, 1901, the bond being given as indemnity for losses and expenses incurred by reason of the Boxer uprising during the year 1900. Congress by joint resolution of May 25, 1908, Senate Joint Resolution 23, Public Resolution 29, remitted all of the moneys due under the bond except the sum of $13,655,492.09, and provided that the remainder of the indemnity to which the United States is entitled under the said protocol and bond may be remitted as an act of friendship, such payments and remission to be at such time and in such manner as the President shall deem just."

It may not be out of place to state at this point that the Senate reduced the amount due to $11,655,492, but the House, by reason of outstanding claims, raised the amount to the one stated by me for the purpose of protecting the claimants, and the amendment was agreed to by the Senate.

I have before me a letter from Elihu Root, Secretary of State, to the Chinese minister as follows:

DEPARTMENT OF STATE,
Washington, June 15, 1907.

Sir: After the rescue of the foreign legations in Peking during the Boxer troubles of 1900 the note of the powers to China prescribing the conditions upon which the occupation of Peking and the Province of Chihli would be ended, dated December 22, 1900, required in its sixth article the payment of equitable indemnities for Governments, societies, companies, and private individuals, as well as for Chinese who have suffered during the late events, in person or in property, in consequence of their being in the services of foreigners. The final protocol under which the troops were withdrawn, signed at Peking, September 7, 1901, fixed the amount of this indemnity at 450,000,000 haikwan tael, equivalent in round numbers to $333,000,000, United States gold. China agreed to pay this sum with interest at 4 per cent per annum by installments running through a period of 39 years. The share of this indemnity allotted to the United States was $24,440,778.81, and on account of the principal and interest of that sum China has paid to the United States down to and including the 1st of June, 1907, the sum of $6,010,931.91.
It was from the first the intention of this Government at the proper time when all claims should have been presented and all expenses should have been ascertained as fully as possible to revise the estimates and account against which these payments were to be made, and as proof of sincere friendship for China to voluntarily release that country from its legal liability for all payments in excess of the sum which should prove to be necessary for actual indemnity of the United States and its citizens. Such a revision has now been made by the different executive departments concerned, and I am authorized by the President to say that in pursuance of that revision at the next session of Congress he will ask for authority to reform the agreement with China under which the indemnity is fixed by remitting and canceling the obligation of China for the payment of all that part of the stipulated indemnity which is in excess of the sum of $11,655,492.69 and interest at the stipulated rate.

Accept, Mr. Minister, etc.,

ELIHU ROOT.

Also the reply of the Chinese Minister to the Secretary of State:

IMPERIAL CHINESE LEGATION,
Washington, June 17, 1907.

SIR: I have the honor to acknowledge the receipt of your valued note of the 15th instant, in which by authority of the President you inform me with reference to the revision made by the different executive departments of your Government concerned of the estimates and account against which the payments on account of the indemnity allotted to the United States by the protocol signed at Pekin, September 7, 1901, have been made and are to be made by China, and that in pursuance of that revision the President at the next session of Congress will ask for authority to reform the agreement with China under which the indemnity is fixed by remitting and canceling the obligation of China for the payment of all that part of the stipulated indemnity which is in excess of the sum of $11,655,492.69 and interest at the stipulated rate of 4 per cent per annum.

I have lost no time in communicating by cable to my Government the welcome information with the request that it be laid immediately before the Emperor. I take this first opportunity to express to you the grateful thanks of my Government for this signal generosity shown by the United States toward China, which can not fail to bind the two countries into closer and more friendly relations and which affords another conspicuous proof of the high sense of justice which always actuated the Government of the United States in its intercourse with China.

Accept, etc.

CHENTUNG LIANG-CHENG.

The CHAIRMAN. You will note from this letter of Mr. Root that he states as a fact that at the next session of Congress the President will ask for authority to reform the agreement with China, and it seems to me there must have been a message upon the subject, although I have not yet been able to find it. I will ask permission of the committee, in case there is one, to make it a part of the hearing, as I think it quite important that it should go in the record.

We recognize the Peking Government.

Mr. CONNALLY. Since this is a remission of indebtedness, I do not suppose it makes any difference?

Mr. LINEBERGER. I suppose it has no effect on this question.

The CHAIRMAN. Suppose we bring up those questions after we get these facts upon the record.

The report of Mr. S. P. Gilbert, jr., Assistant Secretary of the Treasury, of date June 1, 1921, addressed to the Secretary of State and made a part of the Senate report shows that up to the present time China has paid to the United States $12,413,490.77 on account of the bond.

Mr. CONNALLY. Mr. Chairman, all of these matters you are now putting in the record are already contained in public documents somewhere, are they not?

The CHAIRMAN. Yes; but I wanted to collect them, Mr. Connally, as I stated, for the purposes of our own hearing.

Mr. CONNALLY. I am pretty strong for economy, Mr. Chairman, and I do not see any reason why we should burden the Printing Office by printing a lot of additional matter. There is no issue about it, so far as I know, and it occurs to me that we might economize a little here.

The CHAIRMAN. I think it will be very brief; a very short hearing.
In 1916 there was some arrangement made by a number of nations postponing the payment of this indemnity. Are you familiar with that?  
Mr. MACMURRAY. Yes, sir; that was in 1917. At the time when China had entered the war several diplomatic representatives of the allied governments in Peking consulted with the Chinese Government as to several means in which they might facilitate China's cooperation in the war. One obvious means was, of course, that of temporarily postponing the indemnities due from China to the several allies. At the meeting of the diplomatic body in Peking, or rather of the allied representatives in Peking, during the autumn of 1917, it was agreed that each representative would consult his own government with a view to obtaining permission for a five-year postponement of China's indemnity due to his particular country. The result of that is given in the table at the top of page 3 of the Senate report.  

The CHAIRMAN. Suppose we identify that Senate report accompanying Senate Joint Resolution 85.  
Mr. MACMURRAY. It shows that whereas the Chinese indemnity to Germany and Austria-Hungary was considered as canceled by virtue of China's declaration of war, the allied governments postponed their payments as of October 1, 1917, to be resumed September 1, 1922. In the case of Russia and Italy it was not a complete postponement. Russia, which had approximately 30 per cent of the entire indemnity due to it, did not feel in a position to postpone the whole of it, but postponed all but approximately one-third of its share; that is, 10 per cent of the total indemnity payable by China. The Italians likewise felt that they were not in a position to postpone the whole amount, but agreed to postpone a substantial portion of it.  

Mr. COOPER. What Russian Government made that agreement?  
Mr. MACMURRAY. That was in September, 1917, so it must have been the Kerensky government—just before the Bolshevists came in.  
Mr. BURTON. The Bolshevist government came into power in 1917.  

The CHAIRMAN. Mr. MacMurray, as I understand, Germany did not actually cancel the obligation which she held against China?  
Mr. MACMURRAY. No, sir. China declared, in the course of her declaration of war, that the claim for indemnity was canceled, and the allied representatives at that time stated that they would support China in that position.  

Mr. COCKRAN. If the debt to Germany and Austria-Hungary is not canceled, how is that conclusion reached, by the mere declaration of war?  
Mr. MACMURRAY. China made a special statement in its declaration of war that it regarded the indemnity to Austria-Hungary and Germany as canceled.  

Mr. COCKRAN. Where a debt exists between one nation and another, that a declaration of war cancels it, is that the position that the State Department takes?  
Mr. MACMURRAY. I am afraid I cannot answer as to the principle, but the department at that time was acquiescing in the Chinese contention.  

Mr. COCKRAN. It was assumed here that a declaration of war, where there is a national debt from one country to another, that ipso facto that cancels the debt?  

The CHAIRMAN. It was a mere statement of fact.  
Mr. FAIRCCHILD. Based upon the action of China in that particular instance.  
Mr. COCKRAN. Of course, the action of China.  

The CHAIRMAN. Is not this the fact, that cancelling the amount due to Germany is a mere statement of the attitude of China on the question and that it is not binding on our State Department?  
Mr. COCKRAN. Nothing is binding if you make it unbinding. I want to find out whether the State Department acquiesced in that construction of the obligation. I understand him to say that it did.  

The CHAIRMAN. No; he said he was no prepared to answer.  
Mr. COCKRAN. I understood the gentleman to say that the State Department acquiesced in that construction of the matter, which cancelled the debt by the declaration of war.  

The CHAIRMAN. He said that the State Department concurred in that particular action of China.  
Mr. COCKRAN. Yes; precisely.  

The CHAIRMAN. He says that he is not able to state whether the State Department would insist on that as a general principle.
Mr. Cooper. I understood the Secretary to say that the declaration of war of China declared the debt canceled.

Mr. MacMurray. Yes, sir; that is it.

Mr. Cooper. It was not an act ipso facto that did it, but the express declaration of war.

Mr. Cockran. The State Department acquiesced in it.

Mr. Burton. If you will permit me to call your attention to something that is conclusive, the Treaty of Versailles, page 64, article 128:

"Germany renounces in favor of China all benefits and privileges resulting from the provisions of the final Protocol signed at Pekin on September 7, 1901, and from all annexes, notes, and documents supplementary thereto. She likewise renounces in favor of China any claim to indemnities accruing thereunder subsequent to March 14, 1917."

Mr. Burton. I would like to ask Mr. MacMurray the status of the provision for the education of Chinese students in the United States. The Chinese Government, in gratitude for the remission of this money in 1908, agreed to send 100 students per year to the United States for education for four years, and contemplated the sending of 50 per annum after that time. They have a preparatory school which I have visited in Pekin where these students are prepared. They represent the whole of China, and the apportionment among the provinces is in proportion to the amount of the indemnity they would have had to pay. Now, just what is the status of that provision? Was any specific amount set aside by the Chinese Government out of this indemnity for paying the cost of the education of those students in the United States?

Mr. MacMurray. The whole of the portion remitted under the arrangement of 1908 is spent for educational purposes, under two headings; first, the preparatory school, Tsinghua College in Pekin; and second, the actual maintenance of students in the United States.

Mr. Burton. Those students are still being supported in this country, are they?

Mr. MacMurray. Oh, yes. I should explain that we are not technically a party to those arrangements. The Chinese simply said, "We will spend in this way the money that you have given back to us."

Mr. Fairchild. They voluntarily did that?

Mr. MacMurray. Yes.

The Chairman. As I understand it, that was suggested to them by Mr. Roosevelt, and I want to say that the good it has done us in China is beyond estimate.

Mr. Rogers. Mr. MacMurray, before the hearing closes I think we ought to have in the hearing an expression of your own view as to the wisdom of this legislation and its effect upon American-Chinese relations?

Mr. MacMurray. My own view or the secretary's?

Mr. Rogers. I think the secretary's view is given in this document. The secretary covers it very well, and, of course, that is sufficient for our purposes, but you have given a great deal of study to this type of questions and I think it would be of value to have your view, if you care to say anything upon the subject.

Mr. Connally. Mr. Chairman, I do not think the committee ought to press the gentleman. The secretary has expressed the view of the department.

Mr. MacMurray. I have no objection at all.

Mr. Rogers. I am not pressing him. I am simply asking him the question, and if he does not want to answer it, he can say so.

Mr. Connally. I do not think the committee cares to insist upon the gentleman answering a question of that kind. If Mr. Rogers wants the information, he can get it.

The Chairman. The committee will not insist upon his answering the question, but if he wants to answer it, we will hear him.

Mr. MacMurray. I am entirely ready to make a statement similar to that of the Chairman, to the effect that the amount of good done us by that previous remission is inestimable.

The Chairman. Before you go into that I would like to ask you one more question. Did they not also apply some of this remitted money to the building of a college in Nankin?

Mr. MacMurray. No; Tsinghua was the only one. A good deal of it was applied to the purposes of that college at Pekin for the purpose of making it a preparatory school for the American students.
The Chairman. I got the impression when I was in Nankin that the Nankin College was built out of this fund.

Mr. MacMurray. I think not.

The Chairman. You may proceed, Mr. MacMurray, if you desire to.

Mr. Cockran. Mr. Chairman, I would like to suggest, as a matter of courtesy to this important department, whether it is entirely courteous when we have the opinion of the Secretary of the department to ask an opinion from one of the subordinates. Personally, I am voicing what my brother colleague on my right has said, and I should be ready to vote for this no matter what Mr. Hughes said; but the fact that he has expressed the view of the State Department on it, seems to me ought to be sufficient for us, so far as the views of the State Department are concerned. If you want the views of this gentleman as an individual, that, of course, is a different matter, but I think to ask the views of a subordinate after we have had the view formally expressed by the head of the department is showing rather a lack of courtesy. I merely throw out that suggestion.

The Chairman. I think that is a matter entirely for the witness. We are not pressing him to make a statement.

Mr. MacMurray. I am entirely in the hands of the committee.

Mr. Rogers. I confess that to me it seems perfectly absurd to raise the question of the impropriety of asking the witness his opinion in view of the fact that he is the expert of the department upon this subject. It is true that the Secretary of State has made a general statement favoring this resolution. I think it would be of value to this committee and to the House, if the witness cares to do so, to have him expand the general statement in the Secretary of State's letter.

Mr. Connally. Mr. Chairman, if it is going to influence the vote of the gentleman from Massachusetts, I will withdraw my objection.

Mr. Cockran. So will I, Mr. Chairman.

Mr. Connally. If he is waiting for that to make up his mind, I have no objection to his answering.

The Chairman. Go ahead, Mr. MacMurray.

Mr. MacMurray. There is really very little to say except that any one who has lived in China and had to do with Chinese must realize how true it is that the action of our Government in 1908 in remitting the indemnity has been of quite inestimable value and is one of the principal elements in a feeling which those of you who recently went to China probably noted there—a feeling on the part of the Chinese toward Americans which is really quite unique; a feeling that an American must be a friend is taken for granted as one of the bases of their relationship with us.

The Chairman. That is a good description of it.

Mr. Rogers. And you think the act of 1908 is one of the elements in that feeling?

Mr. MacMurray. I think it is a considerable element in that feeling. It is not so much the fact that the Chinese Government got back approximately $10,000,000, but the fact that our action was an evidence of fairness of dealing and generosity of dealing, for which they look to us alone among the nations they have to do with. It seems to me that the present case would just be carrying a little bit further what was done in 1908. In 1908, it seems to me, there was a positive moral obligation upon us to make the return we did, because it had been shown, on sifting through the claims, that they were rough figures, which we, among other powers, had used; all of the powers stated rough figures. It was not we alone that overestimated, but in the first making up of the claims there was naturally an error always on the side of excess. When we came to winnow them out in the Court of Claims and found how much of the claims were actually justified, there was a balance of approximately $10,000,000 over. If I may express a personal opinion, there was a moral obligation on our part to return that. Now, we have to deal with the question of a further remission where there is not a moral obligation to return, because we are legally and morally entitled to the amount of the bond as adjusted in 1908; but it seems to me that it is an act of liberality and of what seems to me substantial justice to go back of the actual obligation which the Chinese Government has assumed, and to look into the fact that China had been in very difficult circumstances when the Boxer outbreak occurred, and that, perhaps, an individual under the same circumstances would have been held to be responsible or non composes mentis, and that it befits us in giving the matter final considera-
tion to make every due allowance and to assist the Chinese Government as best we can under circumstances that are still financially of the utmost difficulty for China. In the other case, it was a question of moral obligation; in this, it is one of magnanimity and finer feeling.

The CHAIRMAN. We are morally and legally entitled to all of this money except perhaps the $2,000,000 that was retained, at the time of the remission by Congress, to meet claims that did not afterwards develop.

Mr. MACMURRAY. Mr. Chairman, that was settled, and that money has been returned.

The CHAIRMAN. That money has been returned?

Mr. MACMURRAY. Yes.

Mr. BURTON. Mr. Chairman, the question has been raised here as to whether President Roosevelt transmitted to Congress any message in regard to this matter. There was a recommendation included in his annual message of December 3, 1907. I can read it if it is worth while.

The CHAIRMAN. Suppose you read it, and we will put it in the record.

Mr. BURTON (reading):

"I ask for authority to reform the agreement with China under which the indemnity of 1900 was fixed by canceling the obligation of China for the payment of all that part of the stipulated indemnity which is in excess of $11,655,492.69 and interest at 4 per cent. After the rescue of the foreign legations in Peking during the Boxer troubles in 1900 the powers required from China the payment of equitable indemnities to the several nations, and the final protocol under which the troops were withdrawn, signed at Peking September 7, 1900, fixed the amount of those indemnities allotted to the United States at over $20,000,000.

"It was the first intention of this Government at the proper time, when all claims had been presented and all expenses ascertained as fully as possible, to revise the estimates and accounts and, as a proof of sincere friendship for China, voluntarily to release that country from its legal liability for all payment in excess of the sum which should prove to be necessary for actual indemnity to the United States and its citizens."

Mr. FAIRCHILD. That was in 1907?

Mr. BURTON. Yes; and this resolution was passed May 25, 1908, in pursuance of that recommendation.

Mr. FAIRCHILD. So that relates to the 1908 act and does not relate to the present situation at all?

Mr. BURTON. No; the question was raised, however, whether he had recommended a remission of any part of this money, and this provision answers that question.

(Thereupon, at 12.15 o'clock p. m., the committee adjourned to meet again at the call of the chairman.)